SUCCESSFUL CRISIS-DRIVEN HUMAN RESOURCE MANAGEMENT IN GERMAN CONSULTING FIRMS:

An evolutionary perspective

Elena Georgieva Hristozova, M.E.S.

June, 2012
Contents

I. Introduction 2

II. Indicator model – literature review, key indicators, basic assumptions and initial restrictions 8

1. Literature review and overall indicators’ framework 8
2. Basic definitions 12
   1.1. Evolution 12
   1.2. Consulting 13
   1.3. Crisis with regard to German consultancies 18
   1.4. Crisis-driven human resource management (CD HRM) 21
   1.5. Success with respect to crisis-driven HRM 30
3. Evolutionary object: Content and design of CD HRM 35
   3.1. Process-related aspects of CD HRM 36
   3.2. Operational aspects of CD HRM 38
      3.2.1. Numerical crisis-driven HR practices 39
      3.2.2. Functional crisis-driven HR practices 41
      3.2.3. Time-related crisis-driven HR practices 42
      3.2.4. Financial crisis-driven HR practices 44
   3.3. Institutional aspects of CD HRM 45
      3.3.1. Corporate culture 47
      3.3.2. Organizational structure 48
      3.3.3. Internal and external communication 47
      3.3.4. Leadership 51
      3.3.5. Employees’ participation 55
      3.3.6. The role of the HR department and other external experts 56
4. Evolutionary dynamics: Evolution of CD HRM 59
   4.1. Evolutionary patterns and phases 59
   4.2. Objects of evolutionary dynamics 64
5. Evolutionary logic: Driving forces shaping CD HRM 67
   5.1. Exogenous actors relevant to the German consultancy industry 68
   5.2. Exogenous behavioral mechanisms 73
   5.3. Endogenous driving forces 74
      5.3.1. Endogenous actors 75
      5.3.2. Organizational response as a decision-making process 76
      5.3.3. Perceiving and analyzing environmental signals 78
5.3.4. “Problemistic” search 79
5.3.5. Choice and selection criteria 81
5.3.6. Implementation and retention of new routines 83
5.3.7. Path dependency and organizational learning 85
6. Evolutionary effects: Consequences as a result of CD HRM 89
   6.1. Effects with respect to individual performance 90
       6.1.1. Emotions, psychological states and work attitudes 92
       6.1.2. Employee behavioral reactions 93
   6.2. Effects with respect to organizational performance 94
       6.2.1. Financial performance 95
       6.2.2. Customer satisfaction 97
       6.2.3. Organizational structure and processes 99
       6.2.4. Learning and growth 100
7. Success with regard to CD HRM 104
   7.1. Success indicators 104
   7.2. Critical factors of success 106
III. Methods 108
   1. Research design and data collection tools 108
   2. Sample and participants 112
   3. Data processing and analysis 113
   4. Limitations of the study 115
IV. Results 117
   1. Crisis in the context of the German consultancy industry 117
   2. Evolutionary object in terms of CD HRM in German consultancies 122
       2.1. Crisis-driven HR strategy 122
       2.2. Process-related aspects of CD HRM 127
       2.3. Operational aspects of CD HRM 128
           2.3.1. Numerical crisis-driven HR practices 130
           2.3.2. Functional crisis-driven HR practices 133
           2.3.3. Time-related crisis-driven HR practices 136
           2.3.4. Financial crisis-driven HR practices 137
       2.4. Institutional aspects of CD HRM 140
           2.4.1. Corporate culture 140
           2.4.2. Organizational structure 141
           2.4.3. Internal communication 144
           2.4.4. Leadership 149
2.4.5. The role of the HR department
2.4.6. Participation of internal bodies and external experts

3. Evolutionary dynamics of CD HRM in German consultancies
   3.1. Evolutionary patterns and phases
   3.2. Objects of evolutionary dynamics
      3.2.1. Evolutionary dynamics of crisis-driven HR strategy
      3.2.2. Evolutionary dynamics of process-related crisis-driven HR practices
      3.2.3. Evolutionary dynamics of operational crisis-driven HR practices
      3.2.4. Evolutionary dynamics of institutional crisis-driven HR practices

4. Evolutionary logic shaping CD HRM in German consultancies
   4.1. Exogenous driving forces
      4.1.1. Remote business environment
      4.1.2. Exogenous actors
      4.1.3. Exogenous behavioral mechanisms
   4.2. Organizational response as a decision-making process
      4.2.1. Perceiving and analyzing weak signals
      4.2.2. Search of new crisis-driven HR routines
      4.2.3. Evaluating alternatives and making choice
      4.2.4. Implementation
   4.3. Organizational learning and continuous improvement

5. Evolutionary effects of CD HRM in German consultancies
   5.1. Effects with respect to individual performance
   5.2. Effects with respect to organizational performance

6. Success with regard to CD HRM in German consultancies
   6.1. Associated items and clusters
   6.2. Important items and clusters
   6.3. Significant and additional items

V. Grounded theory analysis and discussion
   1. Categories and sub-categories of CD HRM
   2. Theoretical framework for the evolution of CD HRM
   3. Excellence model of CD HRM

VI. Summary of the results and conclusion

Appendices 1-12
References

iv –xxxvi
xxxvii
I. Introduction

More and more the importance of the German consulting industry increases in terms of its contribution to the German Gross Domestic Product as well as its share of the European consultancy market (FEACO 2007/2008). With a market volume of 18.2 billion Euros and 85,600 consultants in 2008 or even - despite the general economic downturn - 17.6 billion Euros and respectively 84,600 consultants in 2009, the industry is of significant size and can not be considered anymore a minority business (BDU 2010; BDU 2009; Glogner 2006; Niewiem and Richter 2006). Since 2005 when Germany moved from the second to the first position, overtaking the United Kingdom, the country represents still the largest consulting market in Europe (47%) (FEACO 2008/2009).

After decades of rapid growth the German consulting industry has experienced recently its first considerable slowdowns. A general economic downturn commenced 2001 (Montgomery 2010, FEACO 2003; Heuermann 2003; Schwenker 2003; Kipping 2002; FEACO 2002, Byrne 2002) followed by the global financial and economic recession in 2008 (BDU 2010; Fugazy 2010, Montgomery 2010, FEACO 2007/2008) caused a drastic market decline making it clear that general economic trends tend to rather rapidly affect the industry (FEACO 2007/2008). The revenue declines during both recessions were even more drastic because of their appearance immediately after periods of two-digit growth (BDU 2010; Montgomery 2010, FEACO 2007/2008). Originally considered a crisis-immune industry (Biswas and Twitchell 2002), the highly-skilled-personnel-intensive consulting business in Germany faced 2001 for the first time the phenomenon of excess capacity (Gloger 2006). After 25 years of rapid growth the German consulting firms experience in less than 10 years two significant market declines.

The following figures give a rough idea about the dramatically changed economic environment in the German consultancies operated during the last two recessionary periods caused respectively by the so called Tech bubble in 2000 and the Collapse of the financial markets 2008. According to reports the whole consulting industry in Germany (measured by revenue) decreases about 4.5% in 2002 (12.3 billion Euro) compared to 2001 (12.9 billion Euro) (FEACO 2003) and about 3.1% in 2009 (17.6 billion Euro) (BDU 2010, Lunendonk 2010a). For the first time instead of competing for the top 1% at the labor market (Barkawi 2004), German consulting firms have to mange their excess capacity and to downsize consultants. Again according to FEACO and BDU in the period 2001 to 2002 the number of consultants in Germany has decreased from 70 000 to 67 000 and respectively from 85 600 to 84 600 between 2008 and 2009 (BDU 2009/2010; FEACO 2003).
As one of the fastest moving businesses in the world consulting is considered a knowledge-intensive industry (Kaiser et al. 2004) where the sole activity of the firms in this sector is selling the know-how of their employees (Quader 2008; Liang 2004). Hence, human capital of consultants can be defined as one of the most significant, even the “only significant strategic factor of success” (Domsch and Hristozova 2006: 3).

Further to this, expansion of consulting firms is possible only by increasing the number of consultants (Barkawi 2004), thus as soon as the economy recovers and the consultancies enter again the “war for talents”, they will be forced to re-switch their focus towards intensive recruitment (BDU 2009, Barkawi 2004; Graubner and Richter 2003).

Despite the indisputable importance of human resources for the consulting industry, there is very little research dealing with the issue of HRM generally as well as particularly with HR policies and practices in a crisis-driven context (Domsch and Hristozova 2006). There are only few contributions on the latter. While McMann (2000) as well as Fritzel and Vaterrodt (2002) emphasize on approaches alternative to downsizing, Quader (2008), Kaiser (2006), Kipping (2002) and BDU (2009, 2008, 2003 and 2002) consider the personnel aspects in turbulent times more a peripheral issue.

The personnel-intensive nature of consulting business in times of a market decline is a significant challenge especially for the large consultancies. In 2009 the largest German consultancies (with more than 45 Million Euro revenue) experienced the highest revenue decline, - 5% which is significantly more compared to the average figure (-3.1%) (BDU 2010). Due to their more flexible staffing strategy (cooperating with a large pool of free lancers) and more diversified client base in terms of size, small consultancies can be considered less vulnerable during economic downturns (BDU 2010). Therefore large German consultancies could be considered an interesting and natural research object with regard to crisis-driven HRM.

Due to the above introduced arguments and the existing research gap with regard to the topic, the present work is aimed at closing the gap with regard to crisis-driven HRM in the context of the German consulting industry by focusing on large consultancies.

An interesting fact is that while 2001 most of the large consulting firms either conducted lay offs (e.g. 1 500 Accenture workers and 5 000 workers with EDS and Cap Gemini Ernst & Young or offered their employees crisis-driven sabbaticals (FEACO 2003; FEACO 2002; Kipping 2002) as organizational response towards changed market conditions, 2009 very few consultancies planed any decrease in terms of headcount and in fact most German
consulting firms concentrate their efforts on measures aimed at keeping their consultants despite the excess capacity (Lunendonk 2010b; BDU 2010; BDU 2009). Such change with regard to crisis-driven HRM in two consecutive industrial slowdowns speaks for some evolutionary developments with regard to the personnel-related aspects of the organizational response large German consultancies apply in times of crisis. To generate some knowledge regarding the above introduced phenomenon, the present study will adopt an evolutionary perspective.

Usually when speaking about organizational success or successful management practices in times of crisis the latter are framed in the evolutionary terms of survival of the fittest (Morse 2007). In this context, according to Ringland and Shaukat (2004), Heuermann (2003) as well as Kipping (2002) an interesting paradox with regard to one of the core purposes of consulting emerges: “to teach companies to succeed in the long run by responding to environmental cues, appear blind to the changes their own competitive environment which could eventually threaten their own survival”(Kipping 2002: 38). In this aspect it will be interesting to gain insights how consultancies assess and ensure success of crisis-driven HRM. In addition, despite the fact that need for a holistic managerial approach towards crisis-driven actions is recognized (Lüneendonk et al. 2009), so far there is no contribution dealing with a complex system or excellence model with respect to crisis-driven HRM in general nor in consultancies in particular.

To sum it up, the present study exams the management of human resources in turbulent economic times with particular reference to the large German consultancies during the period of 2001 to 2003 as well as 2008 and 2009, where central aspects of this phenomenon are the success of such HRM practices, their emergence and evolution over time.

In particular, the research objectives will be formulated as follows

To develop an empirically grounded theoretical framework with regard to crisis-driven HRM in large German consultancies from an evolutionary perspective

as well as

To design an excellence model of crisis-driven HRM by taking into account the specifics of the consultancy industry.

While the first objective of the present investigation serves mainly scientific needs, by closing the above defined research gap, the second pursues mainly practice-related interests.
An evolutionary model of crisis-driven HRM must be able to reveal the developmental patterns (*evolutionary dynamics*) of crisis-driven HRM (*evolutionary object*) emerging in a certain field of industry; to explain the reasons leading to a certain development (*evolutionary logic*) (Brandl et al. 2004; Nelson 1992) as well as to analyze the consequences of CD HRM for individual and organizational performance at each stage (*evolutionary effects*). Thus the present model is aimed at answering the question “how” and “why” particular aspects of the CD HRM in consulting firms changed over time and the way they did.

The excellence model is aimed at improving managerial decision-making and diagnosis in general as well as benchmarking activities and audits with respect to successful CD HRM. For that purpose the excellence model underlines a system of *success criteria* with their different *weights*.

Due to its evolutionary-retrospective character, the first purpose has to be considered *descriptive nature*, whereas the second serves more *prescriptive interests*.

**Overall research heuristics**

In spite of the increased body of contributions since the late 1990s - dealing predominantly with the personnel aspects of crisis management - several scholars (e.g. Trevor and Nyberg 2008, Kaiser et al. 2005; Lämsä and Takla 2000) complain about the existence of less empirically grounded theory in comparison to the focus on practical advice and prescriptive norms.

Following the above introduced suggestion for further research, the *grounded theory* (GT) will be employed as an overall research strategy. GT is an overarching research heuristics aimed at *elaborating an empirically-grounded theory* about an under-researched phenomenon (e.g. Finch 2002, Loosemore 1999; Corbin and Strauss 1999) such as crisis-driven HRM in consulting firms.

For several reasons GT seems a suitable research approach, taking into account the specifics of the present investigation. Since the literature respectively the existing knowledge with regard to the present research object is of *fragmented nature*, there is an explicit need on the one hand to verify and on the other to discover relevant aspects. As an instrumental response to such a need, the grounded theory allows interplay of discovery and verification, by giving an accumulation of intermediate achievements (Finch 2002).

*Second*, considering the „evolutionary“ ambitions of the current study, it has to be mentioned that GT is especially employable for analysis of change (Corbin and Strauss 1990) as well as downsizing in particular (Locke 2001). In addition to this, because of the
intention to answer how and why research questions, the present investigation is of an explorative nature (Gillmann 2002; Yin 1994), aimed at elaborating a first theory attempt regarding CD HRM in consulting firms and hence the applicability of GT for the purpose of new research areas (Schwarz and Nandhakumar 2002; Locke 2001), can be considered an appropriate research heuristics.

Third, grounded theory allows the simultaneous use of both qualitative and quantitative methods to gain a better understanding of the phenomenon of crisis-driven HRM within the very context German consulting industry by researching different organizations within these particular settings (Finch 2002; Locke 2001; Loosemore 1999), which is necessary for fulfilling both research objectives.

Forth, GT as an overall research heuristics is congruent with traditions within economics that focus on action and processes, such as behavioral, post Keynesian, post Marshallian, institutional and Austrian tradition (Finch 2002). Therefore GT can be considered consistent with the main aspects of the theoretical foundation of the present study: behavioral theory of the firm (Cyert and March 1963) and the model of evolutionary growth (Nelson and Winter 1982) following the Marshallian evolutionary tradition (Finch 2002).

Structure of the study

The structure of the present work follows the phases of the cognitive process inherent in the grounded theory. These are according Morse (1994) phases of comprehension, synthesis and theorizing (cf. Fig. 1).

Fig. 1: The research process of grounded theory

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehension</td>
<td>Elaborating indicator model (general concepts and preliminary propositions)</td>
</tr>
<tr>
<td></td>
<td>Collection of qualitative and quantitative data</td>
</tr>
<tr>
<td>Synthesis</td>
<td>Interrelation between data collection and data analysis</td>
</tr>
<tr>
<td>Theorizing</td>
<td>Evolutionary-related theoretical model (reg. crisis-driven HRM in German consulting firms)</td>
</tr>
<tr>
<td></td>
<td>Model of excellence (reg. crisis-driven HRM in German consulting firms)</td>
</tr>
</tbody>
</table>

Source: Own illustration
In accordance with the process of GT, the stage of comprehension with respect to the present study is achieved in two steps (cf. Fig. 1). It starts with deriving an *indicator model* from the existing literature on crisis-driven HRM along different evolutionary categories in the particular context of the German consulting industry.

By *indicating concepts, preliminary propositions (PP) and research questions (RQ)*, the elaborated indicator model is aimed at guiding the emergence of an empirically grounded theory (Loosemore 1999) with regard to successful crisis-driven HRM in consulting firms.

The second step part of the phase of comprehension includes *collection of qualitative and quantitative* data as well as the *process of synthesis* (cf. Fig. 1), which is facilitated by the interrelationship between data collection and data analysis. A more detailed presentation of the above introduced step is available in the methodical chapter of the study. The different *research heuristics* used for analyzing the data collected with regard to each model component are also systematically and detailed presented in the methodical chapter.

The results of the study presented in form of multiple case studies (Gillmann 2002, Yin 1994), lead to an *evolutionary-related theoretical model* with regard to CD HRM in consulting firms (cf. Fig. 1).

A further outcome of the present study, addressing in particular the second research objective and also in accordance with the research process of GT is an *excellence model of crisis-driven HRM* (cf. Fig. 1). Following the notion of assessing business excellence, the pursued model will also represent a framework based on interrelated components with their weights both measuring and ensuring success of crisis-driven HRM. Similar to the theoretical model this one also takes explicitly into account the specifics of the German consulting industry.

Finally, some conclusions are drawn with regard to contemporary direction in which crisis-driven HRM evolves considering the very specifics of German consultancies. In addition, implications for decision-makers and HR experts in consulting firms as well as suggestions for future research are outlined.
II. Indicator model – literature review, key indicators, basic assumptions and initial restrictions

1. Literature review and overall indicators' framework

According to both scientific and practitioners-oriented contributions the topic of crisis-driven human resource management (CD HRM) is considered crucial for the survival of the firm respectively its success during such periods. The centrality of CD HRM increases in the management literature immediately after periods of economic downturns and industrial slowdowns (Schuette 2009, Kaiser et al. 2005) such as the economic recession from 2001 to 2003 and the global financial and economic crisis in 2008 and 2009.

Most publications with regard to crisis-driven HRM can be clustered in four perspectives (cf. Fig. 2): a) design of the present CD HRM; b) driving forces resulting in a certain design; c) both individual and organizational consequences as a result of a certain design as well as d) the evolution of CD HRM. In the following a big picture based on the findings of a literature overview will pinpoint the major trends within the four dimensions in order to draw explicitly the understudied aspects of the phenomenon.

Fig. 2: Research perspectives with regard to crisis-driven HRM

Within the personnel-related literature there is a large body dealing explicitly or implicitly with the design of different crisis-driven HR practices such as: downsizing (e.g. Trevor and Nyberg 2008, Feldheim 2007; Bhattacharyya and Chatterjee 2005; Amundson et al. 2004; Marr and Steiner 2003), flexible working hours and three-day week (e.g. Pacey 2008; Knörzer 2002; Cameron et al. 2001), personnel development and internal redeployment (e.g. Bewley 2009; Martina and Rose 2004; Godkin, Valentine and St. Pierre 2002), outsourcing and outplacement (e.g. Randers 2010, Arnold, Burbach, Eibelshaeuser and Mueller 2007,
Muelenhoff 2003; Wells 2002), earlier retirement (e.g. Marr 2004; Demmer 2002), performance-related pay (e.g. Schuette 2009, Brideson and Blake 2009, Pacey 2008), etc. There is also another group of crisis-driven HR practices which are not aimed explicitly at personnel cost reduction or retaining personnel during crisis however are necessary for the successful implementation of the previous. To this group belong contributions dealing with early warning system (e.g. Gutmann 2009, Wells 2002), leadership (Harkin, Blake and Smith 2009, Sutton 2009), internal communication (Kuring 2010, Randers 2010, Jones 2009), culture, organizational structure (Atkinson, Mackenzie and Thomson 2010, Lin et al. 2006) as well as the role of the HR department (Gandolfi 2009, Bittelmeyer 2003, Ahlers 2002, Dolan, Belout and Balkin 2000) in times of crisis.

There are two explicit trends within the design-related perspective of crisis-driven HR literature. First, after each recessionary period a predominant research focus can be recognized. While in the late 1990s the stress is more on alternatives to downsizing (e.g. Mishra, Spreitzer and Mishra 1998), after the recessionary period 2001 to 2003 and the global financial and economic crisis 2008, the recently emerged body of personnel-related contributions is dealing predominantly with the implementation of crisis-driven personnel practices instead of their concept. It is not more the question what to do, but how to implement it. Thus, topics such as internal communication, the role of the leadership and the HR department as well as early warning system are more central (Lünendonk et al. 2009).

Second, there is an emerging trend to investigate whole sets of crisis-driven hr activities and their interdependencies (e.g. Trevor and Nyberg 2008, Bhattacharyya and Chatterjee 2005; Hertig 1996) or even to chose a holistic perspective of crisis-driven HRM (e.g. Kaiser et al. 2005).

Within the second perspective (cf. Fig. 2) the research focus is on the driving forces leading to a certain design of CD HRM in terms of both external and internal actors as well as interactions among those actors. This literature integrates themes such as decision-making, group interests, selection criteria and organizational learning (Godkin Valentine and St. Pierre 2002; Greenhalgh et. al 1988; Love 1982).

Most contributions on crisis-driven HRM can be located within a third perspective (cf. Fig. 2), which deals with the consequences certain crisis-driven HR practices cause with respect to motivation, individual and organizational performance (Buono 2003; Lämsä and Takala 2000; Baeckmann 1998; Mishra, Spreitzer and Mishra 1998; Nagel 1997).

The notion of successful CD HRM can be considered part of the third perspective. This issue in terms of effectiveness and efficiency is central to the works of few scholars such as Buono (2003), Baeckmann (1998), Nagel (1997) and Hertig (1996). These authors focus on
organizational success (Nagel 1997), design a detailed system of goals regarding CD HRM (Hertig 1996) as well as take into account the existence of hidden costs and benefits as a consequence of downsizing (Buono 2003; Baeckmann 1998). However, there is no investigation creating or applying a managerial tool such as Balanced Scorecard (Kaplan and Norton 1996) or European Foundation Quality Management (EFQM) excellence model (Oakland and Oakland 2001) for the purpose of a more effective decision-making, auditing and benchmarking.

The change of crisis-driven HRM over time could be considered a forth possible research dimension (cf. Fig. 2). With respect to this perspective of CD HRM, there are no scientific contributions, apart from some practice-oriented reports (e.g. Fritzel and Vaterrodt 2002; Klein 1994; Luczak et al. 1994). Recommendation with regard to the need for examining dynamics and evolutionary mechanisms of managerial practices within single organizations (Singh et al 2005; Tushman and Romanelli 1985; Kimberly and Quinn 1984; Cameron and Whetten 1981; Miller and Friesen 1980 Kimberly and Miles 1980) as well as in populations of organizations (Bloch and Finch 2009, Tushman and Anderson 1986; Freeman and Hannan 1975) exist already in the 1980s, however there is still little research in this field. In particular there is no empirical investigation dealing with CD HRM from an evolutionary perspective.

To sum it up, all four perspectives of the literature review design, causes, consequences as well as evolvement over time refer respectively to the main dimensions of the organizational theory of evolution: evolutionary object, evolutionary forces (logic), evolutionary effects as well as evolutionary dynamics (Wolf 2003) (cf. Fig. 3).

Fig. 3: Communication between literature perspectives and evolutionary dimensions

<table>
<thead>
<tr>
<th>Design</th>
<th>Evolutionary object</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driving forces</td>
<td>Evolutionary logic</td>
</tr>
<tr>
<td>Consequences</td>
<td>Evolutionary effects</td>
</tr>
<tr>
<td>Evolution</td>
<td>Evolutionary dynamics</td>
</tr>
</tbody>
</table>

Source: Own illustration
Thus the present work adopts a general *evolutionary perspective* which includes all four research categories (cf. Fig. 4) and the indicator model will be based on the following framework.

**Fig. 4: Indicator model of the study**

![Diagram of indicator model of the study](source: Own illustration)

Complementary to the four evolutionary dimensions of crisis-driven HRM, the indicators' framework constitutes of the following basic definitions of evolution, consulting, crisis and crisis-driven HRM as well as the notion of successful crisis-driven HRM in terms of criteria and factors of success with respect to the latter.

In the following each of the six dimensions of the indicators' model are introduced in-depth by taking into account their explicit relevance to the German consultancies.
2. Basic definitions

2.1. Evolution

The Darwinian and Wallace’s notion of evolution has been nowadays applied to a broad range of both macro and micro economic scope of research such as economic processes (Nelson 1995; Nelson and Winter 1982), technological innovation (Dosi, Giannetti and Toninelli 1992), organizational changes (Burgelman 1994, Fritsch 1992), as well as knowledge evolvement (Liang 2004).

While most of the contributions consider evolution a synonym of change, development and evolvement, Wilterdink (2003) differentiates in a very strict manner among those terms. He defines development as a “patterned or structured change” (Wilterdink 2003: 54), and evolution in turn as “developments that exhibit regularities on a high level of generality” (Wilterdink 2003: 54). As the main difference among those terms is the specification of one another, they will be used synonym for the purpose of this investigation.

From a sociological perspective Schmid (2003) adds two main aspects of the concept of evolution which are in particular valid in the context of organizational settings and hence relevant for the present indicator model. First, due to the fact that evolution “happens” in structured society units or subunits it can be considered a systematic process which possesses a holistic character. Second, every evolution can be understood as adjustment, where the internal efforts are directed towards fulfilling external demand (Schmid 2003). Such adaptation may be considered the organizational response of a company towards dramatically changed market conditions or business environment in general.

This process-related understanding of evolution results in two main forms: the direction of a process or in its underlying mechanisms, where this direction is introduced as evolutionary dynamics aimed at detecting patterns, main trends, and phases and its underlying mechanism as evolutionary logic (Wilterdink 2003). With other words, while evolutionary dynamics refers to evolution, in a descriptive sense, as a process that is one-directional and passes through certain phases (Brandl et al. 2004; Wilterdink 2003), evolutionary logic is viewed as an explanatory concept, enlightening the direction of the process and its phases with the interplay of certain driving forces (Brandl et al. 2004; Wilterdink 2003; Liang 2004; Trigger 1998, Kauffman 1993, 1995) (cf. Fig 5).

In a similar light Liang (2004) describes the Darwinian notion of evolution as a gradual process, adopting a tactician approach (Liang 2004). Following this definition it can be assumed that the gradual process refers to evolutionary dynamics and hence the tactician approach respectively to evolutionary logic.
In congruence with the holistic character of evolution and complementary to both process-related definitions are those of evolutionary object and evolutionary effects (Wolf 2003) previously introduced as part of the present indicator model. While from a managerial perspective the evolutionary object are certain routines and/or rules which evolve over time, the evolutionary effects are those consequences the object causes for certain parties involved (Wolf 2003).

Following the notion of evolution as adjustment, where internal efforts try to meet external demands (Schmid 2003), Wallace’s rather than the Darwinian understanding -of the pressure on species to become adapted to their local environment- will be employed.

2.2. Consulting

The relevant consulting literature reveals a steady concern since 1960s about the lack of a consistent theoretical body with regard to consultancy (Gross and Poor 2008, Fink and Knoblach 2003; Schräder 1996; Steyrer 1991). This could be a possible explanation for the existence of a broad variety of definitions (Heuermann 2003) regarding the industry, the companies providing such services as well as the profession of consultants.

In the same light, Engwall and Kipping (2003) use a three-level analysis taking into account the above introduced three aspects of consultancy business (cf. Fig. 6).
According to the authors, the definition of an industry is closely related to the product or service the firms in the particular sector offer. Following their definition and the common consulting literature, in the case of the consulting industry such service could be the *transfer of certain managerial know-how* (Engwall and Kipping 2003). Consistent with the evolutionary model of Nelson and Winter (1982) a certain industry in recent organizational studies has been labeled *population* (Bloch and Finch 2009, Wolf 2003; Hannan and Caroll 1992; Nelson 1992). Thus in an evolutionary tradition *consultancy industry* can be viewed as a *population of consultancy firms* or with other words those firms are the *basic units of the industry* (Engwall and Kipping 2003).

So, the *consulting firm* with its employees refers to the second level of the analysis of Engwall and Kipping (2003). This level of analysis is the most central one for the purpose of the present work and in particular for its research object.

According to the model the third level is represented by the *consulting project*. Some authors even put the stress of the consultancy definition at this level. They define consultancy as a project-based interaction between employees from both a client and a consulting organization (Fink and Knoblach 2003; Wohlgemut 1997) where the latter make diagnosis of certain issues, suggest solutions and support the implementation of the relevant actions (Biswas and Twitchell 2002; Kumar 2000). However, this aspect of the consulting service is not going to be investigated in-depth as it is a subject of little interest with respect to the purpose of the present study, apart from few aspects with regard to the interaction between the employees of a consultancy and their clients.
Following the large variety of definitions - with respect to consultancy - existing in the relevant literature the following difference occurs: some authors use the term of consulting mainly as a synonym of traditional management consulting (e.g. Czerniawiska 1999), on the other hand the European Federation of Consulting Organizations (FEACO) divides the term of Management consulting into four segments as follows: a) consulting consisting of business consulting and IT consulting, b) development and systems integration, c) outsourcing as well as d) other services (FEACO 2007/2008).

Most German authors (e.g. Gloger 2006, Mohe 2006; Heurmann 2003; Fink and Knoblach 2003) distinguish traditionally among four different kinds of consultancy: strategic, organizational, IT consulting as well as executive search. Such tradition is introduced by the German Association of Management Consultants, BDU e. V. (BDU). Their annual reports still use such classification (BDU 2008/2009). Similar to the FEACO definition of consulting, Lünendonk -another trend setter with respect to the German consulting industry- combines in their annual ranking lists strategic and organizational consultancies into management consulting. Hence, they as well as the most German scholars and practitioners distinguish in their contribution mainly between traditional management and IT consultancies.

In the same light, Kipping (2003, 2002) in his three-wave model explaining the emergence and the evolution of the consulting industry introduces the traditional management consultancies as representatives of the second wave or generation of consulting firms and the IT consultants as the third wave “predefined” to displace those from the second wave (Kipping 2003). Further, the same author describes both waves (the second and the third) as overlapping and thus the management consultancies and the IT consultancies as simultaneously existing (Armbrüster and Kipping 2003).

A further reason to focus on both kinds of consultancies in the present study is the fact that many management consultancies offer IT services after the strategy projects end (Biswas and Twitchell 2002) vice versa most of the leading IT consulting firms enlarge their product range with strategic and organizational consulting (Armbrüster and Kipping 2003).

The above overview of trends give the reason for including both management and IT consulting within the operational definition of consulting firms used for the purposes of the present study.

Due to the existence of some significant differences, there is need to distinguish between both sectors of the consultancy industry (e.g. Gross and Poor 2008).

Although the recession 2001 to 2003 have significantly affected both IT and management consulting, Armbrüster and Kipping (2003) argue that IT consultancies do not face the same
intensity of pressure like management consultancies, because of their more competitive personnel costs structure where the ratio of consulting staff to partners is higher (e.g. one to 20) compared to those in management consultancies (e.g. one to six) as well as the more easier access of IT consultancies to greater financial resources due to their legal form as publicly traded companies (Armbrüster and Kipping 2003; Kipping 2002).

On the other hand it can be expected that the access to the global financial markets made IT consultancies more vulnerable at the end of 2008 as well as because of the need of quarterly reporting they are put under stronger pressure (Reiners and Hebestreit 2002, Nikolai 2000) during both recessionary periods and could made them more willing for implementing drastic HR practices for saving or maintaining their profitability or productivity.

A further reason for distinguishing between IT and management consultancies is the qualification background of their staff. More recently IT consultancies hire as well some MBA graduates, but are still mainly looking for IT-specialists (Perkins 2008, Crucini 2000). A consultancy dominated by engineers is very different from one dominated by MBA graduates or by IT specialists (Kipping 2002).

As a consequence of the above introduced differences between IT and management consultancies, it can be expected that both kind of consultancies will cope with the recent economic slowdowns in different ways.

Another clarification with respect to the working definition of consulting firm used for the purposes of the present work is the organizational size. More concrete the large consulting firms are part of the present research object. Complementary to the personnel-intensive nature of large consulting firms (BDU 2010), there are several reasons for restricting the research object of the present study, by taking into consideration only large German consultancies.

First, there is an extreme polarization of the European and in particular of the German consulting industry: the contemporary structure of the industry had been established based around a small core of large global consulting firms, and a growing periphery of single or small, specialist providers, locally or regionally based (Gross and Poor 2008; Kipping 2002; Wright 2000). Due to the heterogeneous character of the German consulting industry it is difficult to make forecasts for any trends or to draw any conclusions about the industry as a whole (Heuermann 2003).

Through the arrival of new entrants and the merger of existing companies consulting industry continued to undergo major structural change which is actually the main reason for such polarized structure (Gross and Poor 2008; Kipping 2002; Wright 2000). After the global
financial and economic crisis 2008 and 2009 the international consulting market is increasingly consolidating, so that some authors are even expecting the consulting space to look like the accounting one (Deloitte Ireland 2011, Fugazy 2010). Hence, the small core of large global consulting firms represents a natural research object for a HRM-related study, in contrast to local providers with no or few employees.

Second, further to the above introduced aspect considering the fact that most of the large German consultancies are of international origin it can be expected these companies to undergo some international influence (Crucini and Kipping 2001) in terms of their crisis-driven HRM.

Third, this small core of large consultancies can be considered representative and of a significant size since they possess about the half of the relevant German market (BDU 2010, BDU 2009, Lünendonk 2009b).

To sum it up, for the purpose of the present study under German consultancies will be understood large traditional management and IT consulting firms operating at the German market.

2.3. Crisis with regard to German consultancies

Congruent with the overall evolutionary perspective the present study has adopted, the crisis-driven context of the German consultancy industry can be present in the notion of evolutionary economics with the term of changed market conditions (Nelson 1995; Nelson and Winter 1982). This term refers to all considerable changes with regard to the market trends relevant for a certain organizational setting, taking into account the interrelation of the three level of crisis – overall economic crisis (recession or stock market crashes), industrial crisis as a result of either cyclical or structural causes as well as corporate crisis when the organizational existence and potential of success are threaten (Dubrovski 2004; Mitroff and Alpaslan 2003).

The German consultancies experienced in 2001 for the first time a drastic change in the relevant market settings (Petersitzke and Hristozova 2006; Kipping 2002). This change in the period between 2001 and 2003 as well as 2008 and 2009 was the complex result of different developments such as the overall economic/industrial slowdown (FEACO 2007/2008), the structural crises (Mohe 2006 and 2004; Kipping 2003), the legitimacy crisis regarding the credibility of the consulting services (Gloger 2006; Mohe 2006; Schaudwet 2003) as well as shift in power toward the clients (Allen 2010, Perchthold and Sutton 2010, Gloger 2006;
Mohe 2006; Graubner and Richter 2003). In the following a closer look at the above introduced trends will be present.

An economic crisis could imply different basic conditions for the different industrial sectors and firms (Nelson 2009; Dubrovski 2004; King 2002; Kipping 2002; Pümpin and Prange 1991; Müller 1985). Although consulting industry is traditionally not part of the list with crisis-prone industries, published by the Institute for crisis management (King 2002) and Biswas and Twitchell (2002) consider “management consulting … relatively well protected from economic cycles” (Biswas and Twitchell 2002: 23), the economic figures with regard to the German consultancy industry for both recessionary periods reveal a different picture: the overall market volume (cf. Fig 7) (BDU 2010) and in particular the business volume of many large consultancies decreases. For instance for 2001 McKinsey & Company experienced a decrease about 2% compared to the previous year. The decrease of the business volume for Boston Consulting Group (BCG) and for A.T. Kearney is even 7%. In 2009 15 of the largest 25 management consultancies including the latter and 14 of the largest 25 IT consultancies marked revenue decrease, where the decrease for five of the top 25 IT consultancies is even a two-digit number (Lünendonk 2010 a, b).

More particular there is a decrease with regard to the workload of a consultant, with other words the time a consultant bills decreases in the case of McKinsey from 64% to 52%. This results frankly in lower profit for the partners (Kipping 2003). A similar picture occurs in the second recessionary period, when in 2009 the revenue per IT consultant decreases to 147 000 Euro compared to 152 000 Euro in 2008 (Lünendonk 2010 b).

Fig. 7: Annual growth of Germany’s consulting industry, Bn €
In addition to the recessionary reasoning, Gloger (2006) as well as Wiskow (2003) give a possible explanation for the market trend between 2001 and 2003: according to both the consultancy market switches from a stage of growth into a stage of maturity.

The structural change faced by the German consultancy industry started almost together with the industrial slowdown in 2001 (Gloger 2006; Mohe 2004 and 2006; Kipping 2002), resulted 2003 in a high industrial concentration typically associated with sectors such as automotive or retail banking (Graubner and Richter 2003). The sustainable nature of this trend can be pinpointed by the strong deal-flow in the consulting space in 2010 and 2011 (Deloitte Ireland 2011, Fugazy 2010).

The credibility of the consulting business has faced challenges in two aspects: on the one hand the reputation of the whole industry was negatively influenced by the scandals in USA, e.g. the Enron case (Gross and Poor 2008; CW 2003), and on the other hand by the “fashionable” nature of consulting services (Gloger 2006, Mohe 2006, Heuermann 2003; Schaudwet 2003; Nicolai 2000; Wright 2000).

In accordance with the perception of evolutionary economics every technology is self-destructing by nature. This is valid for consultancy to a great extend, because due to the “fashionable” nature of these services their life is relatively short (Heuermann 2003; Schaudwet 2003; Nicolai 2000). Themes as the e-commerce boom and the euro conversion ensured the profit for some years in a row (FEACO 2003; Heuermann 2003), as well as the expanding economy allowed the implementation of mass products with respect to consultancy (Schaudwet 2003). However, as soon as the slowdown hit the consulting industry this attitude resulted into lack of trust among their clients (Gloger 2006, Mohe 2006) which is to be seen in the figures of the survey run by the Hernstein International Management Institute: only 41% of the 450 responding companies from Germany, Austria and Swiss plan to hire again consultants in 2003 (Schaudwet 2003).

The lack of trust is probably only one possible explanation for the decrease in clients’ loyalty which in turn leads to an increased competitiveness among consultancies. Von der Lage (2002) assumes as a possible change of the demand site the experience clients already gained in terms of consultancy. Graubner and Richter (2003) forecast that this shift in power away from consultants towards their clients is a long-term development which will continue after the economic crisis. Further, they argue that the significantly reduced profit distributions and bonus payments are evidences for the fact that margins are under strong pressure (Graubner and Richter 2003). In the same vein, due to the increased price-sensitivity of the client industries at the end of 2008 and 2009, which in turn resulted in
decreased fees, margins in the consulting industry are again under strong pressure (FEACO 2008/2009, Lünendonk 2009a)

Crisis at corporate level

Due to the increased frequency (Schoenberg 2005) as well as diversity and complexity (Lalonde 2007) of crisis nowadays, there is no homogenous and completed theory from a managerial perspective regarding corporate crisis (Simola 2005). However, four major characteristics of corporate crisis can be identified and derived as central for the existing body of contributions:

1) **Disruptive, harmful and of a high magnitude event,** implicating a serious threat to the survival of the organization and its stakeholders (Dubrovski 2004; Dieter 2001; Ulmer 2000; Hertig 1996; Müller-Merbach 1976, Ansoff 1975). From an evolutionary perspective corporate crisis can be viewed as a permanent selection mechanism (Bergauer 2003) aimed at the surviving of the most profitable (Simon 2005).

2) **An unusual and unfamiliar event;** outside the organization’s typical operating frameworks and hence representing a surprise for the management calling for non routine actions. Such external events like economic downturns and stock market crashes (Mitroff and Alpaslan 2003) may be specific to certain industrial settings (Naglewski 2006; Ulmer 2000; Pearson and Clair 1998; Hertig 1996; Reilly 1989; Krystek 1987, Müller-Merbach 1976, Ansoff 1975)

3) **Sudden and acute event that demands a timely organizational response** (Lünendonk et al. 2009, Naglewski 2006, Grader 1992);

4) **Ambivalent exit:** the decision can result in positive and/or negative change, hence crisis could result either into the recovery (when company come back to the profit zone) or into the decline or even exit of a corporation (Saying, Anthony and Perrine 2004; Nützi 2004; Burbach 2003; Landert 2003; Weißenrieder and Kosel 2002; Key 1997; Gmü 1996; Prisching 1994; Apitz 1987; Krystek 1987; Müller 1985; Golan 1978).
2.4. Crisis-driven human resource management (CD HRM)

The large body of contributions providing definitions with regard to crisis management respectively crisis-driven HRM, can be clustered into four main aspects (cf. Fig. 9): a) operational that focuses mainly on crisis-driven hr practices such as downsizing and its alternatives; b) process-related where crisis-driven (hr) management is considered an organizational response towards changed market conditions; c) institutional that put the stress on leadership, culture, communication, persons and teams as well as on their roles during crisis as well as d) holistic crisis-driven hr concept such as flexible hr management combining the previous three aspects. The present picture derived from the relevant literature landscape with regard to crisis (hr) management is also confirmed by the results of a content analysis conducted by Kaiser, Müller-Seitz and Ringlsetter (2005).
The above introduced aspects of crisis-driven HRM are strictly in accordance with the general understandings of organizational evolutionary theory. They give a broader and detailed theoretical framework with respect to all facets of crisis-driven HRM as evolutionary object.

The operational aspect of crisis-driven HRM

The concept of managerial routines is one of the core components of the evolutionary model of Nelson and Winter (1982). This model is the most applied evolutionary theoretical framework in the context of micro economics (Wolf 2003; Nightingale 1997). For the purpose of the evolutionary research perspective of the present study, the model of Nelson and Winter (1982) is considered a starting point for the whole indicator model.

The concept of routines (Nelson and Winter 1982) is analytically similar to genes in the biological theory. According to the model, there are two levels of routines: operative decision routines and a higher level of decision routines where the first are assessed (Nelson and Winter 1982). In the social evolutionary tradition these two levels are called phenotypes (e.g. concrete actions and practices) and genotypes (e.g. concepts and ideas like strategies, budget, career plans, etc.) (e.g. Wolf 2003).

Again in the evolutionary context, the concept of routines can be considered similar to this of rules. Social systems like organizations respectively firms have rules instead of genes (Wolf 2003). Within a firm the rules range from explicit like standardized processes and procedures to implicit like values and attitudes (Wilterdink 2003; Wolf 2003). Further, not only
policies and practices, but corporate culture as well can be present as a population of rules (Wilterdink 2003; Dietz and Burns 1992).

In the same light Simon (1991, 2005) introduces the concept of activities, where the operation of the modern industrial society is best described in terms of activities occurring within organizations, activities occurring within markets and the influences of each of these kinds of activities upon the other (Simon 1991, 2005).

For the purpose of the present study the three notions of routines, rules and activities (cf. Table 1) as well as their categories will be considered similar and substitutable.

**Table 1: Communication between theoretical notions and the present research object**

<table>
<thead>
<tr>
<th>Notion</th>
<th>Categories</th>
<th>Research object</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routines</td>
<td>Genotypes</td>
<td>The crisis-driven human resource strategy</td>
</tr>
<tr>
<td></td>
<td>Phenotypes</td>
<td>Crisis-driven hr practices, policies as well as organizational culture</td>
</tr>
<tr>
<td>Rules</td>
<td>Explicit Rules</td>
<td>Crisis-driven practices and policies</td>
</tr>
<tr>
<td></td>
<td>Implicit Rules</td>
<td>Crisis-driven culture in terms of leadership style and communication</td>
</tr>
<tr>
<td>Activities</td>
<td></td>
<td>Crisis-driven hr practices, policies as well as organizational culture</td>
</tr>
</tbody>
</table>

Source: Developed for this research

In accordance to the above introduced notions (cf. Table 1), the present indicator model considers three types of phenotypes with regard to crisis-driven human resource management: a) crisis-driven hr policies and b) practices as well as c) implicit rules such as organizational culture in terms of leadership and communication. For the purpose of simplicity the term of practices will be used as cumulative for policies, practices and rules.

In the same light, Rowley and Bae (2004) differentiate among a) basic assumptions underpinning the HRM system; b) policies which they define as the guiding principles of HRM as well as c) practices which are the day-to-day schemes designed to give force to the policy set (Rowley and Bae 2004: 66). Further, they argue that change at one level does not necessarily imply change at the others. In congruence with their understanding, the present indicator model focuses on practices viewed as the expression of the other two levels.

In communication with the notions of routines, rules and actions Krystek’s (1987) definition for crisis management can be adopted for crisis-driven HRM and hence defining it as the sum of all personnel-related practices aimed at contributing to an organizational survival.
Following Nelson (1995) the present indicator model views German consulting firms as *carriers of crisis-driven HR routines*. In the case of crisis-driven HRM such routines can be considered different actions aimed at reducing workload and workforce such as *downsizing*, *flexible working hours*, *attrition*, *overtime restriction*, *salary freezes*, *pay cuts*, *elimination of bonuses*, *shortened workweek*, or *unpaid vacations* and others (e.g. Gandolfi 2009; Kaiser et al. 2005; Schwierz 2003b).

To sum it up, in accordance with Simon’s (2005) application of the Darwinian metaphor to the development and changes that take place over time in economic systems such as business firms and industries,

*Crisis-driven HRM can be viewed as a system evolving in an economic context, containing crisis-driven personnel practices.*

**The process-related aspect of crisis-driven HRM**

Apart from Gaugler’s (1994) concept regarding crisis-driven hr tasks there is no explicit definition in the managerial literature regarding CD HRM as a process. Thus, first propositions with regard to this subject will be derived from relevant sources dealing with the process nature of crisis management in general. Within the relevant literature there are three main concepts of crisis management taking into consideration its process-related character: a) *organizational response to changed market conditions*; b) *managerial decision-making* as well as c) *change management*.

*First*, from an evolutionary perspective crisis management can be viewed as a firm response to changed market conditions. Despite the common course of the company process there are different possibilities with regard to the final outcome of the process. For example, in the context of the German constancy industry, while the most of the large management consultancies tried to offer alternatives to downsizing, the IT consultancies decreased effectively the number of their personnel (Kipping 2002).

According to Cyert and March (1963, 2004) and Nelson and Winter (1982) as well as Nelson (1995) the *process of organizational response to changed market conditions* starts with a “cost crisis” due to a market decline, followed by revenue decrease and respectively labor costs increase, which in turn leads to an organizational “problemistic” search behavior (cf. Fig. 10).
After generating a sufficient number of alternatives (already existing or specially designed), the firm starts evaluating them by implementing certain selection criteria. In the case of CD HRM, the final product of such tactician approach is the emergence of a new generation of CD HRM which the company will institutionalize and retain a particular time, until market conditions change and a crisis occur again.

Seen in perspective, it can be expected that after economy and in particular the German consultancy industry recover, there will be shortage for highly skilled personnel (Armbrüster 2004) and the German consultancies will be challenged again to redesign their response towards the new market situation.

Second, in complete congruence with the notion of organizational response, crisis management can be viewed as a managerial decision-making process whereby the following stages can be distinguished: a) early warning and crisis identification; b) vision/goal setting and crisis-driven action planning by starting a decision-making process; c) implementation of the crisis-driven program by following a clear communication strategy as well as d) control of the outcome (Brent 2011, Gandolfi 2009; Bergauer 2003; Whetten 1987; Sutton et al. 1986; Whetten and Cameron 1985; Krystek 1981).

The crisis identification occurs by comparing the planned target with the current situation. The output of the comparison is followed by in-depth description of the crisis in terms of symptoms, causes and possible consequences. Similar to the stage of problemistic search and selection behavior (cf. Fig. 10), the action planning is aimed at generating of alternative actions and the necessary resources as well as at selecting the actions ensuring the highest effectiveness. During the stage of implementation the management is focused on
implementing the actions selected by defining the most suitable organizational form and by ensuring the necessary enhancement. Finally the management controls the outcome by comparing again the targeted parameter with the current ones and if there is significant difference the decision-making process starts again (Bergauer 2003).

Prisching (1994) highlights three aspects which differentiate the crisis management from a common decision-making process in organizational settings: first: crises have quite a long “incubation” period before they are recognized as such; second: the creeping crisis escalates in a “hot” status forcing the management to take fast decisions and third: often their overcoming demands innovation and a radical change in the work process, thus times of crises can be considered times of innovation as well (Prisching 1994).

Crisis management is often associated with a radical and at the same time a socially acceptable change management (Atkinson, Mackenzie and Thomson 2010, Harkin, Blake and Smith 2009, Hertig 1996). Change can occur through a voluntarily planned approach or as a result of external forces such as changed market conditions or economic crisis (Harkin, Blake and Smith 2009). The latter is considered reactive change, because the organization is responding to stimuli outside its control. The way an organizational change is designed and institutionalized (Kostova 1999) within the organizational setting is called a change implementation process (Hedge and Pulakos 2002).

The institutional aspect of crisis-driven HRM

There is no explicit definition with regard to the institutional aspect of crisis-driven HRM within the relevant literature. According to Lünendonk et al. (2009) as well as Bregauer (2003) the institutional aspect of crisis management or restructuring constitutes of different organizational forms, where project organization is the most common one. Further, the same authors stresses on the parties involved in and responsible for a successful crisis management such as top management, controlling bodies, external consultants, bank representatives or a crisis manager. Besides the main responsible, there are also other parties in charge such as line managers, internal consultants and IT personnel as well as the employees affected by the practices implemented (Lünendonk et al. 2009, Amundson et al. 2004; Bradley 2004; Bergauer 2003; King 2002).

These persons are often grouped into different kinds of crisis management teams where a crisis management team refers to a “cross-functional group of people within the organization who have been designated to handle any crisis” (King 2002: 237).

Another concept giving a more precise definition of the institutional aspect of crisis-driven HRM, including also the above introduced aspects, is the one of flexible HRM.
Flexible HRM: A holistic concept of crisis-driven HRM

Flexibility is a typical organizational personnel-related response in case of market stagnation, uncertainty, technological change and other cases of constantly changing market conditions typical for a dynamic business environment (Gupta and Wang 2004; Atkinson 1985; 1984).

Starting in the late 1980s, when many engineering firms received a sharp economic reminder of the importance of taking a flexible approach to managing personnel costs (Patterson 1997), today when the frequently changing organizational need for human capital together with the cyclical character of economy force the HR management to improve its flexibility in terms of staffing (Wells 2002), flexibility counts as one of the contemporary core principles of HRM (Kaiser et al. 2005, Scholz 2000).

In the same light, Gupta and Wang (2004) as well as Kaiser and Rossbach (2003) argue that organizations with flexible HR settings possess a better capability to deal with excess capacity. Hence, (personnel) flexibility ensures the organizational ability to react to changed market conditions in a faster and smoother manner (Gupta and Wang 2004; Kaiser and Rossbach 2003).

Congruent with the organizational theory of evolution as well as the notion of routines, Wunderer and Dick (2000) define flexibility in terms of corporate programs and rules, aimed at a better adjustment towards complex and dynamic circumstances (Wunderer and Dick 2000: 84). Such flexible routines with regard to personnel can be for example temporary work, shortened working time and functional flexibility (Kaiser et al. 2005; Zeffane and Mayo 1995).

Flexible HRM, as organizational answer towards changed market conditions, is a holistic approach covering similar or in some aspects even identical with above introduced operational, process-related and institutional aspect of crisis-driven HRM.

In terms of flexible HRM Kaiser et al. (2005) differentiate among operational; process-related as well as structural or institutional flexibility (cf. Fig. 11). According to their framework the three dimensions are defined as follows:

- Operational flexibility focuses on the scope for executing different hr practices;
- Process-related flexibility means the organizational ability to act in an early and fast manner; as well as
- Institutional flexibility is introduced as the organizational preparedness in terms of personnel, organization and leadership systems (Meffert 1985: 126).
Operational flexibility with regard to hr can be present in turn by the following four dimensions (Kaiser et al. 2005; Kaiser and Rossbach 2003; Atkinson 1984, 1985): a) functional flexibility; b) numerical flexibility; c) time flexibility and d) financial flexibility (cf. Fig. 11).

Functional flexibility is the organizational ability “to vary the amount of labour they use without resorting to the external labour market … the ability to move workers from one task to another” (Michie and Sheehan-Quinn 2001: 289). For securing such organizational agility, the company demands personnel that is able to carry out a wide range of tasks, thus functional flexibility focuses on enhancing both employees’ internal and external employability by distributing and generalizing employees’ qualifications and job descriptions (Michie and Sheehan-Quinn 2001; Friedrich et al. 1998). While the external employability in terms of an anticipative leave is aimed at easing employees’ outplacement (Kaiser and Rossbach 2003), the internal one allows a quick and smooth redeployment of employees between activities and tasks (Atkinson 1984) and has to be viewed as prevention of dismissals. The internal employability can be achieved by implementing hr practices such as general training programs focusing on both overall and job-specific skills as well as job rotation programs. On the other hand, different personnel tools such as outplacement as well as transfer of personnel into employees’ pools, temporary companies, and into self-employed start ups are aimed at enhancing the external flexibility (Kaiser and Rossbach 2003).
Numerical flexibility in terms of HRM represents the organizational ability to increase or decrease headcount quickly and easily in line with even short-term changes in the level of personnel demand (Martin and Nienhüser 2002; Michie and Sheehan-Quinn 2001; Atkinson 1984) by using atypical employment relations (Martin and Nienhüser 2002) respectively by establishing a peripheral workforce including temporary and part-time workers as well as home working and telecommuting (Kaiser and Rossbach 2003; Michie and Sheehan-Quinn 2001, Atkinson 1985).

Time-related flexibility counts as the most analyzed flexibility dimension both in scientific and in practice-related contributions. It focuses on chronometric and or chronological possibilities with regard to working hours aimed at the organizational capability to react to changed conditions (Kaiser et al. 2005; Kaiser and Rossbach 2003). While chronometry describes the working hour’s budget per person and time section, chronology means the position of the working hour’s budget on the time axis (Drumm 2000: 165). Such chronometrical and chronological tools can be long-term working hours’ account, three-day working week, and sabbaticals (Kaiser et al. 2005).

Financial or reward flexibility is the ability of corporate “payment systems to respond to labor market conditions and to reward and encourage improved performance” (Michie and Sheehan-Quinn 2001: 289) such as performance-related pay. According to Atkinson (1985; 1984) financial flexibility in terms of HRM is sought by firms for two reasons: first, salary and other employment costs reflect the state of supply and demand in the external labor market. Second, pay flexibility means a shift to a merit pay system one that facilitates either numerical or functional flexibility. In a similar light, contemporary scholars consider financial flexibility the situation when there are different possibilities in an organization to reduce personnel costs by making parts of the remuneration system variable in order to cope with excess capacity without using dismissals (Kaiser et al. 2005; Oechsler and Wiskemann 1999). Performance-oriented pay tools used by management in order to minimize negative effects of personnel costs during crisis can be a merit pay system related to sales or profit, a pay model including financial interests or by clearing pay parts with spear time.

As previously introduced process-related flexibility represents the organizational capability to act/react in an early and fast manner (Kaiser et al. 2005, Meffert 1985). However this capability can be achieved only if there exist appropriate early warning systems which enable the elaboration and implementation of personnel practices through short decision making processes (Kaiser et al. 2005). Generally speaking early warning or early detection systems can be considered a special form of corporate information systems, which signalize to its users latent already existing threats in the form of impulses and others early before the crisis.
occurs (Krystek 1981: 14). Since the process-related flexibility stresses on the organizational capability in terms of existing practices and procedures, it has to be considered a concept more narrow compared to the process-related aspect of HRM as organizational response.

On the other hand, institutional flexibility, introduced as the organizational readiness and preparedness for implementing a flexible personnel strategy is more than a matter of corporate culture (Kaiser et al. 2005) or the organizational form of the crisis team or the main responsible (Lünendonk et al. 2009, Bergauer 2003).

Similar to the roles of the top management, the line managers and other external experts, the one of the HR department during crisis (Economist Intelligence Unit 2009, Scholz 1994a) can be considered central with regard to the organizational readiness and preparedness.

Another aspect part of the institutional HR flexibility during turbulent times is the internal communication. In order to avoid a possible decrease with regard to employees' satisfaction or regarding the corporate climate and thus to avoid the turn-over of top performers, the process of lay off should be accompanied by a transparent information policy and by an open communication (Kaiser et al. 2005, Kaiser and Rossbach 2003).

2.5. Success with respect to crisis-driven HRM

For the purpose of consistency, success in organizational terms and in particular with regard to crisis-driven HRM is defined from evolutionary perspective. Starting from Wallace's perception that the ability to adapt to a changed environment will ensure survival, organizational success in times of crisis will be considered equal to survival.

In the same vein, Dubrovski (2004) considers successful crisis management as one not only ensuring company’s survival but also the one contributing to company’s further development (Dubrovksi 2004). Similar to Dubrovski (2004), Wilterdink (2003) shifts the focus from survival towards organizational excellence which reveals higher organizational ambitions.

Hence, taking into account all of the above introduced considerations, for the purpose of the present study the following definition of successful crisis-driven HRM will be drawn:

HRM contributing to a great extend to organizational excellence especially in times of crisis will be classified as successful.

Irrespective of the relevant market situation, the survival or even the excellence of an economic system is considered a permanent organizational goal (Wilterdink 2003, Hedge and Pulakos 2002). However during crisis when survival threat increases, this evolutionary
goal calls for a revolutionary behavior of urgent change and adjustment (Brideson and Blake 2009; Hertig 1996). Especially in such a challenging and turbulent situation explicit demand for an instrumental understanding about successful crisis-driven HRM occurs. Congruent with the second research objective of the present study, such instrumental understanding can take the form of a managerial tool aimed at measuring and maintaining the extent of success with respect to crisis-driven HRM by defying an integrated and interrelated system of relevant indicators as well as to address the purpose of benchmarking and of conducting on-site crisis audits (Mitroff and Alpaslan 2003).

Combining all prescriptive recommendations about assessing and ensuring success of crisis management in general and crisis-driven HRM in particular the following two major traits of such a tool occurs.

*First*, this instrument needs to be based on an integrated holistic system of indicators measuring success. Kumar (2000) considers them the basic elements of such a tool.

In accordance to Nabitz et al. (2001) as well as Nelson and Winter (1982), when employing both cornerstones of management - effectiveness (doing the right things) and efficiency (doing the things right) – ensuring organizational survival or even excellence will refer to the notion of effectiveness, whereas factors influencing the ease of implementation of crisis-driven HRM or the decrease of related costs will refer to efficiency. Thus, indicators measuring success will be divided into two major groups – effectiveness-related success indicators and efficiency-related factors of success (Bergauer 2003, Nabitz et al. 2001).

Generally speaking success can be measured by comparing the status quo of a system with a target defined in advance (Bergauer 2003). In order to define successful CD HRM as such there is a need for breaking the main corporate goal of surviving respectively performance or expanding into more operational goals from a personnel perspective. Hence, the fulfillment of different organizational goals can be employed as success indicators. However not only goals or objectives can be considered source of success criteria. Moreover there is a clear relation between objectives and consequences in their function as success indicators (cf. Chapter II.6, Chapter II.7). For instance, Ahers (2002) formulated the avoidance of negative consequences of layoffs as a success criterion.

*Efficiency criteria* or with other words factors of success with respect to crisis-driven HRM can be derived again from the relevant organizational goals as well as from the three major aspects of crisis-driven HRM – operational, process-related and institutional (cf. Chapter II.7) (Hertig 1996).
Second, an effective managerial tool or model should allow a simultaneous assessment of success ex ante and ex post as well as a lasting integration of organizational learning during crisis in order to help managers to build organizational resilience to cope with crisis (Lalonde 2007).

Crisis-driven HRM can be assessed in terms of success both ex ante and ex post. An ex ante assessment represents the stage of selection and choice as part of the decision-making process (cf. Chapter II.5), where a system of success criteria will be employed for choosing those personnel practices advantageous in terms of survival, and of the quality of survival (Sayegh, Anthony and Perrewe 2004).

The same organizational goals can be used ex post as selection criteria (cf. Chapter II.7) and the extent of their achievement can be employed as success criteria ex ante.

Holistic excellence model with respect to crisis-driven HRM

As earlier introduced Wilterdink’s (2003) definition of success in organizational terms shifts the focus from survival towards organizational excellence. Thus in the following a model of organizational excellence will be employed as a key indicator and a starting point for elaborating an assessment tool in terms of successful crisis-driven HRM.

For several reasons one of the most employed models of business excellence in Europe the EFQM (European Foundation for Quality Management) model will be introduced (cf. Fig. 12). First, it combines success indicators and factors for success, where both kinds of criteria are precisely defined as well as their weights.

Second, it is complex and it takes into account all possible aspects with respect to excellence of management practices. The interrelation among all the aspects is recognized and visualized and all of the indicators and the factors finally result in the organizational performance (Nabitz, Severens, Brink and Jansen 2001).

Third, Apart from the notions of business excellence as well as organizational learning and continuous improvement, the EFQM model is based on the fundamental approach of stakeholders in contrast to the shareholders approach, where the corporate environment is viewed as a complex field of stakeholders, whose interests need to be satisfied. Ultimately, these stakeholders would not accept an organization realizing its goals at their expenses (Marrewijk and Timmers 2003).

Forth, it can be customized for the purpose of smaller scales than a hole organization and so to be employed for assessing the contribution of a single management practice towards organizational performance (Andresen, Hristozova and Lieberum 2006; Domsch 2006). Fifth,
it is widely used in both organizational practice and science (Domsch 2006; Nabitz, Severens, Brink and Jansen 2001). Sixth, it communicates with the main theoretical notions of the present work such as evolutionary economics, flexible HRM, decision theory as well as Norton and Kaplan’s (1996) balanced scorecard.

According to the EFQM model (cf. Fig. 12) outcomes in terms of customer satisfaction, people (employee) satisfaction and impact on society result in excellence of key business results. In turn the three kinds of results are achieved through leadership driving policy and strategy, people management, the management of partnerships as well as resources and processes.

**Fig. 12: EFQM Model of business excellence**

The nine boxes (cf. Fig. 12) in the EFQM model refer to criteria which are used to assess an organization’s progress towards excellence. For convenience, *enablers* and *results* are used to group the nine criteria (cf. Fig. 12). While enablers are concerned with *how* results are being achieved, the results refer to *what* the organization has achieved (Domsch 2006). Thus, *results* refer to effectiveness and hence the earlier introduced *success indicators* and *enabler* refer respectively to efficiency and hence to the *critical factors of success*.

Nabitz et al. (2001) recommend the EFQM excellence model to start with the “vision” or the “strategy” as well as to integrate the “satisfaction of partners” into the group of results instead of enablers. Both recommendations will be taken into consideration when elaborating the excellence model with regard to crisis-driven HRM.
Evolutionary object

Basic definitions of key indicators such as Evolution, Consulting, Crisis, Crisis-driven HRM and Success

Evolutionary Object  Evolutionary Dynamics  Evolutionary Logic  Evolutionary Effects

Crisis-driven Human Resources Management: Criteria and Factors of Success
3. Evolutionary object: Content and design of CD HRM

A large and consistent body of literature on (crisis-driven) HR practices argues that while clusters of “complementary” HRM practices have large effects on organizational performance, changes in single practices have only a minimal effect (Trevor and Nyberg 2008; Bhattacharyya and Chatterjee 2005; Michie and Sheehan-Quinn 2001; Hoque 1999; Ichniowski et al. 1997; Milgrom and Roberts 1995; Baker, Gibbons and Murphy 1994; Holmstrom and Milgrom 1994; Kandel and Lazear 1992). In particular, Zeffane and Mayo (1994) recommend elaboration and implementation of a wide range of different crisis-driven HR practices in order to achieve a personnel costs reduction by a large degree (Zeffane and Mayo 1994).

However, on the other hand not every activity is suitable for every industry or every situation (Demmer 2002). Therefore Kaiser and Rossbach (2003) recommend that management should define the content either of a single practice or of a whole set of activities in accordance to its organizational type, industry and employee groups.

In congruence with the current literature landscape on crisis-driven HRM, both scholars and practitioners deal mainly with the design of single crisis-driven hr practices and their consequences. Most contributions in a crisis-driven context deal with issues such as downsizing, personnel development, flexibility, motivation as well as leadership and corporate culture (Kaiser et al. 2005). There are only few attempts (Kaiser et al 2005; Kaiser and Rossbach 2003; Bergauer 2003; Demmer 2002; Hertig 1996; Nagel 1997) for a complete overview or a thorough classification of crisis-driven hr practices from a more holistic perspective. As there is no contribution introducing a homogenous overview about crisis-driven HRM meeting the requirements of completeness, the present chapter is aimed at delivering an in-depth literature summary with regard to the possible content of CD HRM.

The previously introduced framework and its dimensions with regard to flexible HRM (cf. Fig. 11) will be used as an overarching framework for delivering a thorough and structured literature overview on crisis-driven HR policies and practices. For the following reasons the flexibility framework seems to be a proper raster for delivering such overview:

First, it considers equally both the proactive and the reactive approach of a crisis-driven human resource management.

Second, the process-related, operational and institutional dimensions lead immediately at a more operative level to concrete clusters of hr practices.
Third, these dimensions are broad enough, but on the other hand with a very clear focus so that the different crisis-driven hr practices derived from the relevant literature can be classified easily without any overlaps.

Additionally, some theoretical sub frames by Ahlers (2002), Lasswell (1971) as well as Ulrich (1998; 1994) will complement respectively the following three aspects of the present framework: a) the operational aspects; b) internal and external communication as well as c) the role of the hr department (cf. Fig. 13).

**Fig.13: Dimensions and practices of crisis-driven HRM**

<table>
<thead>
<tr>
<th>Crisis-driven HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Process-related aspect</strong></td>
</tr>
<tr>
<td>Crisis-driven HRM planning</td>
</tr>
<tr>
<td>Early warning system</td>
</tr>
<tr>
<td>Numerical practices</td>
</tr>
<tr>
<td>Functional practices</td>
</tr>
<tr>
<td>Financial flexibility</td>
</tr>
<tr>
<td>Time flexibility</td>
</tr>
<tr>
<td>Personnel</td>
</tr>
<tr>
<td>Leadership</td>
</tr>
<tr>
<td>Organization</td>
</tr>
<tr>
<td>Institutional aspect</td>
</tr>
<tr>
<td>Operational aspect</td>
</tr>
<tr>
<td>Source: Own illustration</td>
</tr>
</tbody>
</table>

A special focus will be put on hr practices employed in organizational settings such as consulting firms or other professional service firms and knowledge-intensive industries.

### 3.1. Process-related aspects of CD HRM

According to the findings of the literature summary the contributions belonging to the process-related aspect of crisis-driven HRM focus mainly on early warning systems. Such systems build on Ansoff’s (1975) theory about weak signals referring to the information about coming changes affecting the market conditions. His model admits weak signals as a basis of decision making. According to Ansoff (1975) the emergence of environmental changes is not accidental, rather it is the product of human actions and it is influenced by human intentions (Neumann 2004). Due to their “human nature” (Neumann 2004) environmental changes reveal some features in advance. Such “early features” can be understood as weak signals (Neuman 2004; Krampe 1980; Ansoff 1975).
Weak signals for the purpose of the present study will be considered mainly information about discontinuities coming from the relevant to the organization’s surrounding environment (Krystek 1987; Simon 1986; Krampe 1980; Kirsch and Trux 1979), qualitative in its nature, poorly structured and which does not allow an explicit interpretation, so that its users could be in a situation of neglecting it (Hauser 1989; Krystek 1987; Simon 1986).

Usually the early warning system comprises the following elements: the information sources of weak signals, catalogue of crisis indicators with the relevant tolerance range, responsible body as well as reporting lines (Gutmann 2009).

Possible sources of weak signals could be opinion of key persons, statement of relevant institution as well as legal sources (Krystek 1987; Krampe 1980). Due to the specifics of each industry, sectoral analysis and prognoses have to be considered also an integrative part of early detection (Krampe 1980). In the case of the German consultancy industry such sources on a regular basis can be considered the annual reports of BDU as well as the consulting market segments’ observations of Lünendonk.

Lünendonk et al. (2009) as well as BDU (2009) consider the reliability of the applied indicators as well as the information sources, part of an early warning system, the biggest challenge companies can face. In this context Wells (2002) points to different industry-relevant indexes representing the current and future business climate (Wells 2002).

The business practice gives a large variety of bodies and techniques used for the purpose of early warning. According to Watkins and Bazerman (2003) the core of such systems can be one or more cross-functional teams responsible for collecting and synthesizing relevant information. Typically, for that purpose can be involved the so called action-learning groups which are teams of future leaders that meet to exchange data and analyze key business challenges. Participation in such groups can be encouraged by embedding relevant stimuli in the incentive system (Watkins and Bazerman 2003). According to Mitroff and Alpaslan (2003) another organizational body monitoring constantly relevant weak signals and distributing warnings to the right executives is the crisis center. The crisis center is also aimed at building crisis capacity by conducting regular audits and trainings as well as by supporting the executives to communicate effectively during crisis (Mitroff and Alpaslan 2003).

Congruent with the notion of early warning are the scenario planning and the risk assessment. While the first technique is aimed at reviewing company strategies, monitoring available information on external trends, and identifying critical business drivers and potential flash points, risk assessment combines a systematic assessment of the probabilities of future events and an estimation of the costs and benefits of particular outcomes and hence select
among alternative responses. For the purpose of an objective scenario planning outsiders are invited in the group (Gutmann 2009; Watkins and Bazerman 2003).

The early warning of a company can be strengthened by a critical insight complementary to all efforts on gathering and analyzing external information. Because of the lack of fear and pressure, the exit interview with an employee before their leave can be used by the HR department as a unique opportunity for collecting objective information about the internal organizational environment (Schwierz 2003b).

For the first time, as a result of the global financial and economic crisis 2008 to 2009, the German Association of Management Consultants (2009) addresses the need German consultancies similar to the banking sector to apply reliable early warning systems for monitoring market changes and identifying business risks proactively (BDU 2009). Apart from this prescriptive statement, there is no contribution dealing with early warning system or any other process-related HR practices with regard to consulting firms, thus the following research question arises

RQ: What kind of process-related personnel practices are typical for German consulting firms in times of crisis?

3.2. Operational aspects of CD HRM

According to the framework employed (cf. Fig. 14), the operational aspect covers crisis-driven hr practices, divided in the following four dimensions: numerical, functional, time-related and financial or wage-related.

Fig. 14: Operational aspects of crisis-driven HRM
The present chapter introduces a thorough literature overview regarding crisis-driven hr practices in the form of four portfolios along the four dimensions (cf. Fig. 14), where the focus is on the objectives and the special requirements of each practice. However, the effects in terms of advantages and disadvantages each crisis-driven activity lead to are present in-depth in the chapter on evolutionary effects (cf. Chapter II.6).

Again a special attention is paid to those practices applied in consulting firms and other knowledge-intensive industries.

3.2.1. Numerical crisis-driven HR practices

Numerical HR practices as organizational response to changed market conditions are viewed as a workforce adjustment in numerical terms (e.g. Kaiser et al. 2005). Generally speaking it includes both reduction and increase in force. While reduction in workforce is understood as voluntarily or enforced retrenchment or redundancy (e.g. Bergauer 2003; Paltauf and Pfeiffer 2003; Schwierz 2003b), increase in workforce is aimed at ensuring the necessary human resources when the economy or particular industrial sector recovers (e.g. Cupps and Olmosk 2008; Fibies et al. 2004; Wells 2002).

The large body of contributions reveals a huge variety of numerical HR practices (cf. Appendix 1), however according to those references the most commonly used in the particular context of consulting firms are the natural attrition, as well as downsizing usually combined with career transfer or the so called alumni placement (outplacement mostly within client firms) (e.g. Schwenker and Bötzel 2006; Kaiser 2006).

The average attrition within the German consultancy industry is relatively high – about 15% (Balzer and Klaus 2000). Such high turn over in “good weather” conditions is mainly due to two reasons closely related to the nature of consulting business. Generally speaking the organizational hierarchy in every consultancy is a sharp-pointed pyramid where only every fifth (e.g. McKinsey) employee manages it to become a partner (Balzner and Student 2002). The competitive design of such organizational structure is ensured by the so called “up-or-out” or “grow-or-go” principle of promotion (Perkins 2008; Schwenker and Bötzel 2006; Balzer and Klaus 2000). The performance criteria for promotion respectively attrition is the “chargeability” of the consultant – the time a consultant bill on clients’ projects (Heuermann 2003). Second, consultancies check on a regular basis the profitability of each business area and if it turns out to be not profitable, the strategy is to downsize those work places (Heuermann 2003).

Opposite to the financial and economic crisis 2008 and 2009, in the period between 2001 and 2003, several authors report for the first time about large-scale downsizing activities

The employees’ leave due to strict up-or-out rules goes generally along with the so called “alumni placement” within clients (Kaiser 2006; Biswas and Twitchell 2002). Such extended alumni web of large consultancies is a very important source of new-project generation and revenue for the firm (Graubner and Richter 2003; Biswas and Twitchell 2002).

According to Graubner and Richter (2003) those consultancies who started staff reductions on a large scale have neglected the importance of continuing relationships with their alumni which affected their employer attractiveness in a negative way. Further they recommend if HR managers want to ensure a high motivation, they have a serious responsibility to those who leave (Graubner and Richter 2003).

Following Nesbit (2005) non-standard work agreements are typically associated at the lower levels of organizations hence it can be expected to be less employable for knowledge-intensive firms such as consultancies. However, since more organizations are maintaining a pool of temporary workers, independent contractors and consultants, which in turn communicates to the general staffing strategy smaller German consultancies follow not only in times of crisis (Arnold 2010; BDU 2009), it can be expected that such strategy may be applicable also for large German consultancies.

Another crisis-driven hr practice, but also typical for consultancies during “good weather” conditions is the founding of start-ups. The number of firms proliferated rapidly as partners from established consultancies acted on their entrepreneurial interests (Biswas and Twitchell 2002).

Applying the above introduced findings to the research object of the present study, the following research question can be asked

RQ: Which other numerical practices, apart from the above introduced, large German consultancies consider most appropriate for decreasing workforce?

There are several contributions highlighting the differences between management and IT consulting in general but as well as in particular in a recessionary context. According to them IT consultancies experience a far heavier pressure (Reiners and Hebestreit 2002; Nikolai 2000) compared to management consulting companies because the former are usually publicly traded entities (Kipping 2002) and this kind of companies are more willing in order to
increase or save their productivity and profitability to implement downsizing in terms of mass lay-offs (Betz 2003; Jossi 2001; Papalexandris 1996). Thus, it can be expected that

**PP: German IT consultancies more likely than management ones will be more will conduct downsizing activities.**

Due to its unexpected nature recruitment during industrial downturn is an interesting issue from numerical perspective. According to BDU (2009) and Wells (2002) both recessions were masking the usual tightness in the labor market and in particular the one of consultants. Although staff reductions may result in an enlarged pool of available workforce, knowledge-based companies such as consultancies still face a staffing challenge, especially in the very tight segment of high potentials (BDU 2009; Barkawi 2004; Wells 2002). A possible explanation for such labor shortage could be the need of consulting firms for a steady inflow of highly competent young professionals to compensate the above introduced natural attrition (Engwall and Kipping 2003). Hence, the following research question can be asked

**RQ: What do German consulting firms for ensuring the necessary inflow of competent high potentials during economic downturn?**

Pacey (2008), Fritzel and Vaterodt (2002) as well as Heuermann (2003) recommend workforce reduction as ultimo ratio in consulting firms. They suggest for short-term declines several alternatives, which are in the following introduced along the other three dimensions concerning the operational part of crisis-driven HRM: *functional, timer-related and financial* hr practices (Pacey 2008; Fritzel and Vaterodt 2002; Heuermann 2003). Such recommendation leads to the following preliminary proposition:

**PP: It is more likely that consultancies will apply workforce reduction practices as ultimo ratio and will first exhaust other alternatives.**

3.2.2. Functional crisis-driven HR practices

In general functional crisis-driven HR practices are personnel practices such as training, or participation in internal projects aimed at enhancing the internal employability of employees in order to enable their redeployment within the company (Schuette 2009; Bewley 2009; Kaiser et al. 2005; Papalexandris 1996). Further, practices such as outplacement with recall (Schuette 2009; Paltauf and Pfeiffer 2003), personnel pool (Arnold 2010; Ullmann 2004; Frank 2004), or community projects (Bittelmeyer 2003) as well as foreign assignments (Heuermann 2003) are also considered part of the functional dimension, because after a determined time the employees go back to their initial employer. An in-depth overview of the large portfolio of functional crisis-driven HR practices is introduced in Appendix 2.
As part of the portfolio of functional crisis-driven practices, some authors either report or just recommend personnel change at the top-management level (Lünendonk et al. 2009, Bergauer 2003; Whetten 1984). According to them such change is necessary in order to ensure a successful elaboration and implementation of the crisis-driven strategy. With other words there is little stakeholders’ support for the former manager as they are viewed as “problem causers” (Lünendonk et al. 2009; Pfeffer and Blake-Davis 1986; Salancik and Meindl 1984).

Apart from the empirical evidences of Bewley (2009) as well as Petersitzke and Hristozova (2006), and the prescriptive recommendations of Graubner and Richter (2003), there are no other contributions dealing with the applicability of the above introduced functional practices (cf. Appendix 2) in a consultancy setting. Hence, answering the following research question can provide more insights with regard to the design and the implementation of functional crisis-driven HR practices

RQ: Which functional crisis-driven hr practices can be considered relevant to the business case of large German consultancies?

According to a study on crisis management (Bergauer 2003), international companies report to run simultaneously personnel reduction in Germany and personnel recruitment abroad. Such discrepancy in terms of staffing strategies could raise the question whether expatriation could be considered a possible redeployment practice during crisis especially in the particular context of German consultancies (Heuermann 2003). With regard to such opportunity, there is a controversial discussion in the literature. While Nelson (2009) argues that despite the financial crisis, the professional services world is still globally mobile, Phillips (2009) does not see any possibility for consultants to another countries because of the global character of the recession (Nelson 2009; Phillips 2009). In addition, several authors Petersitzke and Hristozova (2006); Streicher and Lünendonk (2004) as well as Kipping (1996) differentiate between management and IT consulting by considered the previous a “local business”, which is not the case with regard to the latter (Petersitzke and Hristozova 2006; Streicher and Lünendonk 2004; Kipping 1996). Thus, the following research question arises

RQ: Are foreign assignments an effective functional hr practice for the German consulting industry during economic downturn?
3.2.3. Time-related crisis-driven HR practices

Time-related hr practices as organizational response in a crisis-driven context count as the most popular alternatives to downsizing. They are aimed at workload rather than workforce reduction and can be considered a suitable HR solution taking into account the service nature of consultancies in times of market decline (Pacey 2008; Ahlers 2002).

The time-related crisis-driven HR practices often involve an ongoing choice either with regard to the amount (chronometry) or with regard to the temporal distribution (chronology) of the working time. Such choice is usually negotiated between the employer and the employees (Kaiser et al. 2005; Marr 2004).

According to the relevant literature such practices can be the “preventive” use of working hours accounts which in turn allow organizations to manage more effectively by curtailing the overtime accumulated in them when market declines (e.g. Andresen and Hristozova 2004; Marr 2004; Kisker 2003; Paltauf and Pfeiffer 2003; Ahlers 2002; Jossi 2001), part time employment (e.g. Demmer 2002; Luczak et al. 1994), reduced working hours (e.g. Pacey 2008, Bergauer 2003; Demmer 2002), as well as sabbatical / flex-leave programs (e.g. Marr 2004; Fritzel and Vaterrodt 2002; Demmer 2002). An in-depth literature review of time-related crisis-driven HR practices is introduced in Appendix 3.


All of the introduced practices address simultaneously the market decline as well as burn-out concerns caused by the typical for the consultancy business workload pressure (e.g. Pacey 2008; Heuermann 2003).

Though sabbaticals are already widely used in the Anglo-American management (Heuermann 2003) as well as a work-life balance practice for “good weather” conditions, they are not that common for the German landscape. Especially in the case of crisis-driven sabbaticals (Demmer 2002; Fritzel and Vaterrodt 2002), the consulting firms can be considered the pioneers in Germany with regard to the implementation of such an innovative practice. There are no other contributions apart from practice-related reports about the design and the benefits (cf. Appendix 3) of sabbaticals from a consultancy perspective.
The long list of advantages related to the use of sabbaticals during industrial downturns is equally shared by both employer and employee, thus such practice is considered a win-win personnel solution (Fritzel and Vaterrodt 2002). The organization ensures noticeable cost-cutting (Heuermann 2003; Demmer 2002) as well as high motivation and commitment (Fritzel and Vaterrodt 2002) among participants in the program and the non-participating employees.

Further, it profits from relaxed, more creative and better educated consultants after their comeback (Demmer 2002). On the other hand employees obtain the security that as soon as the economy recovers they will continue with the same organization even under preferential conditions in terms of joining new projects (Demmer 2002) as well as they stay informed about all changes and news within the organization (Demmer 2002, Fritzel and Vaterrodt 2002) and on top invest their “crisis-driven” leave quite flexible according to their personal needs (Demmer 2002) for training and education, traveling or their families (Heuermann 2003). Thus, it can be assumed that

**PP: Large German consulting firms will consider a sabbatical program an effective time-related practice during economic downturn.**

In the same context, the following research question can be formulated

**RQ: Are there any other time-related crisis-driven personnel practices German consultancies consider adequate regarding their business model?**

### 3.2.4. Financial crisis-driven HR practices

Compensation and benefits are considered nearly untouchable as a key component of the employer attractiveness in a highly competitive recruitment and retention market such as the one where consultancies compete for their top employees (Mohe 2006). Financial reward is likely to remain the last on the list of corporate cuts. However, a declining industry, when employees are more willing to accept any salary reduction (Schuette 2009) is a strong driver for reshaping the design of benefits programs and compensation plans (Miller 2009; Pacey 2008; Wells 2001).

Such redesign can take slightly different forms of two major categories (cf. Appendix 4) – performance-related pay (Lünendonk et al. 2009; Phillips 2009; Pacey 2008; Fibies et al. 2004) and salary and/or benefits stagnation or cut (Schuette 2009; Bergauer 2003; Jossi 2001).

Several authors investigating hr-related issues with respect to the German consultancy industry in the period of the global economic recession from 2001 to 2003 such as Frank,
Optiz and Pudack (2002) as well as Heuermann (2003) argue that first, performance-related pay is the common design of the pay system in top management consultancies and second, that there is a noticeable increase in the trend towards performance-related design (Frank, Optiz and Pudack 2002) and in particular in terms of a higher extend of the variable part (Heuermann 2003). A possible explanation of such a design is the intention to create a win-win situation serving both objectives: to ensure the financial aspects of a long-term employer attractiveness and on the other hand to reflect the market decline by addressing the possible risk of excess capacity (Russo 2011, Phillips 2009; Kaiser et al. 2005; Heuermann 2003). Following the above introduced arguments, it can be expected that

**PP: German consultancies will use or at least will consider performance-related pay an effective financial HR practice applicable during both market growth and decline**

While Miller (2009) as well as Kaiser et al. (2005) report about a stronger performance-orientation or even elimination of the annual bonuses for partners and directors during both recessionary periods – 2001 to 2003 as well as 2008 and 2009, Phillips (2009) argues that instead of abandoning employees' bonuses they can be refocused on exceptional performers. Thus, it can be asked

**RQ: How German consultancies redesign their bonuses?**

### 3.3. Institutional aspects of CD HRM

As previously introduced the institutional dimension of crisis-driven HRM represents the organizational capacity aimed at easing the creation and implementation of the other practices part of a crisis-driven HRM. Following the definition of flexible HRM (cf. Chapter II. 2), the institutional dimension comprises the following three categories: a) organization, b) leadership and c) personnel (cf. Fig. 15). In turn the categories of organization and of personnel contain respectively corporate culture, communication, organizational structure as well as employees’ participation, the role of the personnel department and other external experts.
In the following a non-exhaustive literature overview regarding organizational practices with a special attention to their applicability in German consulting firms will be present.

3.3.1. Corporate culture

For the purpose of the present indicators' model, corporate culture is understood as a pattern of believes, values, and expectations (Gibson et al. 2000) which in turn are communicated and shared by the members of an organization (Schein 2004). Following Schine’s model of organizational culture artifacts such as corporate identity, the way members interact with each other and with organizational outsiders as well as visible awards and recognition are also parts of the corporate culture (Schein 2004).

Despite the crucial role corporate culture plays for a successful implementation of organizational change (Forman 2005) or more particular for the implementation of crisis-driven HR practices (Kaiser et al. 2005), there are only few contributions dealing with this topic and this in a more prescriptive rather than descriptive manner.

Following Kuring (2010) as well as Werner (1994) corporate values, goals, vision and history represent a compass which contributes significantly to keeping the company going in the right direction, particularly in a crisis-driven context and therefore ensure a competitive advantage in turbulent times (Kuring 2010, Werner 1994). Hence, the following research question occurs
RQ: To what extent corporate vision, values and guiding principles are central to crisis-driven HRM in German consulting firms?

Further, Demmer (2002) reports that corporate gatherings - part of Accenture's sabbatical program - enhance commitment and motivation as well as networking among employees (Demmer 2002). Thus it can be asked in general

RQ: To what extent corporate gatherings as part of the organizational culture are important for enhancing commitment and networking among employees in turbulent times?

3.3.2. Organizational structure

According to Lin et al. (2006) the organizational form refers to organizational authority structure and resources access structure (Lin et al. 2006). The same authors distinguish between three different strategies towards organizational design existing simultaneously in times of economic crisis, based on the empirical findings of other studies:

- **First**, organizations are likely to become rigid and to centralize decision-making when stressed and that such rigidity may improve organizational performance. In communication to this Robinson, Haupt and O'Reily (2009) focus on the need to define clear line of responsibility for implementing new crisis-driven practices.

- **Second**, organizations can maintain their performance if they keep their original organizational form in times of crisis, because there is no special kind of structure ensuring successful change (Lin et. al 2006; Miller, Wilson and Hockson 2004) as well as

- **Third**, they tend to increase structural redundancy and informality in order to decrease rigidity in access and maintain flexibility (Kaiser et al. 2005; Olson, Slater and Hult 2005).

Finally, Lin et al. (2006) conclude, that there are two main questions decision makers face in terms of organizational design in a crisis-driven context whether organizational design have to be changed, and than to ask themselves how to carried it out (Lin et al. 2006). Following Lin et al. (2006), the present research question can be formulated

RQ: Do consulting firms need to redesign their existing structure as an organizational response to market decline how will a new design look like?
3.3.3. Internal and external communication

There is a large and consistent body of literature dealing predominately with organizational crisis in terms of disasters and catastrophes and thus the focus is more on the external communication. However, there are still some contributions (e.g. Kuring 2010; Randers 2010; Gandolfi 2009; Jones 2009; Andryejewski and Refrisch 2003; Dolan, Belout and Balkin 2000) dealing in particular with the certain topic of economic-driven crisis calling for specific personnel solutions aimed at melding interpretations and perceptions of employees (Forman and Argenti 2005). These contributions are the main source of the present literature overview.

For the purpose of structuring the findings of the present contributions, the most popular communication model will be used (cf. Fig. 16). The model includes the following categories: who is communicating what to whom as well as how and when. It is used as a raster for the literature review where the questions: “who”, “what”, “whom”, “how”, and “when” refer respectively to the categories of sender, content, target group, manner, channels and means as well as timing of communication (Lasswell 1992).

**Fig. 16: Elements of the communication process**

![Communication Process Diagram]

Senders, target groups and content of crisis-driven communication

While the literature dealing with communication during crisis recognizes clearly the top management as a sender, it considers (top) management, internal communication department and the HR department responsible for the communication (Brent 2011, Sutton 2009; Forman and Argenti 2005; Bergauer 2003; GW 2002).
Further to the dimension “who sends the information”, Hoosier and Banker (2002) recommend in case of corporation crisis the establishment of a crisis communication response team so that the members and their roles are clear and explicit. One of the main tasks of such ad hoc institution should be the coordination of all spoke persons in a certain organization (Brent 2011, Miller 2002).

Bernt (2011) as well as Randers (2010) add the aspect of availability in terms of physical presence of the senders, in order to give explanation when needed and also to submit a message of reliability (Bernt 2011, Randers 2010). Considering the above introduced findings, it can be asked

RQ: Whose responsibility is the internal crisis-driven communication in German consulting firms and what does this responsibility mean?

Generally speaking, there two target groups with regard to crisis-driven communication: internal including all employees and the public. Further, in case of downsizing the authors distinguish certainly the groups of remaining and laid-off employees (Gandolfi 2009; Schwierz 2003a; Jossi 2001; Zeffane and Mayo 1994).

In terms of target groups, while Cosack, Guthridge and Lawson (2010) differentiate between business-generating and back-office employees, Robinson, Haupt and O'Reily (2009) separates the line managers from the employees.

Taking into account the different classifications in terms of target groups of crisis-driven communication, the following question can be asked with regard to German consultancies

RQ: Are there different target groups and along which criteria are they grouped?

Both scholars and practitioners agree upon the following contents as a crucial part of a crisis-driven internal communication:

• *Duration, reasons and procedure/process* of the crisis-driven personnel practice chosen to be implemented (Lünendonk et al. 2009, Schwierz 2003a; Hoosier and Banker 2002; Weißenrieder and Kosel 2002; Jossi 2001; Pitusro 1999; Luczak et al. 1994) as well as

• Expected *future developments* (Kuring 2010, Fibies et al. 2004; Schwierz 2003a; Jossi 2001; Zeffane and Mayo 1994);

• Possible *consequences* for all *employees* (Jones 2009, Lünendonk et al. 2009, GW 2002);

• Concrete *answers* to certain *negative statements* from the mass media (GW 2002).
RQ: What is the typical crisis-driven content of internal communication in German consultancies?

Channels, manner and means

The question “How the content has to be communicated?” is considered in terms of the following categories: channels, manner and means of communication.

Several authors report a strong need for maintaining clear lines of communication during turbulent times following the top-down approach when communicating vision combined with a bottom-up direction for generating input and enhancing feedback (Randers 2010, Gandolfi 2009; Amundson et al. 2004; Cameron et al. 1993).

According to Fibies et al. (2004) the quality of the informational policy depends on how reliable, continuous and sustainable the information is. Further, in order to reduce negative reactions such as obstinate attitude, fears, negative moods and resistance (Randers 2010, Gandolfi 2009; Amundson et al. 2004; Andryejewski and Refrisch 2003; Blatt et al. 2002) as well as to build trust among employees and to minimize rumor or third-party interpretation (Shoenberg 2005; Amundson et al. 2004) internal communication should be systematic, proactive, offensive and prompt (Bernt 2011, Jones 2009; Bradley 2004; Andryejewski and Refrisch 2003; Hoosier and Banker 2002; Luczak et al. 1994) as well as open and honest (Bernt 2011, Gandolfi 2009; Bradley 2004; Andryejewski and Refrisch 2003; Hoosier and Banker 2002; King 2002; Dolan, Belout and Balkin 2000; Ray 1999; Mishra, Spreitzer and Mishra 1998). And especially employees concerned should be informed in a sensitive manner (Lünenendonk et al. 2009, Blatt et al. 2002).

When addressing a large audience Sutton (2009) as well as IOMA (2009) are arguing that the language should be simple and the communication repetitive to bring it to a point of real understanding (IOMA 2009; Sutton 2009).

GW (2002) argues that management needs to address staff in strong personal terms, but on the other hand to show they are also in control of the situation. In a similar context, Jones (2009) as well as Ray (1999) argue that lack of transparency or no comment create an arrogant impression and in the certain context of crisis may be even interpreted as guilt or powerlessness (Jones 2009; Ray 1999).

According to Randers (2010) especially in turbulent times, there is need for more than one or two communication means and usually this is a combination of face-to-face and electronic methods (Randers 2010).
The importance of the personal contact in a crisis-driven situation is more than ever crucial aspect with regard to the communication means. The authors recommend regular communication at a small scale such as one-to-one meetings with the line managers (Bernt 2011, Cosack, Guthridge and Lawson 2010, Amundson et al. 2004; Bergauer 2003; Weißenrieder and Kosel 2002) or group meetings and workshop (Bergauer 2003; Zeffane and Mayo 1994) and less broad events (Bergauer 2003; Weißenrieder and Kosel 2002).

In congruence with the outcome of the literature review are the findings of a study by “Die Akademie” (2003). According to the study leaders irrespectively of the company size, prefer direct and verbal communication. While small enterprises prefer team meetings, medium sized and large companies use mostly employee conversations (Die Akademie 2003). The main advantages of direct communication are resolving misunderstandings, conveying nuances and exploring specific concerns compared to e-mails, employees' newsletters or memos (Bernt 2011, Randers 2010; Forman and Argenti 2005; Cosack, Guthridge and Lawson 2010; Mishra, Spreitzer and Mishra 1998).

Applying those empirical findings to the subject of the present research, the following research question can be formulated

RQ: Are there any specific aspects in terms of how German consulting firms communicate crisis-driven contents internally?

3.3.4. Leadership

According to many authors (e.g. Kuring 2010; Sutton 2009; Harkin, Blake and Smith 2009; Schoenberg 2005; Bergauer 2003) both scholars and practitioners, leadership is an inevitable part of successful crisis management. In particular Bhattacharyya and Chatterjee (2005) as well as Amundson et al. (2004) consider the role of leaders central to success of the transition in a downsizing organization. Ding, Ge and Warner (2004) report that more and more companies realize that the top management is a critical factor for improving firm performance especially in turbulent times (Ding, Ge and Warner 2004).

Further the literature review on leadership in the context of crisis-driven (HR) management shows three particular areas of interest: styles (e.g. Bergauer 2003), functions and roles (Robinson, Haupt and O'Reily 2009, Gupta and Wang 2004) as well as leadership competencies and personal attributes (Kuring 2010; Schoenberg 2005). Thus, in the following leadership during crisis will be examined along these three categories.
Choosing an appropriate leadership style

Irrespectively their richness all classifications regarding leadership styles are based on a continuum starting and ending with authoritarian and democratic leadership styles (Tannenbaum and Schmidt 1958). Generally speaking core leadership values in recent years have shifted from command and control to principles grounded in enhancement and empowerment of employees (Schoenberg 2005). However, the contributions dealing with the topic of organizational response towards changed market conditions do not consider the democratic leadership style as the single appropriate solution.

Following Bergauer (2003) there is no debate about which leadership style is more appropriate in a crisis-driven context. The author distinguishes different needs for both leadership styles at the different stages (Bergauer 2003). In the same vein Schoenberg (2005) recommends a switch between various styles of leadership for a better effectiveness during crisis.

Executing a democratic leadership style in times of crisis is considered appropriate for generation of alternatives and because of minimizing employees’ resistance also when implementing the selected crisis-driven activities (Rowley and Bae 2004; Bergauer 2003).

On the other hand, since an authoritarian leadership style allows fast planning, implementation and control of crisis-driven goals and actions, it is viewed supportive for assignments such as: crisis identification; selection of crisis-driven activities as well as control regarding their implementation (Bergauer 2003). During “bad-weather” conditions some employees even expect such a leadership style, however it results often in employees’ resistance and it misses the opportunity to take advantage of the employees’ creativity and know-how for generating crisis-driven practices (Bergauer 2003). Therefore, it can be asked

RQ: Is there any particular leadership style considered by German consulting companies most appropriate in a crisis-driven context?

With regard to discussion of an appropriate leadership style in turbulent times, Rowley and Bae (2004) refer to the following dilemma managers usually face during crisis: to retain control while encouraging increased empowerment required for responding to changed market conditions (Rowley and Bae 2004), which leads to the following research question

RQ: How managers in German consultancies succeed in keeping the balance between control and empowerment during turbulent times?
Functions and tasks

In times of crisis leaders are faced by the challenge of combining many different tasks (Kuring 2010; Gupta, MacMilian and Surie 2004; Gupta and Wang 2004).

Because of its focus on change and the interplay between strategic and personnel aspects, the widely used model of Kotter (1990) will be employed for delivering a literature summary with regard to crisis-driven managerial tasks (cf. Appendix 5) and hence they will be grouped along the following leadership functions (Buchanan and Huczynski 2004):

a) Establishing direction by developing visions and strategies for change (Robinson, Haupt and O'Reily 2009; Jossi 2001) and enhancing crisis identification (Waltkins and Bazerman 2003)

b) Aligning people by communicating these vision and strategies (Sutton 2009, Robinson, Haupt and O'Reily 2009), and negotiating goals with the employees (Die Akademie 2003; Schnopp 1993)

c) Motivating and inspiring through mobilizing people to overcome obstacles and satisfying human needs by providing regular performance discussions (Sutton 2009; Weissenrieder and Kosel 2002) and putting a special focus on low performers as well as ensuring cross-training (Weissenrieder and Kosel 2002; Zeffane and Mayo 1994), by creating a trustful environment and hence helping employees to deal with their frustration, sadness and bitterness (Kuring 2010; Robinson, Haupt and O'Reily 2009; Sutton 2009; Bhattacharyya and Chatterjee 2005; Rowley and Bae 2004; Die Akademie 2003)

While the first function refers predominantly to top and senior level of management, the second and the third function reflect the role of line managers as change agents, crucial for a successful implementation of change (Bradley 2004).

Considering the above introduced findings with regard to managerial tasks during crisis and taking into account the lack of contribution dealing with the subject of the present study, the following research question can be asked

RQ: Which are the most typical tasks managers in German consulting firms fulfill during economic downturn?

Competencies and personal attributes

Several studies have examined expectations towards leaders in times of crisis (e.g. Sutton 2009; Harkin, Blake and Smith 2009; Bhattacharyya and Chatterjee 2005; Amundson et al.
2004; Die Akademie 2003; Mishra and Spreitzer 1998). According to their findings the most common are compassion, openness, honesty, competence, and reliability (Sutton 2009; Amundson et al. 2004; Mishra and Spreitzer 1998). Further, participants also appreciated when their supervisors are proactive and demonstrated a positive attitude towards change (Bhattacharyya and Chatterjee 2005). Finally, there are significant findings with regard to the statement that charismatic leadership appears to be even more effective and prevalent in times of crisis than in non-crisis conditions (King 2002).

Taking into account the specific of the present research object the following research question can be raised

**RQ: Which competencies and personal attributes are necessary for managers in German consultancies to ensure an effective leadership in turbulent times?**

Another challenge faced by the line management in the particular context of downsizing concerns the simultaneous fulfillment of competitive expectations; those of the top management, the HR department and the employees (cf. Fig 17). While the top management expects that downsizing should be conducted in a prompt, quite and efficient manner, the HR department as well as the employees expects a human, socially acceptable downsizing supported by outplacement and settlements (Gandolfi 2009; Andryejewski and Refrisch 2003). Thus, in the operational context of crisis-driven HRM it can be assumed that

**PP: There would be different controversial expectations towards managers in German consulting firms.**

Further it can be asked

**RQ: How line managers in German consultancies fulfill those expectations?**

**Fig. 17: Controversial expectations towards line managers**

Source: Own illustration
Therefore it has to be focused on the aspect of delivering organizational support to the line managers during crisis (Hargreaves 2010; Harkin, Blake and Smith 2009). Hargreaves (2010) as well as Redman and Keithley (1998) introduce such support in the form of single training courses for managers or whole leadership development programs as well as by providing counseling programs (Hargreaves 2010; Redman and Keithley 1998). Applying such recommendations to the present research object, the following research question can be formulated

RQ: Are there any relevant practices aimed at supporting managers in large German consultancies to cope successfully with their specific role and tasks in turbulent times?

3.3.5. Employees' participation

Following the relevant literature, there are only few contributions dealing with the topic of employees' participation in the crisis-driven decision-making process. However there are explicit findings reflecting employees’ need to be involved in shaping the change process since they clearly saw themselves as having a stake in the success of their organization’s transition (Schuette 2009; Gandolfi 2009; Harkin, Blake and Smith 2009, Amundson et al. 2004).

On the other hand employees' participation is closely related to several advantages for their employer such as generating ideas and creative solutions for cost savings (Schuette 2009; Jossi 2001) and abnormal situations the organization should be prepared for (Mitroff and Alpaslan 2003) as well as to reduce resistance when implementing the new practices (Kotter and Schlesinger 2008, Bergauer 2003).

The relevant literature considers crisis management team central to the issue of employees' participation in a crisis-driven context. According to these contributions crisis preparation and response are more effective when they rest with a crisis management team than with an individual (Bergauer 2003; King 2002; Pearson and Clair 1998) and when this team comprises representatives from wide-range of departments in order to provide both a comprehensive multidisciplinary analysis of the crisis and a response plan to minimize its effects (King 2002; GW 2002).

Based on the above introduced recommendations, the following proposition can be drawn...
It can be expected that due to their professional and qualification background consultants can be a valuable source for adequate solutions as organizational answer towards changed market conditions.

3.3.6. The role of the HR department and other external experts

Crisis management as well as crisis-driven personnel strategies, in particular have a positive impact on the role and visibility of the HR function (Hoosier and Banker 2002; Sahdev, Vinnicombe and Tyson 1999). They could be even considered an opportunity for HR to expand and strengthen its visibility (Wells 2002).

The increased significance of HR department when implementing crisis-driven personnel activities results from the fact that most of the challenges organizations usually face are “people-oriented issues which inevitably require sophisticated HR intervention and support” (Sahdev, Vinnicombe and Tyson 1999: 909) and following Graubner’s and Richter’s (2003) prediction that recession will increase the importance of HRM in consulting firms, it can be expected that

During economic downturn the role of the HR department has increased also in the German consulting firms.

In order to deliver a structured review with respect to the role of the HR department in times of crisis Ulrich’s (1993) model (cf. Fig. 18) will be used as a raster. According to this framework HR professionals fulfill four key roles, however following Conner and Ulrich (1997) there is no difference between the one of strategic partner and change agent.

Fig. 18: Four roles of HR

![Four roles of HR](source: Own illustration, following Ulrich (1993))
Thus the findings about the roles of the HR department in times of a market decline will be grouped along the following three roles (cf. Appendix 6):

a) a partner in strategy execution and change agent by aligning the crisis-driven HR strategy and actions to the overall business strategy (Gandolfi 2009; Bittelmeyer 2003; Dolan, Belout and Balkin 2000), by investing in leadership development to ensure strategy execution (Betz 2003; Wells 2002), by considering downsizing activities also part of the personnel marketing (Ahlers 2002) as well as by holding positions at the labor market (Ahlers 2002)

b) an administrative expert by planning which positions are essential during and after the crisis (Wells 2002), by examining all possible alternatives prior to lay offs, by ensuring retraining (Betz 2003), redesigning career ladders (Pituro 1999) by running retrenchment calculations, exit interviews as well as organizing the outplacement offer (Schwierz 2003b) as well as by developing an early warning system and to track systematically the chosen indicators (2002)

c) an employee champion by helping employees concerned with the separation and to enhance the searching for new opportunities (Ahlers 2002) and by providing survivors with counseling support to deal with recovery (Jones 2009; Ahlers 2002; Dolan, Belout and Balkin 2000), by mediating between union leaders, line managers and top management (Papalexandris 1999) as well as by communicating employees concerns to the top management and to advise them how to cope with (Bittelmeyer 2003)

Based on the findings with respect to the role of the HR department in times of crisis, it is necessary to gain such insight regarding the present research object, thus the following question needs to be answered

RQ: Which are the specific roles and tasks the HR departments in German consultancies fulfill during economic downturn?

Lünendonk et al (2009), Jones (2009) as well as Hoosier and Banker (2002) consider crisis management a complex process that requires specific competencies as well as experts beyond the organization (Lünendonk et al. 2009; Jones 2009; Hoosier and Banker 2002). External experts are mainly used for the purpose of assessing conditions and threats (Lünendok et al. 2009; Watkins and Bazerman 2003) as well as delivering legal support (Lünendok et al. 2009; Jones 2009). Taking into account the advising nature of consulting services, it will be interesting to know whether

RQ: German consulting firms employ external consultants when elaborating and implementing crisis-driven HR practices?
Evolutionary dynamics

Basic definitions of key indicators such as Evolution, Consulting, Crisis, Crisis-driven HRM and Success

Crisis-driven Human Resources Management: Criteria and Factors of Success
4. Evolutionary dynamics: Evolution of CD HRM

After each recessionary period the contributions on crisis management evolve in terms of more people-oriented values and perceptions. For instance, there is a clear shift within the managerial literature in the late 1990s (e.g. Baeckmann 1998; Nagel 1997 and Hertig 1996) from the costs-perspective towards the understanding that personnel’s know-how and engagement will lead the organization out of the corporate crisis.

Further evidence for the sustainability of such direction is the fact that while in the late 1980s and 1990s the focus is on how to downsize effectively (e.g. Mishra, Spreitzer and Mishra 1998, Cameron 1987), today research, practice-related contributions as well as surveys and industrial statistics show a clear picture of the intentions and efforts of the corporate world to undertake everything possible not to lay off employees (Atkinson, Mackenzie and Thomson 2010; Schuette 2009; Brideson and Blake 2009; Nelson 2009; Pacey 2008). This phenomenon is even more relevant for knowledge-intensive industries such as consulting (Lünendonk 2010 b; BDU 2009).

Following the general trend across different industries with regard to crisis-driven HRM it can be expected that due to lessons learnt from previous recessions (Phillips 2008) crisis-driven personnel practices also in German consulting will evolve over time and hence will experience a specific evolutionary dynamics. As previously introduced evolutionary dynamics will be understood as the direction crisis-driven HRM in German consultancies takes and thus it will be aimed at detecting patterns, main trends and phases (Witterdink 2003; Wolf 2003).

For the purpose of the present chapter (to refer to the question how crisis-driven HRM evolve over time) and in accordance to the overall research strategy of the grounded theory, the key indicator “evolutionary dynamics” will be derived from the relevant contributions dealing with organizational growth (e.g. Greiner 1972, 1998; Pümpin and Prange 1991), cultural (Livegoed and Glasl 1996) and technological development (e.g. Nelson 1995; Dosi, Giannetti and Toninelli 1992; Sapelli 1992) as well as knowledge evolution (Liang 2004). These outcomes allow drawing necessary basic directions of investigation with regard to evolutionary dynamics in the particular context of crisis-driven HRM in German consulting firms.

4.1. Evolutionary patterns and phases

Most contributions (e.g. Schmid 2003; Hearit 2001) dealing with evolutionary dynamics in organizational settings and in particular with regard to crisis-response (Ihlen 2002) introduce
its pattern as *dynamic* and *variable* as well as *erratic, unpredictable* and sometimes even *suboptimal* (Schmid 2003). This is because evolution acts under pressure due to the inability to forecast (Morse 2007; Mezer 2000) and hence its nature can be described as *accident-sensitive* and *coincidental* (Morse 2007; Schmid 2003).

Hence the accident-driven nature of evolution can be expected to result in a gradual character (Greiner 1972, 1998) of its dynamics respectively its patterns. Due to the not really predictable nature of industrial declines, it can be expected

*PP: The evolutionary pattern of crisis-driven HRM in German consultancies to evolve over time in a gradual manner.*

There are several gradual models within the literature on corporate development, aimed at conveying an ideal picture regarding *evolutionary dynamics* of *organizational growth* (e.g. Greiner 1972, 1998; Livegoed and Glasl 1996; Pümpin and Prange 1991). Pümpin and Prange (1991) deliver a broad review of the existing theoretical models regarding organizational growth, giving a description of how companies evolve over time (cf. Appendix 7). They grouped the models along the following categories *models of metamorphosis, models of crisis* and *models of structural changes* (Pümpin and Prange 1991). According to the *models of structural changes* (Churchill and Lewis 1983; Mintzberg 1979, Greiner 1972, 1998; Scott 1971; Chandler 1962), organizational growth leads to *changes* with regard to *structure* and *managerial system*.

For several reasons Greiner’s (1972, 1998) model of organizational growth focusing on structural changes (cf. Fig. 19) will be employed as indicator for defining evolutionary pattern of crisis-driven HRM in German consulting firms. *First*, assuming a gradual rather than a linear pattern of organizational growth, the model introduces *five phases* of organizational growth, where each phase contains both *period of evolutionary growth* and *period of revolution connected with a developmental crisis*.

Organizations that survive those crises usually enjoy four to eight years of continuous growth without a major economic setback or severe internal disruption. As it cannot be assumed that organizational growth is *linear*, the turbulent times can be termed as periods of revolution because they typically exhibit a serious turmoil of management practices. The *critical task for the management in a revolutionary period is to find a new set of organizational routines/practices* that will become the basis for managing the next period of evolutionary growth (Greiner 1998) (cf. Fig. 19).

*Second*, the model describes at each phase not only the changes regarding the organization as a holistic system, but it also focuses more detailed on the *dynamics* of
different managerial categories such as management focus, organizational structure, top management style, control systems and management reward emphasis (cf. Table 2) (Greiner 1998).

Third, the model takes into account the specific of a certain industrial context. According to Greiner (1998) companies in faster growing industries such as consulting, tend to experience all phases more rapidly.

**Fig. 19: Greiner’s model of organizational growth**

The speed at which an organization experiences phases of evolution and revolution is closely related to the market environment of its industry. Evolutionary periods tend to be relatively short in fast-growing industries. Much longer evolutionary periods occur in mature or slow-growing industries. Evolutions can also be prolonged and revolutions delayed, when profits come easily. When the market environment is “poor”, revolutions seem to be much more severe and difficult to resolve (Greiner 1972, 1998). However due to the narrow time horizon of the present research object 2001 to 2003 as well as 2008 and 2009, the length of each period will be considered a matter of little interest with respect to the study.

Further, congruent with the gradual or sequential manner of evolutionary dynamics and more particular with the appearance of different phases within a pattern, Whetten (1987) defines them as “clusters of issues or problems that social systems must resolve, and that the inherent nature of these problems suggests a roughly sequential ordering” (Whetten 1987: 337).
Most of the models dealing with organizational growth (cf. Appendix 7) consider phases an inevitable part of the evolutionary dynamics and hence introduced them with different metaphors. Whereas the models of metamorphosis (Bleacher 1991; Mintzberg 1983; Lievegoed 1974; Clifford and Donald 1973) present the changes as great “leaps” forward, the models of crisis (Bleicher 1991; Albach 1976; Argenti 1976; Buchele 1967; Lippit and Schmidt 1967) view the company reaching some “thresholds” during its growth. The thresholds mark a crisis-like transition of one stage to the other.

Similar to the metaphors of leap and threshold Kipping (2002, 2003) introduces intentionally in his three-wave model (cf. Fig. 20) the terms of wave and generation to describe the evolutionary stages (Kipping 2002, 2003).

Taking into account the above introduced considerations with respect to evolutionary dynamics in terms of patterns and phases, the following research question with respect to the subject of the present study, can be drawn

**RQ: How the evolutionary dynamics of crisis-driven HRM in large German consultancies look like in terms of pattern and phases?**

*Co-existence of different patterns* can be considered a further characteristic of evolutionary dynamics. Sapelli (1992) argues that there is a *variety of national patterns* of economic development driven by the interactions between technologies and country-specific organizational modes embedded within historically specific selection environments. Further, Dosi, Giannetti and Toninelli (1992) don not see any *convergence* to a unique pattern of technological and organizational development rather a *co-existence of different organizational forms* and *different business strategies*. Referring again to Kipping’s three-wave model (Kipping 2002, 2003) it can be noticed, that because the changes within the model are neither considered sudden nor radical, it admits a *co-existence* as well as *overlapping of the different generations* of consultancies.

When a population of companies operating in the same organizational context like German consultancies experiences a major exogenous event such as an industrial downturn, crisis conditions may not be limited to just one organization, but could be shared by the whole population. *Though, there are similar conditions for the firms of the same industry, due to different reasons, those predictors may result into different patterns* (Bloch and Finch 2009, Gupta and Wang 2004; DiMaggio and Powell 1983).

In a similar light, Rowley and Bae (2004) conclude in their investigation that the same developments as a part of the organizational environment result not in an increased similarity
of HRM practices, rather than in a far greater variety with regard to different HRM patterns within similar type of firms (Rowley and Bae 2004).

Applying the above findings to the research object of the present study, it can be asked

RQ: Is there a variety or co-existence of different evolutionary patterns of crisis-driven HRM in large German consultancies during the same recessionary period?

Another aspect with regard to co-existence of evolutionary patterns can be derived from Kipping’s (2002) three-wave model. According to the model there are three generations of consulting firms (cf. Fig. 20) characterized by different culture, image and internal structure (Kipping 2002).

Fig. 20: Evolution of the consulting industry

Source: Own illustration, following Kipping 2003

Further, the author considers the “new” technology-oriented consultancies (the IT consultancies) market leaders and explains their leadership by the fact that since the most companies from the third generation are listed on the stock market, they are more willing and better financially equipped to adapt rapidly to changes in their environment compared to the partnerships from the previous generation (Armbrüster and Kipping 2003; Kipping 2002). On the other hand IT consultancies are more vulnerable in their decision making (cf. Chapter II.2) due to pressure for materializing the short-term profits forced by the quarterly reports (Betz 2003; Jossi 2001; Papalexandris 1996).

Taking into account both considerations, it can be expected that the industrial context for German management and IT consultancies could be slightly different, thus it can be asked
RQ: Are there any differences between the evolutionary patterns of crisis-driven HRM in management and IT consultancies in Germany during the same recessionary period?

4.2. Objects of evolutionary dynamics

Following Greiner’s model (1972, 1998) as well as Lievegoed and Glasl (1996) and considering crisis-driven HRM the sum of all personnel practices aimed at preventing and overcoming a crisis (cf. Chapter II.3), to gain a more differentiated research outcome, the notion of evolutionary dynamics will be employed not to the crisis-driven management in general rather than to the three clusters of crisis-driven personnel practices: operational, process-related as well as institutional.

According to Greiner (1972, 1998) there are specific managerial actions that characterize each growth phase (cf. Table 2). These actions transform over time as well as become the solutions that ended each preceding revolutionary period.

Table 2: Organizational practices in the five phases of growth

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>PHASE 1</th>
<th>PHASE 2</th>
<th>PHASE 3</th>
<th>PHASE 4</th>
<th>PHASE 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Focus</td>
<td>Make and sell</td>
<td>Efficiency of operations</td>
<td>Expansion of market</td>
<td>Consolidation of organization</td>
<td>Problem solving and innovation</td>
</tr>
<tr>
<td>Organizational Structure</td>
<td>Informal</td>
<td>Centralized and functional</td>
<td>Decentralized and geographical</td>
<td>Line staff and product groups</td>
<td>Matrix of teams</td>
</tr>
<tr>
<td>Top-mgmt Style</td>
<td>Entrepreneur</td>
<td>Directive</td>
<td>Delegate</td>
<td>Watchdog</td>
<td>Participative</td>
</tr>
<tr>
<td>Control System</td>
<td>Market results</td>
<td>Standards and cost centers</td>
<td>Reports and Profit centers</td>
<td>Plans and investment centers</td>
<td>Mutual goal setting</td>
</tr>
<tr>
<td>Management Reward Emphasis</td>
<td>Ownership</td>
<td>Salary and merit increases</td>
<td>Individual bonus</td>
<td>Profit sharing and stock options</td>
<td>Team bonus</td>
</tr>
</tbody>
</table>

Source: Greiner 1998
Another model of organizational growth, communicating to the one of Greiner (1998), and taking into account the evolutionary dynamics of different core components such as culture, human resources, identity, assets and vision, is the one of Livegoed and Glasl (1996).

Similar to Greiner’s organizational practices (1972, 1998) as well as Livegoed and Glasl’s (1996) core components, Whetten (1987) introduces organizational subsystems (e.g. management, technology, structure). According to him in mature companies these subsystems become increasingly loosely coupled (Whetten 1987).

Hence, the above introduced theoretical models with respect evolutionary dynamics of single managerial practices lead to the following three research questions:

RQ: How operational crisis-driven HR practices in German consulting firms evolve over time?

RQ: How process-related crisis-driven HR practices in German consulting firms evolve over time?

RQ: How institutional crisis-driven HR practices in German consulting firms evolve over time?

While the present chapter was aimed at answering the overall research questions how crisis-driven HRM in consulting firms evolve, the following one focuses on answering the question why does a certain evolutionary pattern emerge and what are the main forces shaping it.
Evolutionary logic

Basic definitions of key indicators such as Evolution, Consulting, Crisis, Crisis-driven HRM and Success

Evolutionary Object  Evolutionary Dynamics  Evolutionary Logic  Evolutionary Effects

Crisis-driven Human Resources Management: Criteria and Factors of Success
5. Evolutionary logic: Driving forces shaping CD HRM

As it was suggested in the previous chapter (cf. Chapter II.2) the evolution can refer either to the direction of a process or to its underlying mechanisms (Wilterdink 2003). This also applies to organizational routines which similar to genes evolve over time (Wolf 2003; Nelson and Winter 1982) in a certain way and the notion of evolutionary logic in the present context gives an answer to the question why do particular crisis-driven HRM practices emerge and change over time. Hence, the evolutionary logic gives the reason for the change (Nightingale 1997; Nelson and Winter 1982).

Further the same notion presents this reason as an interplay between dynamic industry-level (mostly exogenous) and dynamic firm-level (mostly endogenous) forces (Biswas and Twitchell 2002; Wright 2000; Burgelman 1994) leading to a change in the pattern of certain organizational routines. With other words the interplay between the evolutionary forces produces certain evolutionary dynamics (cf. Chapter II.4).

Hence, the present chapter deals with the role of exogenous and endogenous driving forces as causes leading to a change in the evolutionary pattern (Biswas and Twitchell 2002; Wright 2000) in the particular context of crisis-driven HRM in large German consultancies.

The relevant literature dealing with evolutionary logic both in the context of organizational growth and in particular with respect to evolvement of routines can be grouped along four categories of driving forces – external and internal actors (e.g. Armbrüster and Kipping 2003, Kipping and Wright 2000) as well as the interaction between external and internal and the one among the internal themselves (e.g. Cyert and March 2004; Burgelman 1994; Nelson and Winter 1982) (cf. Fig 21). Following the logic of evolutionary economics (Nightingale 1997; Nelson and Winter 1982) and for the purpose of transparency interaction between external and internal actors will be called external (behavioral) mechanisms and interaction among internal actors will be called respectively internal (behavioral) mechanisms.
In the following a thorough literature overview presents the findings with regard to both exogenous and endogenous environments (including both actors and their behaviors). For a better understanding both environments will be introduced separately.

5.1. **Exogenous actors relevant to the German consultancy industry**

According to the most evolutionary models, the *exogenous driving forces* influencing the emergence of certain pattern of organizational routines, are present as a given selection environment, exogenous to the company (e.g. Nelson 1995; Nelson and Winter 1982) and "represents all those aspects that affect the strategy of an organization which are outside the organization" as defined by Hubbard et al. (1996: 23).

Following Nelson (1995) as well as Nelson, Winter, Levin and Klevorick (1987) the *external selection environment differ from sector to sector* (Nelson, Winter, Levin and Klevorick 1987), the one relevant to the German consulting industry will be investigated in-depth.

For delivering a more diversified sectoral-level analysis and according to the most contributions (e.g. Hubbard et al. 1996; McCarthy and Zanalda 1995), the external environment is divided into two broad categories (cf. Fig. 22), the *remote environment* which is constituted by forces such as *economic, political, social, legal, demographic and technological*, and the *immediate industrial environment* which may include *competitors, customers, suppliers*, etc (Porter 2008; Hubbard et al. 1996; McCarthy and Zanalda 1995).
With regard to management consulting Kipping (1996) and McKenna (1995, 1999) and in turn Wright (2000) argued that differences in *national institutional contexts* and *changes in legal regulation* have also had significant impacts upon the growth of management consulting. For instance, it can be expected that the German "Mitbestimmungsgesetz" could influence the crisis-driven HRM of those German consultancies for each this regulation is applicable.

In a similar light, representatives of the evolutionary economics such as Tushman and Romanelli (1985) highlighted the role of *professional associations* for the evolution of organizational routines, through their decisions regarding matters like *standards* and through *political actions*. In the case of the German consulting industry such institution can be consider the BDU (cf. Introduction).

A communication with Porter’s *industry-related five-force model* (1976, 2008), delivers the following picture in the particular context of the German consulting industry and particularly with regard to the segment of the large industry by differentiating among a) *supplier power*; b) *buyer power*; c) *competitive rivalry*; d) *barrier to new entrance*; as well as e) *threat of substitutes* (cf. Fig. 23).
Since there are no real substitutes for the large German consultancies and the high demand regarding customer, capital and personnel basis are playing the role of barriers for entering the particular segment of large consultancies, substitutes as well as new entries for this sector are considered nearly unrealistic (BDU 2009; Recklies 2000).

Hence, in the following competition, buyer and supplier power will be introduced as an immediate business environment emphasizing their role as shaping forces with regard to crisis-driven HRM in large German consultancies.

**Power of buyers**

According to Porter (2008) this component (cf. Fig. 23) refers to the ability of buyers to drive prices down. Buyers with respect to German consultancies can be companies from all possible industries, however to the segment of the large consultancies correspondent the large-scale enterprises (BDU 2005).

Since the European consulting industry and in particular the German one has entered its maturity phase (FEACO 2007/2008; Gloger 2006; FEACO 2003) and all the signs of a typical buyer market are evident (Gloger 2006), the bargaining power of buyers of consulting services can be considered steadily growing (FEACO 2007/2008; Gloger 2006; Kaiser 2006; Graubner and Richter 2003; FEACO 2003).

Buyers of consulting services have become more demanding and sophisticated not only as a result of the recessionary period of 2001 to 2003 or the next that started in the forth-quarter
of 2008 (Bewley 2009), rather than due to a more centralized purchasing, more intensive information exchange among clients as well due to an increasingly large number of ex-consultants working for the clients' organizations (Allen 2010, Gloger 2006; FEACO 2003; Graubner and Richter 2003; Kumar 2000). These “former” consultants are aware about advantages and disadvantages of their own companies as well as they know how to chose a more economic solution and hence to push consultants’ prices down (Graubner and Richter 2003; Schaudwet 2003).

Not only because of the large-number of ex-consultants clients' organizations are far more familiar with consulting services and make better-informed choices about the providers of consulting services in terms of industry experience, execution abilities, and implementation skills (Allen 2010, Fugazy 2010; FEACO 2007/2008; Kaiser 2006). For instance, according to Kaiser (2006), in every client company at least one individual involved in the decision-making process has experience in dealing with consulting firms (Kaiser 2006).

As earlier introduced another aspect central to power of buyers is relevant to publicly traded consultancies. Contrary to classic partnerships, they experience a much stronger pressure in terms of organizational performance. In order to meet investors' expectations they have always to ensure increased revenue as well as profit (Gloger 2005, 1998).

*Competitive rivalry*

According to the five-force model the degree of rivalry refers (cf. Fig. 23) to the number and the profile of the relevant competitors (Porter 2008). Since originally competition with regard to the consulting market in Germany is relatively strong not in general, rather than within the segments (Graubner and Richter 2003; Recklies 2000), the relevance of the competitors can be considered central in terms of shaping forces of crisis-driven HRM.

Especially, in times of crisis, which it was the case during both recessionary periods the competition within the segments is increasingly strong moreover in terms of aggressive “price ware” resulting into a downward pressure on fees (Lünendonk 2009 a; FEACO 2003; Graubner and Richter 2003). According to Graubner and Richter (2003) several consultancies have reported that they have offered during the downturn of the industry services to clients for free to maintain the relationship (Graubner and Richter 2003).
Supplier power

Following Porter (2008) supplier power refers to the easiness suppliers can dictated market conditions (e.g. increasing prices). The fewer the supplier choices, and the more the industry has to rely on the supplier, the more powerful the suppliers are (Porter 2008).

Since consulting industry is not assets-intensive rather than personnel and know-how intensive (Domsh and Hristozova 2006; Frank, Optiz and Pudack 2002; Vaterrodt and Fritzel 2002), the labor market can be considered the actually crucial supplier market for consultancies.

The relation between consultancies and the labor market respectively potential candidates can be considered recursive. Especially the large international consultancies operating at the German market are focused on the top 1% in terms of both experienced professionals from other consultancies or industries as well as exceptional high potentials (BDU 2009; Barkawi 2004; Vaterrodt and Fritzel 2002). In a crisis-related context, due to the decreased total number of vacancies within the industry, the consultancies seem to be less dependent from the labor market. However, as soon as the industry recovers the relevant labor market segment will turn again into a supplier market (BDU 2009a; Heuermann 2003).

On the other hand consultancies' reputation and in particular the opportunities for promotion to a partner or a similar position attract consultants with the necessary qualifications (Perkins 2008; Kipping 2002) as well as many students to apply for a job in consulting firms (Mohe 2006; Armbrüster 2004). This is still the case despite both periods of a drastic market decline and the increased criticism resulting from the numerous consulting flops the employer attractiveness of consultants among graduates is still high (FEACO 2007/2008; Bornmüller 2005; Frank, Optiz and Pudack 2002).

In particular, business schools are considered central provider of both future managers for the industry as well as of high potentials for the consultancies (Engwall and Kipping 2003). Thus, the close association between business schools and the consulting firms can be considered the norm (Kipping 2002; Ruef 2001; McKenna 1999).

Business schools respectively academic institutions are also viewed partly as competitors but also as partners in the creation of consulting know-how (Engwall and Kipping 2003).

Another supplier of centrality can be considered banks and the stock exchange for those consultancies using a larger access to financial resources (Graubner and Richter 2003). Especially in times when companies operating at a declining market experience cost crisis, banks are increasing their control with respect to all crisis-driven actions of the management (Lünendonk et al. 2009). Further, as earlier introduced large IT consultancies being usually
publicly traded entities (Kipping 2002) can be expected to be under stronger influence by their suppliers of capital (Betz 2003; Reiners and Hebestreit 2002).

Applying the above introduced findings in view of buyers, competitors and suppliers of large German consultancies, it can be expected

\[ PP: \text{Competitors, buyers and suppliers to play the role of external shaping forces with regard to crisis-driven HRM.} \]

Hence, the following research question can be asked

\[ RQ: \text{In which way buyers, competitors and suppliers influence content and design of crisis-driven HRM in large German consultancies?} \]

5.2. Exogenous behavioral mechanisms

As previously introduced, besides the markets and the actors operating on them, part of the selection environment is also the interaction among those actors.

In communication with the organizational evolution, Poutsma, Ligthart and Veersma (2006) identify exogenous behavioral mechanisms influencing the organizational decision-making in terms of adopting certain institutional rules (norms or expectations shared by members of a particular industry) or technology with respect to downsizing strategies. According to them these exogenous behavioral mechanisms are constraining, cloning as well as learning forces (Poutsma, Ligthart and Veersma 2006).

While constraining forces pressure organizations to conform to exogenous legitimate structures and top management activities, cloning forces pressure organizations to mimic the actions of the most prestigious, visible members of their industry (Poutsma, Ligthart and Veersma 2006; Rowley and Bae 2004; Godkin, Valentine and St. Pierre 2002; Scott 1995) sometimes even irrespectively of whether their strategies have proved beneficial or not (Bhattacharyya and Chatterjee 2005), only due to the fact that this imparts certain legitimacy to the management (Bhattacharyya and Chatterjee 2005). Hence, organizations operating in a similar environment become isomorphic (Poutsma, Ligthart and Veersma 2006).

The notion of cloning forces communicates directly with the process of diffusion or distribution of a new technology within an industry and in particular Leoncini (2001) describes the process of progressive discovery of a technology as an epidemic approach (Leoncini 2001). Contrary to the cloning organizational behavior, Lalonde (2007) argues that there is a
lack of sharing of experiences in crisis management across organizations, between industries and among countries (Lalonde 2007).

Similar to the constraining and the cloning (diffusion) forces Scott (1995) introduces the learning forces as exogenous behavior mechanism in the institutional tradition, pushing organizations to adopt certain institutional rules (Poutsma, Ligthart and Veersma 2006). However, these forces refer to the learning process taking place in educational institutions such as universities or professional associations (Bhattacharyya and Chatterjee 2005; Rowley and Bae 2004; Godkin, Valentine and St. Pierre 2002). Applied to the context of the present research object, this is the knowledge HR executives and professionals as well as other decision-makers have adopted during their education about the objectives, the design as well as the advantages and the disadvantages with regard to certain crisis-driven HR practices.

By employing those behavioral mechanisms to the present research object, the following research question arises

*RQ: Which of the above introduced external behavioral mechanisms are relevant to large German consultancies and how these forces are shaping the design of their crisis-driven HRM?*

5.3. **Endogenous driving forces**

Opposite to the above defined economic environment exogenous to the firm, the endogenous driving forces (including both actors and mechanisms cf. Fig. 21) influencing organizational routines can be defined as internal shaping forces (Kiang and Kumar 2004; Gittelman and Kogut 2003; Burgelman 1994).

Endogenous actors - internal to the organization - with their preferences and choice are not only central to the internal selection (Burgelman 1994), through their active participation in terms of decision making and organizational learning in the whole evolutionary process initiated by changed market conditions (Cyert and March 1963, 2004; Egidi et al. 1989; Nelson and Winter 1982) they contribute to the advancement of crisis-driven HRM.

Simon (2005) as well as Simon and Barnard (1957) define managerial behavior as purposive (means goal-driven). With regard to the goals-driven character of actor’s behavior, Simon (2005) introduces a basic assumption regarding the motivation of management and employees to meet the business goals of the organization to which they belong.
In the following a thorough literature summary referring to both organizational actors as well as endogenous mechanisms such as organizational decision-making as well as organizational learning (cf. Fig. 21) within a crisis-driven context will be introduced. Managerial literature on evolutionary selection as well as crisis management will be used as reference.

5.3.1. Endogenous actors

According to the notion of individual agency actors meet the following criteria: "they are able to execute power; they act intentionally; make choices and take decisions; and are able to reflex and monitor the effects of their actions" (Dietz and Burns 1992: 194). However, due to several reasons such as incomplete information about alternatives, high complexity of the matter they have to decide about, actors can be viewed as rational only in bounded terms (Simon 1997).

Based on the individual agency, a definition of the firm has been introduced by Cyert and March (1963, 2004), where the firm is viewed as a coalition of participants with partly cooperating and partly competing interests (Cyert and March 2004; Schwarz and Nandhakumar 2002; Egidi et al. 1989). The endogenous actors or coalition participants in general and more particular with respect to crisis-driven management are managers, workers, shareholders, suppliers, customers, lawyers, tax collectors, regulatory agencies, and so on (Lünendonk et al. 2009; Cyert and March 1963, 2004). For the purpose of the present indicator model, as it was previously introduced, suppliers, customers, lawyers, tax collectors and regulatory agencies will be considered actors exogenous to the German consultancies.

Employing the latter to the organizational context of consultancies, there will be slight difference between management and IT consulting with regard to the owners as coalition participants (cf. Chapter II.2). These differences are due to the fact that most of the large IT consultancies today are listed on the stock exchange (Kipping 2003) and so there are real shareholders as coalition members. On the contrary, the owners in the traditional management consulting firms are still the partners. Hence, for the purpose of the present indicator model while shareholders will be considered exogenous actors, partners in management consultancies will be considered organizational actors endogenous to the firm (cf. Fig. 21).

In the particular case of downsizing, all contributions (e.g. Gandolfi 2009; Mishra, Spreitzer and Mishra 1998; Redman and Keithley 1998) differentiate between survivors and victims (laid-off workers) in terms of endogenous actors and their behavior. For instance, survivors’
commitment and motivation depend to a high extend on their perception regarding this how fairly the firm treats their laid-off colleagues (e.g. Russo 2011, Trevor and Nyberg 2008; Mishra, Spreitzer and Mishra 1998; Redman and Keithley 1998) (cf. Chapter II.6).

Now-a-days it is more and more likely that managers will be forced to act in terms of elaborating and implementing crisis-driven HR solutions (Lämsä and Takla 2000). In some contributions they are even introduced as executors or implementers (cf. Chapter II.6) in the certain context of conducting downsizing strategies (Bhattacharyya and Chatterjee 2005). Hence, in this relation not only the HR department, but the line managers as well are increasingly involved and their leadership abilities and roles (cf. Chapter II.3) are challenged to cope with such activities successfully (Redman and Keithley 1998).

Further, with regard to crisis-driven HRM it can be expected that workers’ interests will be ensured by the works council. However, Heuermann (2003) reports that in management consultancies it is less likely that such an organizational actor will exist.

Following the notion of coalition of participants, the conflict situations respectively solidarity of the organizational actors also will influence the final design of crisis-driven HR practices (Cyert and March 2004; Gittelman and Kogut 2003; Schwarz and Nandhakumar 2002).

5.3.2. Organizational response as a decision-making process

Cyert and March (1963, 2004) see the business firm not only as a coalition of members, but also as “a major decision-making organization” (Cyert and March 2004: 196). In the same vein, Line et al. (2004) argue that organizational decisions result from the collective actions of all the individual actors as they work, gather information, learn, communicate, and make individual decisions (Lin et al. 2006).

For the purpose of the present indicator model, the definition of decision making will be extend to this of firm response to changed market conditions (cf. Chapter II.2). Thus, actors’ participation in each stage of response to changed market conditions demands a special attention. The stress here is particularly on knowledge through which the different actors contribute to this process Egidi et al. (1989).

Following the tradition of organizational evolution and model of evolutionary economic, the evolutionary process contains the stages variation, economic selection and retention respectively heredity (Wolf 2003; Nightingale’s 1997).
Nelson’s and Winter’s (1982) understanding of variation goes in accordance with the term of *problemistic search* as firm’s behavior (Cyert and March 2004) and the term of *search routines* (Nelson 1995).

Further, complementary to the stages of search, selection and retention of routines, the present model takes into account the recognition of a certain environmental threat (Watkins and Bazerman 2003). Hence, *perceiving* and *analyzing* of *environmental information* will be viewed as the first stage in the process of firm’s response. Taking into account the crisis-driven character of firm response, such upgrade of the process is logical and necessary as it represents the organizational awareness in terms of changed environmental conditions and need for internal change (Harkin, Blake and Smith 2009).

To sum it up, the endogenous evolutionary mechanism contains the following four stages (cf. Fig. 24): a) *perceiving* and *analyzing* *environmental signals*; b) *problemistic search*; c) *evaluating* and *selecting* *new routines*; as well as d) *implementing* and *retaining*.

**Fig. 24: Stages of organizational response as a process of evolutionary logic**

Following the whole process of decision making in terms of an internal behavior mechanism shaping crisis-driven HRM, the following overall research question can be raised

*RQ: How does the process of organizational decision-making with respect to crisis-driven HRM in German consultancies look like?*
In the following the above described stages of the process will be introduced in detail in order to focus into a certain theoretical direction of the current research with regard to the evolutionary mechanism respectively evolutionary logic.

5.3.3. Perceiving and analyzing environmental signals

The initial stimulus of every evolutionary process is the failure to earn reasonable profits or with other words such failure leads to efforts at innovation (Nightingale 1997; Simon 1982a). However, following the model of Watkins and Bazerman (2003) to realize the need for starting a process of designing or redesigning the existing set of crisis-driven HR practices respectively to shift from an HRM into a crisis-driven one, the firm has to be able to perceive and analyze signals coming from the surrounding environment and to recognize them as a threat (Watkins and Bazerman 2003).

As previously introduced in the “evolutionary object” component of crisis-driven HRM (cf. Chapter II.3), the concept of early warning as well as the one of weak signals are central to the function of process-related HR practices and it is aimed at delivering information signalizing the existence of a crisis early before it occurs (e.g. Neumann 2004; Krystek 1987, 1993). Perceiving market-driven information such as developmental mechanisms and distinct patterns of distribution as well as first signs of phenomena contributes to a better firm preparedness and gain of time (Lünendonk et al. 2009; Neumann 2004; Krampe 1980).

According to Ansoff (1975) the earlier the crisis management is receptive to weak signals; the more options exist long before the threat becomes tangible and concrete. Thus, due to the involvement of weak signals in the decision-making process, the traditional organizational behavior “to wait and see” until information is sufficiently concrete is no more present (Neumann 2004). Therefore, Bea and Haas (1994) argue that Ansoff’s concept of weak signals represent an inversion with regard to the hitherto used order of decision-making and investigation. The need for information is no more derived from the decision-making, rather than the information supply shapes the decision (Bea and Haas 1994).

As Barr (1998) states, “a key component in a firm’s strategic response to unfamiliar environmental events is the interpretation managers develop about the event itself” (Barr 1998: 644). This centrality of managerial ability for perceiving and interpreting weak signals in particular leads to a vivid discussion in the relevant literature.

Contrary to Neumann (2004), Watkins and Bazerman (2003) as well as Conrad (1991) identify psychological barriers with regard to perceiving weak signals managers suffer under. Such barriers self-serving by nature are introduced in the psychology as cognitive biases or
reduction strategies and they force individuals to reduce the complexity of the environment or to ignore or underestimate approaching crisis (Watkins and Bazerman 2003).

In addition to the individual ones there are also organizational barriers with regard to perceiving market signals. Due to the silos-like structure of business organizations particularly of large and complex, information is filtered as it moves up through hierarchies and thus top management inevitably receives incomplete and distorted data about upcoming crisis. Organizational silos lead not only to incomplete information; they also disperse responsibility with regard to searching a proper response towards the changed situation (Watkins and Bazerman 2003).

Taking into account the particular focus of the present study, the following research question can be asked

*RQ: How German consultancies ensure an effective early warning with regard to a crisis-driven HRM?*

5.3.4. “Problemistic” search

The external signals perceived and analyzed within the firm by the relevant actors, lead to the second step of the decision making process (cf. Fig. 24), the search for alternatives or with other words discovery and elaboration of alternatives (Simon 1957).

Nelson and Winter (1982) define “search” as a “variety of processes, mostly intentional, but some not, by which rule changes take place” (Nelson and Winter 1982: 171). Employing Nelson and Winter’s (1982) understanding for economic search at organizational scale, it can be said that search is a critical process and contributes to a better understanding the ways certain firm practices emerge.

Congruent with Nelson (1995) as well as Nelson and Winter (1982), Cyert and March (1963, 2004) give a more general description of organizational search defining it as “problemistic”. Problemistic means that search is stimulated by a particular problem, and is directed toward finding a solution to that problem, where the symptoms of the problem define a neighborhood in which organizational search takes place. In particular Cyert and March (2004) define five unique characteristics regarding problemistic search.

*First, search is motivated or with other words crisis-driven. In communication with the evolutionary perspective (Simon 1997, Nelson and Winter 1982) a problem is recognized and hence the organization search for alternative practices, when the organization either fails to
satisfy one or more of its goals or when such a failure can be anticipated in the immediate future (Nightingale 1997; Cyert and March 1963, 2004).

Due to such behavioral assumption regarding **motivated search**, search routines with respect to crisis-driven HRM will be anticipated **ad hoc organizational response** rather than a **consistent policy commitment** (Simon 1997). Such organizational behavior can be explained by the fact that over-indulgence will not be seduced immediately. The larger the organizational slack, the less motivate is an organization to undertake some actions aimed at it survival on the long run (Mezer 2000; Wickler and Seibt 1977).

**Second**, problemistic search is **simple-minded** in the sense that it reflects simple concepts of causality (Cyert and March 1963, 2004). It is based on two simple rules “**search in the neighborhood of the problem symptom**” and “**search in the neighborhood of the current alternative**” (e.g. of existing policies and/or practices). If the two rules don’t work organizations introduce the third search rule named “**search in organizationally vulnerable areas**”. However, due to bounded rationality, **the infinite search** has been replaced by a **search that recognizes certain costs to search** and thus makes the allocation of resources for securing information one of the investment decisions to be made. Modern entrepreneurs respectively managers do not scan all alternatives nor do they have all information about all alternatives (Cyert and March 1963, 2004), hence the search stops almost always long before all alternatives have been examined (Egidi et al.1989).

**Third**, similar to perceiving and interpreting market signals, problemistic search is **biased**. There are three different causes for search bias: a) past training or experience; b) hopes and expectations; as well as c) unresolved conflicts within the organization (Cyert and March 1963, 2004).

The **learning histories** of the managers, their **preexisting knowledge** as well as their **value system and prejudices** (Armbrüster and Kipping 2003; Dosi and Nelson 1994) result in that they do not generate alternative solutions. Rather, managers tend to adopt familiar options that are based on experience and previously successful outcomes (Cyert and March 1963, 2004; Reger and Palmer 1996). This appears particularly true in considerably crisis-driven situations (Sayegh, Anthony and Perrewe 2004; Barr 1998; Weick 1990).

**Forth**, search is **time consuming** (Simon 1997). The largest fraction of decision-making time is spent in searching for possible courses of action and evaluating them (estimating their consequences), much less time and efforts are spent in making final choices (Simon 1997).

Nelson (1995). Nelson (1995) terms them search routines. A most common example for a search routine in a crisis-driven context is employees participation and particularly by enhancing their creativity to come up with new cost-saving and revenue-generating ideas (cf. Chapter II.3) (e.g. Kamoche 2003).

Taking into account all the five unique characteristics in view of problemistic search and employing them to the present research object, the following question can be drown

RQ: How problemistic search of crisis-driven HR practices is constituted in German consulting firms in terms of initial stimuli, search routines, etc.?

5.3.5. Choice and selection criteria

The selection environment can be external, but also an internal one. With other words there are both an external and an internal selection aimed at checking the fitness of the different alternatives leading generally to a reduction of the number of alternatives during the variation respectively the problemistic search (Rosenbaum 1999).

Gittelman and Kogut (2003) introduce the notion of selection logic referring to the considerations taken into account when selecting one alternative. Selection logic can be defined as well as the logic by which a good routine, practice or idea or whatever is selected among the other alternatives (Gittelman and Kogut 2003).

Another key term, similar to the one of selection logic, reflecting the process of selection from organizational perspective is choice. It is defined by Cyert and March (1963, 2004) as the “response to a problem, using standard operating rules, and involves identifying an alternative that is acceptable from the point of view of evoked goals” (Cyert and March 2004: 163). In the context of the present indicator model choice and selection will be used interchangeably.

Since not all alternatives or designs can be evaluated, there must be some rather mechanical procedures employed for quickly narrowing the focus to a small pool of promising alternatives (Nelson and Winter 1982). Such mechanism has to reflect a broad-based system of constractive criteria (Burgelmann 1994) derived from both business- and social-related goals as well as to allow different weights for the different criteria (Simon and Barnard 1957).

According to Burgelman (1994) constructive internal selection criteria ensure that the internal selection process accurately reflects the competitive selection process faced by the firm in its environment.
In terms of business and social-related goals, the knowledge about effects of crisis-driven HRM with respect to both individual and corporate performance is another valuable source of selection criteria (Loasby 2001). The former experience such as consequences particularly in terms of cost-benefits consideration (Hertig 1996) results also into a new design of crisis-driven HRM (Jossi 2001).

Decision can be viewed as “organizationally” rational if it takes into account organizational goals and it has to be viewed as “personally” rational if it considers the individual’s goals (Simon and Barnard 1957). In the same line, Schmid (2003) introduces the “logic of selection” from an individual perspective by stressing on which goals an actor pursues in relation to the other coalition participants and respectively how and to what extend he or she will be able to synchronize their actions with his or her expectations (Schmid 2003).

Since different coalition participants (Schmid 2003) possess different expectations, defend different interests or pursue different goals (Dubrowski 2004). During economic crisis the imbalance of power is particularly high (Dubrowski 2004; Watkins and Bazerman 2003). Such a conflict-prone context is due to the notably decreasing resource base and the consequent attempts of coalition partners to protect their status quo in terms of material resources (Whetten 1987; Levine 1979). Thus, the selection mechanism is not only the result of choice among many alternatives, but also a process of negotiation among the coalition partners as long as a “win-win” solution has been found (Schmid 2003).

Cyert and March (1963, 2004) introduce two aspects of business goals: the dimension of a certain organizational goal and the aspiration level with regard to this goal. While the dimension of the goals answers the question which things are viewed as important, the aspiration level gives the extent to which a goal dimension has to be fulfilled (Cyert and March 2004). Especially when complete designs (cf. Chapter II.5) are finally developed, these can not be generally evaluated by comparing them with alternative designs, rather than by comparing those with standards defined by aspiration levels. With other words as soon as the management discovers a crisis-driven HR practice or bundle of practices that guarantee success, it adopts it, without looking for all possible successful crisis-driven HR solutions and adopting the best (Simon 1982b).

According to Simon and Barnard (1957) the final choice depends both on the relative weight given to the different organizational goals and on judgment as to what extent any given plan will attain a certain goal.

By following the notion of organizational choice, in terms of selection criteria and criteria weights, the following research question can be asked wit respect to crisis-driven HRM in German consultancies.
RQ: How German consultancies make their choice among different alternatives with regard to crisis-driven hr practices or a complete design HRM?

5.3.6. Implementation and retention of new routines

After selecting “survival guaranteeing” crisis-driven hr routines, the management is responsible also for implementing them. The organization-related evolutionary theory mentions the stage of retaining the new routines (Nightingale 1997; Nelson 1995) as well as that progress depends equally on generating variety, selecting among this variety but also on stability (Loasby 2001). Since these contributions do not go into detail about the managerial efforts in this aspect, the literature on change management and decision implementation can be considered a relevant reference dealing with the aspect of successful implementation of new routines. In the following the findings of a thorough literature research with regard to success criteria for implementation will be introduced.

To ensure a successful strategy implementation, companies have long acknowledged the need first to develop a sound strategy and then to reorganize structure, systems, leadership behavior, human resource policies, culture, values, and management procedures (Schaap 2006). However, the challenge is still about how to put strategic decisions into practice. The so called implementation gap is a central issue to current corporation practice (Shaap 2006; Miller, Wilson and Hickson 2004). Due to different implementation barriers, up to 70% of the strategic change initiatives still fail (Higgs and Rowland 2005).

**Fig. 25: The implementation gap**

*Implementation, operationally defined as “those senior-level leadership behaviors and activities that will transform a working plan into a concrete reality”* (Schaap 2006: 14),
depends on the quality of the managerial activities as well as from the organizational conditions, defined as “the context in which implementation takes place such as previous experience and readiness” (Miller, Wilson and Hickson 2004: 205).

Apart from company’s unique situation, not surprisingly most of the institutional crisis-driven HR practices introduced in Chapter II.3 are considered success factors when implementing change by a large body of contributions. Such factors of success especially in turbulent times are internal communication, organizational structure, the role of the line managers as change agents as well as the employee participation (Atkinson, Mackenzie and Thomsom 2010; Harkin, Blake and Smith 2009; Lünendonk et al. 2009; Shaap 2006; Forman and Argenti 2005; Forman 2005; Olson, Slater and Hult 2005; By 2005; Bradley 2004; Luecke 2003).

Despite the existence of all factors of success, Harkin, Blake and Smith (2009) argue that change functions today are under even heavier pressure to correctly address the challenges of managing change effectively (Harkin, Blake and Smith 2009). Due to the fact, that changes in terms of organizational answers towards market decline always create winners and losers, they usually lead to resistance (Watkins and Bazerman 2003).

According to Spector (2001) employees’ resistance refers to “action, overt or covert, exerted on the behalf of maintaining the status quo” (Spector 2001: 36). Further, he argues that also the way leaders implement change can lead to resistance (Spector 2001). The extent of resistance regarding change may differ among employees. While Coetsee (1999) introduced a continuum of responses to change initiatives ranging from “commitment” at the one end to “aggressive resistance” on the other, Rowley and Bae (2004) differentiate among different degrees of resistance when policies become unacceptable, or formally in situ, but unused, or not used in the manner envisaged.

Thus Kostova (1999) as well as Rowley and Bae (2004) introduced the concept of “institutionalization”, which requires not just “implementation”, whereby formal rules are followed, but additionally “internalization”, with commitment to, satisfaction with, and psychological ownership of, practices (Russo 2011, Rowley and Bae 2004; Kostova 1999).

Further, not only employees, but managers also can be resistant towards change. According to Amundson et al. (2004) as well as Gaugler (1994) possible barriers in view of successful implementation of crisis-driven HRM could be: a) the previous success story does not allow perceiving the current crisis, b) the general risk resistance of the top management as well as the negative moods of other employees (Amundson et al. 2004; Gaugler 1994).

Apart from practices aimed at fostering organizational change stressing on leadership, structure, as well as communication (cf. Chapter II.3), to cope with resistance particularly in a
crisis-driven context demands to maintain trust between management and employees (Lünendonk et al. 2009; Hedge and Pulakos 2002; Mishra and Mishra 1994).

The most popular, among scholars and practitioners, classification of strategies to cope with employees' resistance against organizational change is the one of Kotter and Schlesinger (1979, 2008) including education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-opting as well as explicit and implicit coercion (Kotter and Schlesinger 2008).

Managers often consider resistance towards change an irrational response on the part of employees to a dynamic competitive environment and thus a "negative" mechanism endogenous to the firm which has to be overcome. However, maintaining an attitude against the resistance, they decrease the possibility to learn from it. When employees' voice respectively perspective has been excluded from the change process, there is likely to miss valuable insights. Hence, employees' resistance can be viewed as a learning opportunity (Spector 2001).

Applying all the above considerations to the research object of the study, it can be asked

RQ: How German consultancies ensure a successful implementation of crisis-driven HR practices and how they cope with employee resistance in particular?

5.3.7. Path dependency and organizational learning

Due to the existing assumption of historically irreversibility, organizations evolve only in bounded terms. With other words if the organization has chosen one path of development it has automatically exclude others. Evidences for the assumption of irreversibility can be found a) in the interdependence within the elements of the organization and b) in the interdependence between the organization and its environment. Similar evidence for the assumption of historical irreversibility is hidden in the organizational heredity: the firms persist over time with their particular and unique characteristics (Nightingale 1997). As every evolutionary step leads to specific evolutionary effects, evolutionary process should be considered unique (Wolf 2003) and possessing an historical character (David 1985).

Congruent with the evolutionary tradition and above introduced historical irreversibility, Preuschoft (1997) and Meyer (2000) in turn argue, that the need for new functions is usually not meet by completely new rather than by changing of already existing ones (Meyer 2000; Preuschoft 1997).
Hence, the notion of *path dependency* (meaning that the outcome of a process depends in its past history, on the decisions made by the actors and the resulting outcomes) is central to organizations-related evolutionary theory (Wolf 2003) and reflects the above mentioned basic assumption. Further, at macro level it represents the view that “*technological change in a society depends quantitatively and/or qualitatively on its own past*” (Mokyr 1990: 163). Similar to the notion of path dependency Dosi, Giannetti and Toninelli (1992) introduce the term of a path-dependence processes which “*analytically puts the past into the future*” (Dosi, Giannetti and Toninelli 1992).

According to Kerber (1992) endogenous developments lead to a historically dependent and irreversible economic evolutionary process. At a micro level such endogenous forces are considered the agents behavior (Dosi, Giannetti and Toninelli 1992) and more precisely the outcome resulting from their decisions (Nightingale 1997). Similar understanding of historical irreversibility is reflected in Greiner’s model of organizational growth (cf. Chapter II.4). Following Greiner (1972, 1998), each developmental phase is at the same time a *result of the previous phase and a cause for the next one*. An organization can not return to a previous management style. It must adopt a new style to move forward (Greiner 1998).

Further, according to Greiner (1972, 1998) as well as Glasl and Livegoed (1996) each stage of the evolutionary process leads to *learning advantages* for organization, groups and individuals. Each stage has to build on know-how and skills gained through the previous. Thus, *know-how and skills gained in such historical context are central to improvement of economic performance over time*. In a similar context Nelson and Winter (1982) as well as Dosi, Giannetti and Toninelli 1992 use the term of *dynamic increasing returns* in the sense of knowledge which improves economic performance and see this as a reason for “locking” firms and industries on specific evolutionary paths.

In accordance to the notion of path-dependency and Greiner’s model regarding organizational development, Nelson (1992) introduces the term of *cumulative technology* respectively *cumulative technological advance* (Nelson 1995). The notion of cumulative technology implies that today’s technical advances build from and improve upon the technology that was available at the start of the period, and tomorrow’s in turn builds on today’s (Nelson 1992, 1995; Nelson and Winter 1982).

Another managerial concept, closely related to path dependency in general and cumulative technological advance in particular is the one of *organizational learning*. This concept reflecting “*the ability of an organization to gather, interpret, and apply information from environments to permit continuous, proactive, and efficient adaptation to changing needs and*
"resources" (Rusaw 2005: 485) is becoming increasingly central to crisis management nowadays (Lalonde 2007).

Following Cyert and March (2004), Greiner (1998), Nelson and Winter (1982), as well as March and Simon (1958), much of the literature on genesis and evolution of organizational routines, emphasizes processes of experiential learning and problemistic search, which lead to the evolution of relatively stable routines, with other words management routines can be regarded as the result of a learning process. This argument proposes that organizational practices slowly evolve on the basis of performance feedback from past experience, or as a result of positive and negative reinforcement from prior choices (Greiner 1998; Levitt and March 1988), and it suggests that maladaptive behavior typically stems from the local, path-dependent nature of learning (Gavetti 2000).

Applying the above introduced notion of organizational learning from an evolutionary perspective, it can be assumed that former experience with certain crisis-driven HRM results into new design of CD HRM: There are some findings within the relevant literature on crisis management with respect to the latter.

Many contributions report (e.g. Phillips 2008; Wells 2001; Jossi 2001) about leading managers who have learned the hard way from previous recessions when it comes to fire and rehire after the economic downturn new employees or to graduate cutbacks. Historically viewed, the negative reinforcement from the prior choice in this case are the challenges those managers met several months later, after the downturn, when they were forced to meet an increase in production with less employees (Phillips 2008; Wells 2001; Jossi 2001).

However, according to Lalonde (2007) managers still repeat the same inefficient patterns, without drawing any lessons from previous crises and don not make any organizational changes as a result of these lessons. According to the same author such attitude could be the result of several reasons: a) the issue of crisis (hr) management does not remain a priority once the immediate crisis has passed; b) immediately after a crisis, the area is too sensitive for discussion; c) the pressure of managing day-to-day business resurfaces and tends to eclipse the period which could be devoted to post crisis reflection; d) managers are tend to pass this responsibility towards external experts in order to use them for political ends as well as e) they do not see the transferability of experiences during a crisis to routine practices (Lalonde 2007). Following the above introduced considerations with regard to organizational learning the following research question can be asked

PP: How organizational learning has influenced the evolvement of crisis-driven HRM in German consulting firms?
Evolutionary effects

Basic definitions of key indicators such as Evolution, Consulting, Crisis, Crisis-driven HRM and Success

Evolutionary Object  Evolutionary Dynamics  Evolutionary Logic  Evolutionary Effects

Crisis-driven Human Resources Management: Criteria and Factors of Success
6. **Evolutionary effects: Consequences as a result of CD HRM**

The present chapter is aimed at delivering a summarized overview with regard to the component dealing with the evolutionary effects (Wolf 2003) of crisis-driven HRM. This component of the indicator model will be investigated from both an individual and an organizational *performance* perspective.

In a highly crisis-loaded context the interdependence between employees’ behavior and a successful organizational response is crucial for the firms’ survival. Following, Bhattacharyya and Chatterjee (2005) as well as Rowley and Bae (2004) the organizational survival may depend on the behavioral reactions of the employees, remaining with the organization. Already Kozlowski et al. (1993) recognize the crucial nature of this interrelationship in the very context of downsizing: “Survivor reactions of fear, rigidity, loss of commitment, loss of motivation, and failure to innovate may occur at the very time when the organization is most needed of employee support” Kozlowski et al. (1993: 302).

Like other researchers Trevor and Nyberg (2008) argue in the particular context of downsizing that both individual and organizational implications are strongly interrelated: for instance, job insecurity is related to lower work effort, intention to leave and resistance to change; in turn this interrelationship will adversely affect organizational performance (Trevor and Nyberg 2008; Thornhill and Saunders 1997).

In the same line, Andresen and Hristozova (2004) as well as Paltauf and Pfeiffer (2003) argue, that the consequences influencing the individual performance have in turn an impact on the organizational one, which on the other hand makes it *difficult to track, quantify* as well as *to refer this impact to a certain crisis-driven hr practice*. For instance, increased costs due to decreased employer attractiveness, lack of trust as well as decreased motivation can not be considered explicitly as the result of a certain HR practice (Andresen and Hristozova 2004; Paltauf and Pfeiffer 2003).

For the purpose of investigating the success of a crisis-driven HRM the chain “*crisis-driven hr practice – individual performance – organizational performance*” (cf. Fig. 26) will be highlighted against the background of performance both in individual and organizational terms.
6.1 Effects with respect to individual performance

Empirical findings with respect to several consequences on individual performance due to crisis-driven practices and their adverse effect on expected corporate outcomes are reported in a large number of surveys (e.g. Gandolfi 2009; Godkin, Valentine and St. Pierre 2002). A thorough overview on consequences with respect to individual performance, conducted by Bhattacharyya and Chatterjee (2005), reveals that effects on employees have been studied predominantly from a psychological and behavioral viewpoint.

In this context, Fielden and Davidson (1999) provide the most detailed classification, by distinguishing among reactions on several levels: a) on the emotional level such as anxiety, depression, and/or apathy (Eales 1988; Melville et al.1985); b) on the psychological level such as neuro-endocrine “stress reactions” (Arnetz et al. 1987; Fleming et al. 1984); c) on the cognitive level, disturbed ability to concentrate, perceive, make decisions, and/or be creative (Latack, Kinicki and Prussia 1995); as well as d) on the behavioral level, abuse of alcohol, tobacco, drugs, and/or food (Hammarstorm and Janlert 1994).

In the same line, other surveys introduce anxiety, stress and insecurity as predictors of the more “visible reactions” such as drug and alcohol abuse (e.g. Hammarstorm and Janlert 1994). Thus, in the following a more differentiated overview of those reactions will be introduced, by distinguishing among “hidden” such as emotions, psychological states and work attitudes and “visible” such as employee behaviors at work.
For that purpose the *job insecurity model of Greenhalgh and Rosenblatt (1984)* will be employed as a starting point for a theoretical framework presenting possible consequences at individual level. Complementary to the latter empirical findings of other researchers will be integrated into the framework (e.g. Gandolfi 2009; Trevor and Nyberg 2008; Buono 2003; Godkin, Valentine and St. Pierre 2002; Dolan, Belout and Balkin 2000).

The model has been chosen as a starting point, because it illustrates how certain emotions and psychological states, caused by different crisis-driven hr practices result in (negative) work attitudes and in turn into (negative) behavioral reactions at work (cf. Fig. 27).

**Fig. 27: Emotions and attitudes as predictors of employee behavior**

![Emotions, Psychological States and Work Attitudes](image)

For instance, anxiety is a predictor not only towards different employee behaviors, but also towards employees’ work attitudes such as *moral* and *commitment*. A survey conducted among 235 companies in Germany reports that, anxiety with respect to lay offs results in decreased work moral (44.1%) and organizational commitment (37.1%) (Disselkamp 2004).

Another important aspect, when considering effects on individuals caused by different crisis-driven hr practices and in particular by downsizing activities, has to be the differentiation among different roles of the parties concerned such as *survivors* (remaining employees), *victims* (laid-off employees) (e.g. Gandolfi 2009; Brockner et al. 1985) and *executors or implementers* (managers who are involved in directly implementing the relevant activities) (e.g. Bhattacharyya and Chatterjee 2005).
In the following, by employing the above introduced framework (cf. Fig. 27) as well as by taking into account the different roles (cf. Fig. 28) a literature overview with regard to both predictors and visible employees' reactions will be introduced.

6.1.1 Emotions, psychological states and work attitudes

According to the job insecurity model (cf. Fig 27) the most emotions, psychological states and work attitudes of employees are either caused or influenced in a different way by different crisis-driven hr practices. They are clustered into five major groups: a) anger, anxiety, job insecurity, uncertainty and guilt (e.g. Sutton 2009; Arnold et al. 2007; Feldheim 2007; Amundson et al. 2004); b) perceived fairness and trust as well as organizational support (e.g. Trevor and Nyberg 2008; Bhattacharyya and Chatterjee 2005); c) self-confidence, concentration, creativity and job satisfaction (e.g. Arnold et al. 2007; Amundson et al. 2004); d) work and time pressure and stress (e.g. Feldheim 2007); e) commitment and work moral (e.g. Trevor and Nyberg 2008; Feldheim 2007).

In Appendix 8, for each of those groups detailed empirical findings from surveys with respect to crisis-driven HR practices are introduced.

Since the research design of the present study is not aimed at investigating the above introduced emotions, psychological states as well as work attitudes, the empirical findings about them will be conducted in an indirect way by investigating the relevant employee reactions, caused by those emotions.
6.1.2 Employee behavioral reactions

Productive employee behavior covers the notions of work performance where work performance determines the effectiveness of the individual employee (Long and Swortzel 2007) or the one of a team which in turn results in the overall productivity of the company (Gandolfi 2009; Disselkamp 2004).

On the other hand counterproductive employee behavior includes withdrawal, aggression, sabotage and theft (cf. Fig 27). Withdrawal behavior in turn can be operationally defined by absence (Devine et al. 2003; Hauser 1993), job tardiness (Devine et al. 2003) and turnover (Fibies, Lau and Pilger 2004). Aggression (Hauser 1993), sabotage, and theft are considered reactions to frustration and dissatisfaction (Greenberg 1990).

Findings about the following employees’ behavioral reactions: job tardiness and absenteeism, turn over or intention to leave, theft, sabotage and conflicts, drug and alcohol abuse as well as resistance to change, learning and risk (cf. Fig 27) are introduced more detailed in Appendix 9.

Among the large body of contributions dealing with the above introduced employees’ behaviors as effects of crisis-driven HRM, there are only few findings with respect to consultancies or similar professional services.

As previously introduced in Chapter II.3, Demmer (2002), Ulrich (2002) as well as Fritzel and Vaterrodt (2002) report a large number of positive effects for both employer and employees and more in particular with regard to retaining top performers, when employing crisis-driven sabbatical program (Demmer 2002; Fritzel and Vaterrodt 2002).

The commitment to the profession or with other words one’s job involvement is a predictor for the individual perceiving in a crisis-driven context (Allen et. al 2001). Hence, as managers tend to view work as major component of their self-concept, it can be expected that a possible redundancy will have a considerable impact on their psychological well-being and behavioral reactions (Fielden and Davidson 1996, 1999). A similar expectation can be drawn with regard to consultants.

Further, Sutton (2009) reports that lay offs tend to have the most negative effect on productivity in organizations, where employees have greater responsibility and decision-making authority and working conditions are significantly better compared to more traditional workplaces (Sutton 2009). Following these traits, large German consultancies can be considered such organizations.
Taking into account the above empirical findings with regard to different employee reactions, the following research questions can be asked

*RQ: Which employee reactions in terms of effects of crisis-driven HRM can be observed in German consulting firms?*

*RQ: Which of the observed employee reactions German consultancies consider selection criteria when choosing certain crisis-driven HR practice?*

Finally it has to be introduced that different individual perceiving leads to different behavioral reaction (Kotter and Schlesinger 2008; Thornhill and Saunders 1997). Some individuals may even experience a downsizing as an opportunity to grow and develop in their job (Allen et al. 2001). Thus, it can be expected that

*PP: Different employees in German consultancies will have different reactions towards the same crisis-driven hr practice*

6.2. **Effects with respect to organizational performance**

Disselkamp (2004) considers *individual time productivity, innovation capacity and customers’ satisfaction* aspects of work performance (the effectiveness of the individual employee) which can be easily measured by the controlling at organizational level. These measures can be considered a bridge between individual and organizational effects in terms of crisis-driven HR practices (cf. Fig 26).

In the same line, Michie and Sheehan-Quinn (2001) deliver a thorough literature overview with respect to consequences for the organizational performances caused by flexible HR practices. According to them, the most common measures of organizational performance in the relevant literature are *labor productivity; measures of quality and financial performance; employee turnover; absenteeism; innovative activities and industrial disputes* (Michie and Sheehan-Quinn 2001). Additionally to these measures Andresen and Hristozova (2004) introduce in their literature summary with respect to crisis-driven hr practices and their consequences also the *organizational image* both in general and in terms of *employer attractiveness* as well as *organizational rigidity* in regard to *structure and processes*.

For the purpose of structuring and delivering a focused overview and discussion regarding consequences of crisis-driven HRM at organizational level, the four perspectives of Balanced Scorecard (Kaplan and Norton 1996) will be introduced. This performance measurement system has been chosen as a frame due to the balanced presentation of measures it offers to executives allowing them to view the company from four perspectives simultaneously. The
balanced scorecard supplement the traditional financial measures with three additional performance perspectives - those of customers, internal business processes as well as organization’s ability to learn and improve, called learning and growth (Kaplan and Norton 1996).

Employing the four balanced-scorecard perspectives, the consequences caused by crisis-driven HR practices at organizational level will be grouped as it follows: a) financial performance; b) customer satisfaction including quality, on-time delivery issues and image; c) organizational structure and processes including the supply chain as well as d) learning and growth including developing and retaining of organizational know-how as well as innovation activities (cf. Fig. 29).

Fig. 29: Organizational effects of crisis-driven HRM

Source: Own illustration, following Kaplan and Norton 1996

6.2.1 Financial performance

Following the relevant literature (Brideson and Blake 2009; Trevor and Nyberg 2008; Rusaw 2005; Buono 2003; Cascio 2003, Fraunhofer Institute 2003; Godkin, Valentine and St. Pierre 2002; Michie and Sheehan-Quinn 2001; Dolan, Belout and Balkin 2000; Baeckmann 1998; Palmer, Kabanoff and Dunford 1997; Filardo 1995, Cameron, Freeman and Mishra 1991) there is a large body of empirical findings reporting a decline of financial performance as a result of cutting personnel.

Like other studies, one of the most quoted, conducted by Cascio (1993, 1994, 2003) found that while stock prices initially rose after downsizing efforts were made public, the prices
dropped below market levels within two years and if any increases in financial performance were meager and short-lived (Cascio 2003; McKinley et al. 1995; De Meuse et al. 1994).

One study even calculated that, first a 10 percent reduction in people resulted in only a 1.5 percent reduction in costs, and second the average downsizing firm’s stock price rose only 4.7 percent over three years as compared to 34.3 percent for matched firms that did not downsize (Mishra, Spreitzer and Mishra 1998).

Another aspect closely related to the overall financial performance in the context of downsizing is the costs paradox. Designed originally as a personnel-cost-minimizing strategy, in fact downsizing lead to higher costs for separation, recruitment, selection, hiring, integration and training as well as costs due to low work performance at the beginning (Schuette 2009; Brideson and Blake 2009; Gandolfi 2009; Bhattacharyya and Chatterjee 2005; Andryejewski and Refrisch 2003; Fraunhofer Institute 2003; Mishra, Spreitzer and Mishra 1998). Such costs paradox occurs especially when after economic downturn the need for new hires has considerably increased. Frank (2004) has estimated the costs caused by a new hire about two gross annual incomes. In the same light, Fibies et al. (2004) argue that attrition and hiring freeze result in losing positions at the labor market and increased follow-up costs with regard to both recruitment and integration (Fibies et al. 2004).

The above introduced costs are evidently related to the following hr practices often used by organizations in turbulent times, voluntarily and involuntarily retrenchments going along with severance plan and financial settlements, as well as early retirement, especially (Jones 2009; Paltauf and Pfeiffer 2003; Blatt et al. 2002; Weißenrieder and Kosel 2002; Dolan, Belout and Balkin 2000) due to low employer attractiveness in a tight labor market (Jossi 2001) and due to incentive packages (Blatt et al. 2002; Jossi 2001; Zeffane and Mayo 1994).

However, it has to be differentiated, that such practices lead to immediate savings of labor costs which contributes to some short-term productivity (Dolan, Belout and Balkin 2000; Zeffane and Mayo 1994). In the same vein, Michie and Sheehan-Quinn (2001) report that the use of numerical flexible hr practices such as fixed-term, casual or seasonal contracts, part-time employees as well as interim management, in alliance with the strategy of the “stable core and the flexible ring”, is positively correlated with financial performance, at least in the short term (Michie and Sheehan-Quinn 2001). Such effect occurs due to the saving of wage costs which in turn is the result of lower wage and no participation to some social benefits in contrast to tenured workers (Michie and Sheehan-Quin 2001).

On the contrary there is a large body of contributions dealing with alternatives to downsizing and retrenchment (cf. Chapter II.3) generally aimed at encouraging and supporting employees to find new employment, which advocate the effects of these practices as savings
or even gains in the long run (Brideson and Blake 2009; Marr 2004; Halbuer 2003; Schwierz 2003b; Ahlers 2002; Demmer 2002; Piturro 1999) or to start new business (Ahlers 2002).

Though such practices are usually connected with high initial costs and additional manager efforts (Andresen and Hristozova 2004; Kisker 2003; Schwierz 2003b), due to avoiding lawsuits and minimized retrenchment costs (e.g. Halbuer 2003; Schwierz 2003b; Ahlers 2002) they have a positive effect on the financial performance.

Another source of savings or even profit can be governmental grants (especially in Germany) for vocational trainings or for reduced working hours (Kurzarbeit) or by lending own employees as a temporary staff to other companies (Frank 2004; Halbuer 2003; Demmer 2002).

Further alternative to downsizing resulting in synergy effects due to personal development and to personnel costs reduction are crisis-driven *sabbatical (flex-leave) programs* (Marr 2004; Demmer 2002; Fritzel and Vaterrodt 2002). Such practices are usually preferred by consulting firms (Fritzel and Vaterrodt 2002).

Following the above introduced findings, the following research question can be asked

RQ: *Which effects with regard to financial performance can be observed in German consultancies and are taken into account when deciding upon design and implementation of (new) crisis-driven hr practices?*

### 6.2.2. Customer satisfaction

Almost the same contributions (e.g. Schuette 2009; Nelson 2009; Disselkamp 2004; Andryejewski and Refrisch 2003; Buono 2003; Fraunhofer Institute 2003; Godkin, Valentine and St. Pierre 2002; Michie and Sheehan-Quinn 2001; Dolan, Belot and Balkin 2000; Baeckmann 1998; Schnopp 1993) reporting poor financial performance as a negative implication of downsizing, list also *declining customer satisfaction; quality issues; standards and deadlines can not been met; as well as image damages* as further negative consequences.

According to Betz (2003) and Jossi (2001) in case of *retrenchments and early retirement* parts of customers’ networks are damaged and in addition to that customers suffer from broken relationships with departed employees, the frustration of dealing with new staff and reduced service level.

Such consequences seem to be even more risky for the consulting business. Due to the close and frequent contacts between consultants at all levels and members of the client’s
organization, the *service delivery* can be considered critically important for the success of the consulting project (Allen 2010, Gross and Poor 2008; Niewiem and Richter 2006; Karantinou and Hogg 2001; Gummesson 1996). Further, customer satisfaction in the consulting business is crucial, due to the fact that consultancies peruse long-term relationships with their clients (Karantinou and Hogg 2001).

Another aspect, closely related to the notion of customer satisfaction reflects the nature of consulting services as credence and experience-intensive “goods of trust”, where there is no information about the product in advance (Nelson 2009; Niewiem and Richter 2006). Thus, *credence* (Niewiem and Richter 2006; Karantinou and Hogg 2001) or *image and reputation* (Gross and Poor 2008; Bradley 2004; Heurmann 2003) are quite central to winning a new client or developing long-lasting customer relations (Nelson 2009).

Because of this, image damages caused by information about mass lay-offs influencing customers’ trust in a considerably negative way (Mühlenhoff 2003), can be more critical in consultancies compared to other industries. Further to this aspect, Bradley (2004) argues that investing in employees’ welfare even while negotiating their move elsewhere, is an investment in a firm’s reputation and its long-term future (Bradley 2004).

On the other hand crisis-driven hr practices aimed at effective career transfer such as career development and counseling, assessment and outplacement, organizing job fairs and networking with local companies as well as conducting start-up seminars and ensuring start-up grants improve corporate image among former and remaining employees as well as applicants and the general public (Bittelmeyer 2003; Mülenhoff 2003; Schwierz 2003b; Ahlers 2002; Jossi 2001; Zeffane and Mayo 1994)

There is a broad range of crisis-driven practices resulting not only in a positive image, however aimed genuinely at obtaining new general and job-specific skills which in turn result in a better response to customer demands. According to a large body of empirical findings such practices are *internal re-trainings* (e.g. job rotation program), *internal (re)-training company* supported by an *internal job matching tool* as well as *employment and vocational services* by *internal training* and *replacement agency* (Rowley and Bae 2004; Halbuer 2003; Ahlers 2002; Demmer 2002).

Since success of credence-intensive businesses selling intangible products such as consulting depend on developing relationships of trust with customers and other stakeholders (Nelson 2009), *credibility with respect to both internal and external stakeholders* is considered a central aspect when deciding upon certain crisis-driven practices (Lünendonk et al. 2009). According to several scholars and practitioners such credibility can be ensured
by re-staffing of key managerial positions (Lünendonk et al. 2009; Bergauer 2003; Pfeffer and Blake-Davis 1986; Whetten 1984).

Taking into account all the empirical findings regarding consumer satisfaction and especially those with respect to the consultancies' business model, it can be expected that

**PP: Considerations such as service, quality, and reputation will play a significant role when German consultancies decide about the design and the implementation of certain crisis-driven hr practices.**

6.2.3. Organizational structure and processes

After a heavy staff reduction not only the relationships with the customers are broken, also the internal social networks are damaged (Godkin, Valentine and St. Pierre 2002; Redman and Keithley 1998) which in turn leads to inefficient internal business processes (Cameron 1987). Especially in consulting firms, the staff is linked within a web of mutually supportive links, far more than might be evident from the formal company organizational structure (Bradley 2004).

Since due to increased centralization and restriction caused usually by lay-offs, crucial internal business processes such as decision-making and communication suffer (Buono 2003; Fraunhofer Institute 2003; Wayhan and Werner 2000; Baeckmann 1998; Mishra, Spreitzer and Mishra 1998; Palmer, Kabanoff and Dunford 1997), organizational rigidity and employee resistance towards change can be expected as a general consequence (e.g. Buono 2003).

The consequences of crisis-driven HRM with regard to gaining flexible and reliable suppliers are another aspect affecting in turn the internal business processes and ultimately the organizational success.

By conducting lay-offs, an organization tends to lose its employer image and positions in the labor market (Jossi 2001). This can be assessed as a poor strategy, especially in the case of the labor market for consultants which remains tight (Domsch and Hristozova 2006). For instance, the heavy staff reductions during the recessionary period 2001 to 2003 at companies such as Cap Gemini Ernst & Young and KPMG's consulting arm (now called Bearing Point) have dented the employer brand of these firms (Graubner and Richter 2003). In turn such negative reputation forced the graduates to double check their intention to apply for a vacancy in the consulting industry (Bornmüller 2005).
However, McKinsey is an example for a good organizational practice for career transfer: the company has long been known for its continuing relationships with its alumni, including also many of those who were “invited” to leave the firm. The McKinsey’s alumni network leads to high employer attractiveness even in the context of separation (Graubner and Richter 2003).

Not only lay-offs, but also crisis-driven HR practices such as reduced working hours as well as the use of temporary personnel or / and interim management result in a negative employer image (Ahlers 2002; Prisching 1994).

Another crisis-driven practice positively related to the supply of certain know-how is when employees are encouraged and supported to start their own business which is closely related to the core business activities of the organization (Balkenhol 2003; Ahlers 2002).

Considering all the findings, the following research question can be asked

RQ: Which consequences with regard to internal structure and processes can be observed in German consultancies and are taken into account when deciding upon design and implementation of (new) crisis-driven HR practices?

6.2.4. Learning and growth

There is a considerable body of contributions reporting about reduced (Godkin, Valentine and St. Pierre 2002) or even damaged (Buono 2003; Fraunhofer Institute 2003; Baeckmann 1998) organizational learning capacity especially as a result of conducted downsizing practices. In particular, the present chapter deals with the following aspects of damaged organizational learning capacity, building of know how gaps, inefficient qualification and age structure, impaired organizational memory as well as innovation rigidity, considering different crisis-driven hr practices.

The building of know-how gaps and the constant reduce of the existing organizational knowledge data base by loosing unique technical expertise and institutional knowledge is one of the direct effects of the earlier introduced destructive employee behavior of leaving the company (Trevor and Nyberg 2008; Betz 2003; Elsner 2003; Paltauf and Pfeiffer 2003; Weißenrieder and Kosel 2002). The particular loss of key talents due to their higher employability (Bhattacharyya and Chatterjee 2005; Müllenhof 2003) or the so called brain-drain effect (Elsner 2003) result in disappearing of crucial expertise, and hence organizational memory is disrupted or completely lost (Cosack, Guthridge and Lawson 2010; Mishra, Speitzer and Mishra 1998).
Different alternatives of downsizing affect the organizational know-how prevention in a positive way. For instance, using overtime accumulated in different working hours accounts as well as reduced working hours avoid the emergence of know-how gaps due to a high turnover and ensure the retention of know-how holders (Andresen and Hristozova 2004; Bergauer 2003; Kisker 2003).

In a similar light, all crisis-driven hr practices aimed at training and retraining result in building a highly skilled personnel reserve for the time after economy recovers as well as bridging existing skills’ gap (Halbuer 2003; Ahlers 2002; Demmer 2002; Zeffane and Mayo 1994). For the increase of employees’ skills and competencies also contribute short-term career transfer practices such as outplacement with recall within clients, non-profit organizations or academic institutions (Bittelmeier 2003; Wells 2002).

With respect to qualification and age structure there are two contrary effects caused by two different kind of crisis-driven personnel practices. While long-lasting hiring freezes lead to worse age and qualification personnel structure (Ahlers 2002), flexible early retirement enhances organizational innovation capability by “making place” for young employees (Marr 2004).

Further aspect of organization learning is the organizational / institutional memory which is defined as a subset of organizational learning and features information stored for future individual and corporate uses (Rusaw 2005). Individuals who have extensive technical knowledge and who can apply it with ease to a variety of complex and novel situations possess organizational memory, thus removing such individuals pose sever risks to organizational learning through memory loss (Cosack, Guthridge and Lawson 2010; Feldheim 2007; Rusaw 2005). Feldheim (2007) reports damaged institutional memory in many organizational settings as a consequence of downsizing practices (Feldheim 2007).

Due to the fact that know-how is a highly valuable asset in consultancies (Gross and Poor 2008; Pudack 2004; Fritzel and Vaterrodt 2002) issues as the above introduced are to a high extend central to crisis-driven HRM in consultancies.

Another valuable asset of a consulting company is its innovation capacity whereby its importance is considerably increasing in the context of the still present identity crisis when new consulting services are crucial for the success of the industry (Schaudewet 2003, BDU 2003). However, downsizing as well as other organizational practices with respect to numerical personnel flexibility (e.g. contemporary contracts and part time employees) is negatively correlated to organization’s capacity to innovate and to the introduction of new products to the market (Michie and Sheehan-Quinn 2001; Redman and Keithley 1998).
While crisis-driven HR practices with respect to numerical flexibility influence innovation in a negative way, increased functional flexibility is significantly positively correlated with innovation. A possible explanation for such findings could be the increased amounts of trainings employees attend and the new knowledge they gain during market decline (Michie and Sheehan-Quinn 2001).

Following the above introduced empirical findings regarding organizational learning and growth and especially those with respect to knowledge-intensive industries such as consulting, it can be expected that

**PP:** Considerations such as building of know-gaps, lost of organizational memory, and brain-drain effects will play an important role when deciding upon design and implementation of (new) crisis-driven HR practices in German consultancies.
Successful crisis-driven HRM

*Basic definitions* of key indicators such as Evolution, Consulting, Crisis, Crisis-driven HRM and Success

- Evolutionary Object
- Evolutionary Dynamics
- Evolutionary Logic
- Evolutionary Effects

Crisis-driven Human Resources Management: Criteria and Factors of Success
7. Success with regard to CD HRM

As previously introduced, to identify whether a crisis-driven HRM is successful or not, success has to be defined and measured by applying a specific model (cf. Chapter II.2) comprising an integrated system of criteria as well as weights and aspiration levels for each criterion (cf. Chapter II.5).

7.1 Success indicators

In the following the existing literature both on evolutionary economics and crisis (HR) management will be scanned with respect to systems of success indicators.

With regard to developing and introducing new technologies respectively practices, besides corporate performance and economic efficiency, social factors play an increasingly central role both at macroeconomic (Dosi, Giannetti and Toninelli 1992) and at organizational level (Zink 1995, 2004).

The same trend can be observed among the literature on crisis (HR) management: more and more contributions (e.g. Bergauer 2003; Ahers 2002; Kumar 2000; Hertig 1996) take into account social (employee-related) measures as indicators of successful crisis management and not only economic ones such as a) achieving a minimum profit; b) increase of sales efficiency and return on invested capital as well as the efficiency of the cash flows (Bergauer 2003) or a) market share, b) accuracy and timeliness in decision making as well as c) stakeholder perceptions (Lin et al. 2006). Possible explanation for such a trend can be the organizational awareness to ensure long-term success after the economic recovery (Hertig 1996).

The traditional measures for success (or performance) are usually financial. However, with the increasing number of businesses involved in the service sector, Kaplan and Norton (1992, 1996) suggest that it has become necessary to have measures that are both financial and operational (market, processes and growth) (cf. Chapter II.6). Since management and IT consulting are a service, both financial and operational indicators of success are necessary (Kumar 2000; Lovelock 1996; Clark and Koonce 1995).

In congruence with the above mentioned trends Bergauer (2003) considers crisis management practices successful, when they meet the following three objectives

a) Financial objective: comeback in the profit zone;
b) **Objectives with regard to operations, marketing and workflows:** focus on core competencies; increasing efficiency; shortening processing time; increasing innovation index and improving quality and customer services;

c) **Social (employees-related) objectives:** to keep as many as possible jobs respectively to ensure socially acceptable dismissals; increasing employees’ satisfaction and motivation (Bergauer 2003).

Apart from Bergauer’s (2003) complex and thorough system of objectives, there is also a large list of contributions dealing with one or another success indicator more detailed. Hence, a broad range of criteria of success can be derived from both research (e.g. Töpfer 1999; Nagel 1997; Maule 1995; Gaugler 1994; Zetlin 1994) and practice-related contributions (e.g. Kempkes and Bindhardt 2003). These can be clustered in four main groups:

a) **Employee satisfaction and social tolerability;**

b) **Customer satisfaction and impact on organizational performance;**

c) **Cost efficiency** as well as

d) **Organizational flexibility.**

These four criteria of success communicate with the four perspectives of balanced scorecard. Further to that, they correspondent to a high extend to the EFQM factors improving *business results* in a direct way: *people satisfaction, customer satisfaction* and *impact on society* as well as *process management* (Nabitz et al. 2001; Simon and Nauheim 1999). These criteria of excellence can be considered suitable derivates for organizational success in order to estimate the contribution of certain organization routine to this success (Andresen, Hristozova and Lieberum 2006).

The steadily increasing number of contributions dealing with effectiveness of crisis-driven HR practices put the stress on employee satisfaction and the possible consequences if this success criterion is not met.

In this context, several authors (Buono 2003; Fraunhofer Institute 2003; Jossi 2001; Wayhan and Werner 2000; Blum and Zaugg 1999; Baeckmann, 1998; Mishra, Spreitzer and Mishra 1998; Mishra and Mishra 1994; Zeffane and Mayo 1994; Cascio 1993; Greenberg 1990) introduce *employees’ moral, loyalty and commitment* (cf. Chapter II.6) as possible indicators for success of crisis-driven HRM, which in turn refer to *employee satisfaction*. For instance, if a crisis-driven personnel practices influence these indicators in a negative way a possible consequence can be that employees stop thinking about the ethics of their business
decisions (Greenberg 1990). In the same light, Klein (1984) reports 84% decrease of employee moral in US companies which run downsizing in the last three years.

Similar to these findings, Barrett (2000) reports that financial success is strongly correlated with employee fulfillment (39% of the variability in corporate performance is attributable to the employee fulfillment). Further, he found that employee fulfillment is also strongly correlated with leadership (69% of the variability in employee fulfillment is attributable to qualities of leadership of the manager) (Marrewijk and Timmers 2003).

Employing the above findings with regard to the present research object, the following overall research question can be formulated

RQ: Are there any particular success indicators in view of crisis-driven HRM in German consulting firms?

7.2 Critical factors of success

As previously introduced (cf. Chapter II.2), critical factors of success with regard to crisis-driven HRM, refer to economic efficiency. According to Bergauer (2003) and Hertig (1996) efficiency criteria can be derived from the organization system of goals (cf. Chapter II.2) as well as from the three cornerstones of crisis-driven HRM: the operational, the process-related as well as the institutional aspects (Chapter II.3). Following such framework, the existing literature on successful crisis (hr) management will be scanned for critical factors of success.

There are only two contributions dealing with operational aspects in terms of critical factors of success with respect to crisis-driven HRM. Hertig (1996) argues that to define a clear strategy of a crisis-driven HRM is an important requirement for the success of the following actions in terms of design. The main focus of Mobarek’s (1999) research on success of crisis management stresses on the importance of the degree crisis-management practices are incorporated into the overall organizational strategy and structure.

As there is no other contribution dealing explicitly with the role of crisis-driven HR strategy, this phenomenon can be considered under-investigated. Hence, the following research question calls for an answer

RQ: Do German consultancies formulate a special HR strategy in times of crisis?

Most of the contributions dealing with critical factors of success with regard to crisis-driven (HR) practices stress on institutional aspects such as communication and parties concerned (cf. Chapter II.3).
In the particular context of change management, Gandolfi (2009), Harkin, Blake and Smith (2009), Jones (2009) as well as Forman (2005) reports that all of the firms studied realized, that internal communication is central to the success of implementing strategy. Further, Hoosier and Banker (2002) argue that the strength of a crisis communication plan depends on how well the plan has been communicated throughout the organization before a crisis occurs.

The other aspect part of the institutional dimension of crisis-driven HRM is the bodies or individuals belonging to the crisis management team in a broader sense. Explicitly or not most of the contributions argue that one of the most crucial tasks for any organization is finding competent people for crisis management teams (e.g. Bergauer 2003). Some authors even go into depth and list the requirements the team members should meet. Such traits are: stress and ambiguity tolerance which refer to how comfortable a person feels about making decisions in an information void, when facts are incomplete or inconclusive. Attitudes and skills such as communication apprehension and verbal clarity are central to building trust among employees. Finally, Mitroff and Alpaslan (2003) based on their findings argue that most of the individuals responsible for crisis management miss the ability to think comprehensively about crises which in turn is critical to the success of the crisis management.

Another contribution dealing with an issue particularly central to the HRM context in Germany, argues that the integration of work’s council into the crisis management team is a crucial success factor with regard to crisis-driven HRM (Frank 2004).

As the findings of the literature review with respect to critical factors of success can be considered meager and thus the phenomenon under-researched, a more general research question will be formulated

RQ: Are there any specific factors of success in view of crisis-driven HRM in German consulting firms?

Finally, there are also other contributions (e.g. Weißenrieder and Kosel 2002; Gaugler 1994) introducing more abstract requirements such as sustainability, persistency, fundamentality of the change, etc. a successful crisis-driven HRM has to meet.

However, there is one factor of success covered by most of the contributions: the existence of a holistic and systematic approach both in terms of design and implementation of crisis-driven HRM (e.g. Lünendonk et al. 2009; Weißenrieder and Kosel 2002; Gaugler 1994).
III. Methods

As previously introduced (cf. Introduction) the present study has adopted the grounded theory method as an overarching research strategy aimed at elaborating a new theory which is empirically grounded and a prescriptive excellence model with regard to crisis-driven HRM in large German management and IT consultancies.

Following the research process of the grounded theory method, the present chapter refers to the second step of the stage of comprehension aimed at data collection and the stage of synthesis aimed at the data analysis (cf. Fig. 1). The latter is facilitated by the interrelationship between data collection and data analysis (cf. Introduction). Hence, taking into account the research object of the present study, in the following are introduced more detailed the research design, data collection tools, sample and participants, data analysis as well as some limitations with regard to the present investigation.

1. Research design and data collection tools

For the purpose of the study, the research design is of a gradual nature and consists of three consecutive interrelated stages of investigation, where the output of the previous serves as input for the next (cf. Fig 30).

Fig. 30: Research design of the study

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple case study approach</td>
<td>Concept mapping</td>
<td>Crisis-driven HRM audit</td>
</tr>
</tbody>
</table>

**Expected outcome:**
- **Stage 1:**
  - empirically grounded theoretical model
  - categories for the concept mapping
  - items for the concept mapping

- **Stage 2:**
  - prescriptive model of excellence including criteria and sub-criteria
  - self-assessment toolkit including checklists

- **Stage 3:**
  - status quo diagnosis
  - recommendations for further improvement of the companies crisis-driven HRM
  - toolkit improvement

Source: Own illustration
Since the Grounded theory method allows to be employed both qualitative and quantitative methods in grounding the new theoretical model (Locke 2001), the present research design comprises both qualitative as well as quantitative research approaches.

Due to the explorative and open character of the first research objective – developing a first theoretical framework with regard to crisis-driven HRM in consulting firms – the empirical work will be proceeded in a qualitative way to obtain a deeper insight of how and why crisis-driven HRM evolves over time in German consultancies (Ebrahimchel, Mohe and Sternzeld 2006; Gillmann 2002; Yin 1989). For four particular reasons closely related to the nature of the research object, the multiple case study approach has been chosen (Gillman 2002; Yin 1994).

First, an industrial downturn has unlikely same consequences for all the companies in the relevant sector (Gupta and Wang 2004). Hence, it can be expected that the firm-level response to the macro phenomenon will differ from case to case. Further, as George (1991: 371) highlighted the case study as a research method provides: “an opportunity to ascertain how crisis management developments were experienced by (different) participants in the crisis” and “to develop an understanding of how and why each side behaved as it did and to trace the interactions between the participants that led to the outcome”.

Second, the case study provides a valuable opportunity to examine a continuous process in a certain historical context (Schwarz and Nandhakumar 2002), which is the case with the evolution of crisis-driven HRM in large German consultancies during both recessionary periods (2001 to 2003 as well as 2008 and 2009).

Third, for the purpose of investigating an under-researched phenomenon such as the crisis-driven HRM in German consulting firms, complex and deeply embedded in its context, qualitative research approaches are generally favored (Lee 1999). In the same line, Gupta and Wang (2004) argue that qualitative approaches offer an opportunity to innovate, and to elaborate an adaptive research strategy that will get into the depth of the phenomenon that is not well understood.

Forth, according to Loosemore (1999) the multiple case study approach due to the comparative analysis of different single cases (Gillmann 2002) deliver a value added to developing a empirically grounded new theory, by acquainting with the phenomena, categorizing and visualizing variation within the categories as well as explaining the relations between those categories (Finch 2002).

The data collected was triangulated by using multiple research methods consistent with case-study research, such as expert in-depth interviews, analyzing organizational
documentary and other HR-related materials. This helped to strengthen the grounding of theory and to enhance the reliability of the data.

Since interviews allow access to information not easily available otherwise and more particular the personal setting of this data collection tool enable the exploration of sensitive issues which respondents might have been hesitant to reveal in questionnaires (Niewiem and Richter 2006), expert interviews, based on a semi-structured guideline and conducted with HR directors and HR managers on site, build the core of the whole range of data collection tools.

The interview guideline was derived from the preliminary propositions (PP) and research question (RQ) part of the indicator model and elaborated in a strict congruence with the methodical requirements with respect to in-depth expert interviews and the grounded theory method in general.

It has to be pinpointed that for the more explorative purpose of the first interview the guideline was less structured and the open-interview technique was employed, according to which instead of asking concrete questions, the expert is requested to share his or her experience and opinion to certain key words (Gillmann 2002) which in turn are also derived from the indicator model. Such approach allowed to include new aspects as well as to narrow the focus of some research areas and hence to streamline the interview guideline.

All interviews were conducted from January to July 2007. Each interview was carried out in German and lasted on average between one hour and a half and two hours and a half, where participants were encouraged to provide facts and only as a conclusion to give their personal or respectively expert opinion.

To address the second research objective – designing an excellence model with regard to successful crisis-driven HRM – the method of concept mapping (Nabitz et al. 2001; Trochim 1989) was partly used. Being a good mix of induction and deduction, concept mapping seems a proper research method in the certain context of elaborating an assessment tool, as this method is an applied procedure used in the management science explicitly aimed at developing or specifying excellence model (Nabitz et al. 2001).

This method represents a stepwise approach (Fig. 31) in which a) statements are generated, b) grouped along categories c) rated, d) statistically analyzed and e) finally interpreted (Nabitz et al. 2001) and constitutes the second stage of the present research design (cf. Fig. 31) which was conducted from June 2008 to June 2009.
Following the rule of thumb that there should be at least 30 and no more than 100 statements in a concept map (Nabitz et al. 2001), 77 items respectively statements were generated in the context of the present investigation. Further, the statements were distilled from the relevant data collected by the expert interviews and analyzed as well as interpreted in accordance with the axial coding scheme of Strauss and Corbin (1998).

Since the algorithm of Jackson and Torchim (2002) with regard to concept mapping allows also open coding and content analysis, at this stage the interviews have been used as a source for the categories along which the items were grouped (cf. Appendix 10). The interviews have been red and re-red until the categories emerged and no categories anymore emerged out of the empirical data (Schwarz and Nandhakumar 2002).

The second and the third steps (cf. Fig 31) refer to the grouping and respectively to the rating of the statements. The experts received via post individual sets comprising: 77 cards with statements, 12 envelopes, short description of each category and sort instructions. Each card had one statement. Ten envelopes were labeled respectively with the previously introduced categories; one was without label in case the participants prefer to introduce an 11th category and with respect to the 12th envelope the experts were asked to write down there position in order to ensure heterogeneity of their professional background.

Two evaluation instructions were given. The first instruction was to arrange the statements into homogenous groups according to the labels given and afterwards to score on a scale
ranging between *not important* and *very important* each statement, reflecting the estimated importance of each statement (cf. Appendix 10).

The output of the second stage of the present investigation resulted in a nine-criterion prescriptive excellence model with respect to crisis-driven HRM in consulting firms which in turn was the starting point of an assessment toolkit for conducting a crisis-driven HRM audit. For testing the CD HRM self-assessment toolkit, an audit was carried out illustratively in a top five German IT consulting firm in March 2011.

In this case the author played the role of an external assessor and for the purpose of applying the assessment tool conducted a company visit including a 180-minute interview with the HR manager as well as analyzed additional internal documents. The checklists were sent to the HR manager in advance in order to give her the possibility to prepare the all necessary data.

Following again the 20-year practice of the EFQM, the assessment tool constitutes of nine checklists, where each checklist comprises 10 questions derived from the sub-criteria associated with the nine major criteria of the model (cf. Chapter V.3) as well as an evaluation scale (cf. Appendix 12).

When assessing the factors of success the scale goes after the well known Deming Wheel and is divided in the following four area Plan, Do, Check and Results and when assessing the success indicators the four aspects of the evaluation scale are Trends, Targets, Comparison and Causes (cf. Appendix 12). Each area comprises a five-step evaluation scale from 1 to 5, where 1 refers to 0% and 5 to 100% (1 - 0%; 2 – 25%, 3 - 50%, 4 – 75%, 5 – 100%) fulfillment of the criterion.

2. Sample and participants

As previously introduced (cf. Introduction as well as Chapter II.2) for several reasons the present investigation focuses on large management and IT consulting firms operating at he German consulting market in both recessionary periods – from 2001 to 2003 as well as 2008 and 2009.

This population was represented by the well known top 25 management and top 25 IT consultancies according to the ranking of Lünendonk and hence the companies from the Lünendonk lists 2006 were approached. The companies from the top lists of Lünendonk are often considered the most attractive employers among the consulting industry in Germany (Heuermann 2003) as well as a preferred sample for research purposes (Mohe 2006).
Though the present research will examine only relatively limited number of consulting firms, given that these firms are the largest and most visible services providers in Germany, covering from 38% to 42% of the relevant markets during the studied periods (Lünendonk 2010a, 2009b, 2008b, 2007a and 2007b), they can therefore be considered representative for the consulting industry as a whole.

For the purposes of data qualitative data collection, a total of seven HR directors and managers from the top 25 management and IT consultancies in Germany were interviewed on site. The three HR directors were male, where the one was a senior partner responsible for all HR matters. The rest of the informants were at the position of HR manager and were female. All were university graduates either with academic background in management or jurisprudence.

In the context of concept mapping, the participants are clustered in a so called group of experts (Trochim and Cabrera 2005; Nabitz et al. 2001; Trochim 1989). This group is usually aimed at ranking the generated statements. In the present case it can not be spoken about a group of experts since the participants do not know each other and are also representatives from competing consultancies. However, they are experts from the same industry and were facing during the same periods similar influences caused by the industrial downturns. The group is as heterogeneous as far as the mutual industry allows it: the participants possess different professional backgrounds such as HR, controlling and finance as well as different hierarchical positions in terms of HR manager and senior HR staff as well as employees (consultants). Only three of the participants from the first stage (conducting in-depth expert interviews) took also part in the pool of experts at the second stage of the investigation.

Since external consultants are considered more objective when assessing organizational strengths and weaknesses (Simola 2005; Caywood and Stocker 1993), the self-assessment toolkit with respect to crisis-driven HRM, was applied by the author of the present investigation, having as a counterpart the HR manager who already participated at the previous two stages of the study.

3. Data processing and analysis

The interviews were audio taped, transcribed, and later coded. Transcripts were red and re-coded several times in order to get an overall sense of the meaning. All statements resembling major categories – part of the present indicator model - were than extracted. The statements were coded if there was a clear relation to the study and by using the Strauss and Corbin (1998) paradigm as well as by reflecting the research questions and the preliminary
propositions. In accordance to this paradigm; the different research heuristics part of the indicator model were applied for “distilling” the empirically grounded findings within the different categories.

The empirically grounded theoretical model of crisis-driven HRM in German consultancies was “distilled” gradually by a process of theoretical sampling until saturation of each category was reached. The exhaustiveness of the categories was ensured when the addition of new information achieves no change in the existing data and understanding (Amundson et al. 2004, Schwarz and Nandhakumar 2002).

While for identifying and formulating the categories characterizing the emergence and evolvement of crisis-driven HRM in German consultancies open coding (description) was used, for highlighting connections between the categories and associating concepts and patterns to them axial coding (analysis) respectively selective coding (explanation) were applied (Finch 2002).

At the stage of statistical analysis (cf. Fig 31), part of the concept mapping approach, for defining the necessary level of association and importance, mean, average and frequency were used.

Taking into account the notably small sample of experts and to ensure a high degree of a homogenous and explicit association of the items with a certain category/cluster an Association index was build as a ratio between the number of all item mentions per cluster higher than four, and the number of all items, as follows:

\[
\text{Association index} = \frac{\text{Nr of all item mentions per cluster} > 4}{\text{Nr of all items}} = \frac{46}{77} = 0.59
\]

Hence the Association index was used as internal benchmark for narrowing the number of associated items per cluster.

Both the Association index as well as the number of all items mentions higher than four per cluster was derived from a previously build association matrix.

Since, the second research objective refers to a prescriptive excellence model, not only the association of each item with a certain category should be considered, the relevance of each item for the success of crisis-driven HRM should be also ensured. For that purpose an Importance index was introduced as the Average of all eleven average means per cluster/category, which equals 3.74.

\[
\text{Importance index} = 3.74
\]
To range all clusters by their importance with respect to crisis-driven HRM in the certain context of German consultancies, the average mean per cluster was used, derived from a previously build importance matrix.

After applying the Association index, the Importance index was used as a second internal benchmark for further selecting the significant items in terms of importance. Both indexes were applied as for each cluster a point map was conducted.

Since, the sample of experts was relatively small, weights for each criterion, part of the excellence model could not be built, and hence those from the EFQM excellence model were partly adopted for the relevant categories and revised by following the importance range of all clusters.

When analyzing the data generated by the self-assessment toolkit, again the scores and formulas used by the EFQM award for excellence were applied for the purpose of assessing the crisis-driven HRM of the studied consultancy (Watson 2002). The author awarded certain scores for each sub-criterion, by using the evaluation scale of the assessment tool. After calculating the scores in percents for each criterion they were multiplied by the relevant weight (cf. Fig 45) and the result was the awarded points (cf. Table 22).

A company can achieve a maximum of 1000 points which are divided equally between factors and indicators. If factors are awarded at least 250 points and indicators respectively 200 points, the Crisis-driven HRM can be considered part of the Area of Excellence (cf. Fig 46). Similar to principle of the Genderdax Award (Domsch 2006), the closer a consultancy is situated to the upper right corner of the area, the more its crisis-driven HRM can be considered excellent.

4. **Limitations of the study**

The present study is subject to the general limitations associated with the field research but also has some specific limitations. The most considerable one refer to the sensitive matter of crisis-related context HRM especially for the reputation-driven business of consulting.

Considering the literature having the German consultancy industry as a research object, the following picture arises: while the contributions dealing with the consultancies as organizations are more conceptualized, the empirical research focuses on the client site (Mohe 2006; Mohe 2004: 54; Grün 1990). A possible explanation for such an outcome could be the attempt of consultancies to gain discretion (Gloger 2006; Mohe 2006; Ebrahimchel, Mohe and Sternzeld 2006). Hence, consultancies often refused participation in empirical
research not only against PhD students (Gillmann 2002) however well-known researchers as well (Mohe 2006; Kieser 2002, 2004).

This is a possible explanation why in spite of the intense communication with all the 50 companies was possible to win a relatively small number of participants for the present study which in turn influenced not that much the qualitative part, rather than the quantitative part of the study. Hence, in order to ensure relatively representative results, the internal benchmarks used were highly restrictive.

Further limitation with regard to the qualitative part of the present investigation can be considered the fact that only the author of the present work was involved in the saturation process of theoretical sampling which in turn may result in subjectivity with respect to the emergence of the single categories.

Another limitation closely related to the origin of the latter refers to possible biases resulting from the fact that the author was the sole assessor awarding the scores as part of the crisis-driven HRM audit.
IV. Results

1. Crisis in the context of the German consultancy industry

Since crisis context may be significant in explaining some particular aspects of the crisis-driven HRM, it is necessary to give brief outline of the different aspects and implications of crisis the case-study consultancies were facing during the studied period (2001 – 2003). Not only these findings, but the complete outcome of the “Results” chapter is compared against findings prior to 2007, the year when the interviews were conducted, as well as against recent references.

Following the outcome in Table 3, there are crisis-driven aspects shared by all experts and on the other hand some particular facets typical only for some of the case-study companies.

Changed market conditions for the German consultancies

In accordance with Nelson (1995) as well as Nelson and Winter (1982) the crisis faced by all consulting firms can be defined as changed market conditions, particularly in two aspects – market and price decline.

At all case-study consultancies the HR managers and directors have experienced it as an economic and industrial slowdown in terms of market decline (FEACO 2002, 2003). They explain when due to the overall economic crisis (the so called Tech bubble) most clients stopped or postponed consulting projects which in turn resulted in excess capacity and labor costs increase (Gloger 2006).

The second aspect which contributed to an enormous personnel costs increase in German consulting firms was a significant fees’ decline, partly about 50%.

…wir haben teilweise Tagessätze von über 1500 Euro gehabt, wo man jetzt nur noch 700 oder 650 € zahlt für haargenau die gleiche Leistung. Und des ist (...) halt immer sukzessive, immer weiter runter gebrochen, dann (...) (E.E.)

This finding is congruent with those of Armbrüster and Kipping (2003) as well as Graubner and Richter (2003) revealing a long-term development of a price-based competition.

The HR director at E-Consulting revealed that even large and growing consultancies experience that margins are under strong pressure (BDU 2003; FEACO 2003; Armbrüster and Kipping 2003) and that some of them even offer services to their clients for free in order to maintain the relationship in hopes of better times (Graubner and Richter 2003)
quasi, weil viele auch in SAP-Markt sehr stark tätig sind, da sind sie noch extremer (...) zusammengebrochen, (...) heißt quasi da hat man einfach gemerkt, SAP selber hat sich nur noch auf paar Partner konzentriert, die Partner waren sehr groß und die haben dann einfach nur um ihre Mitarbeiter, ... auf die Fixkosten haben sie ehe gesessen, haben ihre Mitarbeiter einfach kostenlos angeboten z.B. Dann haben Sie, wenn Sie ihre Mitarbeiter regulär anbieten oder mit Rabatten von 20-30% überhaupt keine Chance, wenn jemand ein Rabatt von 100 Prozent gibt (E.E.)

Crisis as an unexpected threat

In accordance to the central aspects of crisis in organizational settings (cf. Chapter II.2), at all case-study consultancies, apart from D-Consulting, the personnel costs crisis was experienced as an unexpected situation

Durch die fetten Jahre vorher, waren BU verwöhnt und nicht auf die Krise eingestellt. Da sie immer die Einstellung „Koste es was es wolle“ hatten, haben selber nie Kostenmanagement durchgeführt (C.C.)

of a high magnitude especially regarding personnel cost pressure (Fritzel and Vaterrodt 2002), representing a substantial threat or even impossible further existence of the organizational setting.

However regarding the latter, HR directors and managers at the different case-study consultancies perceived the extent of the threat in different ways. The one manager at C-Consulting defined the crisis not as a question of surviving rather than as not reaching planned growth rates. In his opinion „Das Wasser stand denen nicht bis zum Hals“(C.C.).On the other hand E-Consulting was forced to sell entities and to please creditors through arrangement with creditors.

Specific trends at the different consultancies

Studying Table 3, some additional trends to the different cases can be outlined, described as “home made” issues by the relevant HR executives. They commented that outdated consulting expertise both in terms of know-how and skill set led also to sales decrease (FEACO 2003).
Irgendwann war das Skill überaltert. Wir konnten die Mitarbeiter nicht mehr in Projekt reinbringen, sicherlich auch begründet zum Teil unter der nicht so konsequenten Benutzung von PE Instrumenten (A.A.),

Es gibt Beratungshäuser ... ein ganz extremes Beispiel zu nennen, die haben sich um die Euro-Umstellung und Jahrtausend Zweitausend Anpassung gekümmert vor 6-7 Jahren. ... Projekte nach Euro-Umstellung, nach dem(...) Jahrtausendwechsel, dann nicht mehr kamen und hatten auch wenig Vorbereitungsmaßnahmen getroffen (...) um neue Themen zu kümern (D.D.)

man hat es wieder verpasst in Produktentwicklung zu investieren (C.C.)

Along with the above introduced reasons, at E-Consulting there are some special personnel effects such as adopting most of the freelancers as company employees;

in 97, 98 Scheinselbstständigkeit war, haben wir quasi die Freiberufler in Angestellten Verhältnisse rüber geswitcht ..., dass sie als Freiberufler eigentlich sehr gut verdient haben, und die wollten danach auch als Angestellte sehr gut verdienen, ... die waren sehr durch des, dass die früher Freiberufler waren, sie von der Vergütung sehr weit entgelt. Also sie waren außerhalb jeglicher Ranges gelegen (E.E.)

as well as launching many mergers and acquisitions without ensuring a well functioning integration afterwards.

Wir waren halt wie alle anderen vom neuen Markt den typischen Fehler gemacht, viel zugekauft, dann Fehler bei der Integration gemacht (E.E.)

Applying the categorization of Olson, van Bever and Very (2008) regarding the most probable root causes for a growth crisis to the above introduced specific trends, it covers all of them. The authors distinguish among the following four categories: premium position captivity; innovation management breakdown; premature core business abandonment and talent bench short fall (Olson, van Bever and Very 2008) whereby each of them refers to a certain consultancy.

On the one hand disdain, denial, and rationalization kept the all-partner committee at C-Consulting from responding meaningful and timely to the changed market conditions and on the other hand they missed to use the market decline as a chance to invest in R&D projects for developing new consulting services. While at E-Consulting the attention on the core business was diminished by growing to fast in new service areas, at A-Consulting the
absence of a market-adequate skill-set increased the negative consequences of the market decline.

In contrast to the other case studies D-Consulting has not experienced any crisis, due to their sustainable anti-cyclic growth and innovative attitude towards product development. Following the case of D-Consulting as well as the reports of Lünendonk and BDU reflecting both recessionary periods – the one of the Tech bubble and the other of the Global financial crisis 2008 - 2009 – despite the general trend of market decline there are still consultancies achieving increased revenues in times of crisis (Lünendonk 2010a, 2010b; Lünendonk 2003; BDU 2003).
Table 3: Types of crisis faced by case-study companies

<table>
<thead>
<tr>
<th>Types of crisis</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>D-Consulting</th>
<th>E-Consulting</th>
<th>F-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market decline especially in the financial industry</td>
<td>Market decline</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legitimacy/ credibility crisis</td>
<td>Skill set and know-how are not market adequately</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Consulting fees pressure</td>
</tr>
<tr>
<td>Developmental crisis</td>
<td></td>
<td></td>
<td>Growth crisis</td>
<td></td>
<td></td>
<td>Too many prior mergers and acquisitions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Salary “explosion” between 1995 and 2000 due to compulsory “adoption” of freelancers</td>
</tr>
</tbody>
</table>
2. Evolutionary object in terms of CD HRM in German consultancies

2.1. Crisis-driven HR strategy

Studying Table 4 reveals several patterns showing only few differences among the studied consultancies regarding the HR strategy in terms of an organizational response towards changed market conditions.

*Interaction between the overall business strategy and the HR strategy*

Most of the HR executives are aware that personnel strategy respectively management should be derived from the overall business strategy not only in times of crisis (Economist intelligence unit 2009), “… an der Unternehmensstrategie spiegelt die Personalpolitik wieder, egal ob sie bei der Personalgewinnung oder Entwicklung bis hinaus zur Mitarbeiterbindung … (E.E.)”. They are also aware about the necessity of such interrelation between crisis-driven HRM and the holistic crisis management during industrial slowdown. They considered the first part a logical consequence of the second.

*Man kann nicht viel allein aus Personalmanagement machen, um aus der Krise herauszukommen ohne sich die Marktseite anzuschauen (F.F.)*

*…, am Markt mit Beratungsleistungen … präsent ist, die eben eher krisenunabhängiger sind (D.D.)*

Congruent with the evolutionary perspective, the main objective of successful crisis-driven HRM is to contribute actively to the surviving of the firm. The HR directors and managers at all case-study consultancies shared same understanding about the crisis-driven personnel strategy in the studied period 2001 – 2003.

*… das Leitziel war schlichtweg, ..., der Unternehmenserfolg ... heißt quasi dies war vom Unternehmenserfolg insbesondere, von den Zahlen getrieben ... vernuenftige Zahlen wieder schreiben ...(E.E.)*

*… war das Ziel, ..., dass halt B-Consulting weiter am Laufen bleibt und dass man diese Phase übersteht ... (B.B.)*

*... was wichtig ist, dass man ... gut herauskommt aus der Situation (F.F.)*

Only at D-Consulting, where the consultancy did not experience any personnel cost pressure, the HR strategy was about *sich verstärkter als Arbeitgeber zu positionieren (D.D.)*. However, asking the HR director what should be the strategy of the crisis-driven HRM if D-Consulting would face a personnel costs crisis, he answered similar to his colleagues…, *dass*
es mir nach einer Krise wieder gelingt sehr schnell in eine sehr gesunde Situation hineinzukommen …(D.D.)

**Proactive vs. reactive organizational response**

Interestingly all case-study consultants developed crisis-driven strategies and applied crisis-driven practices in their clients organizations, however when the first time the German consulting industry faced dramatically changed market conditions, their strategy was reactive rather than proactive. It seems they were taken by surprise.

*Man kann hier von keinem Kriesenpersonalmanagement reden, man hat einfach improvisiert obwohl man es so viele Male bei den Kunden eingeführt hat … es fehlte einfach an Erfahrung, es wurde teilweise falsch reagiert …*

(C.C.)

One possible explanation for such behavior could be that consultants are claimed to be “notoriously bad at managing their own firms” (Graubner and Richter 2003: 48). Other explanation could be the long decision-making process. While at C-Consulting “Alle Partner (60 bis 70) sammeln sich zusammen, deswegen vielleicht haben die zu spät reagiert, aber dafür drastischer” (C.C.), at F-Consulting due to the small size the organizational response was faster, “Da wir nicht so riesig sind, ist es halt anders als wenn Sie sich mit einem riesigen Konzern zusammensetzen. Es sind halt kurze Entscheidungs- und Anwendungswege bei uns.“ (F.F.)

However, all HR executives became aware that the biggest lesson they have learned during this industrial slowdown was next time to ensure a better crisis preparedness to respond pro-actively to the changed market conditions.

*Ja, wir haben daraus gelernt aber ehe proactive damit umzugehen, nicht die Dinge auf uns kommen zu lassen, sonmdern wirklich schon eine gute Basis, um wesentlich besser mit solchen Krisensituationen umzugehen (A.A.)*

Again only at D-Consulting, there was a pro-active HR strategy aimed at ensuring high flexibility through internal employability in order to avoid possible excess capacities.

*Flexibel heißt in aller ersten Linie, dass viele Kollegen viel können … es gibt viele Branchen, es gibt viele Themen in denen mal mehr oder weniger Bedarf besteht. Und (…) je breiter unsere Kollegen Erfahrungen haben … in der Lage sind, sowohl eine Strategie zu entwickeln, als auch ein Kontrollensystem einzuführen oder mal SAP – Umsetzung zu begleiten (…)*
dann sind sie irgendwie weniger abhängig davon wie sich bestimmte Absatzmärkte entwickeln. (D.D.)

**Shift in the personnel strategy**

Table 4 illustrates some special crisis-driven goal setting with regard to HRM such as to consolidate, but on the other hand to retain as long as possible and as many as possible employees, to ensure a market adequate skill set, to minimize employees’ anxiety and uncertainty or in general to provide the backbone upon which to build the desired success of the significant organizational change.

However, all HR directors and managers report a clear *shift of the strategic focus* away from growth and recruiting towards restructuring, and in particular towards downsizing activities combined with re-deployment and other alternatives to personnel cost reduction. Such trend occurred in a relatively drastic way in four cases. The HR manager at A-Consulting recall her experience

*Ich denke mal die Rekrutierung stand in den letzten Jahren schon sehr deutlich im Hintergrund, im Vordergrund stand dann die Konsolidierung, d.h. …, durchaus eine Personalreduzierung …, das war unser primaeres Ziel, daneben natürlich auch die Mitarbeiter entsprechend zu qualifiziert anhand der Marktanforderungen … Auch … natürlich schon da drauf gucken wie kann man nach Möglichkeit die Arbeitsplätze erhalten (A.A.)*

A similar picture occurred at B-Consulting and F-Consulting, where both HR executives share alike experiences during the same period of industrial slowdown:

*Wir hatten natürlich immer Rekrutingziele, die waren nicht mehr da … Rekruting war kein Fokus mehr … Das gab’s nicht mehr. Im Gegenteil … dann ist auch der Druck da wie man auf dem Markt auftritt, wenn man weiter ja visible sein muss und dann ist ja natürlich der Druck da, mit dem Konsolidieren und auch mit Restrukturierungsmaßnahmen (B.B.)*

*Wir Rekrutieren ganz gezielt anhand Anzeigen in der Physikjournal … und in Periode der Krise haben wir dies zurückgefahren …(F.F.)*

At C-Consulting the original personnel strategy to downsize was replaced by one aimed at retaining as many as possible consultants by finding alternative practices to downsizing.

*Es wird riesiger Aufwand betrieben, um die Besten zu rekrutieren. 2001 ist die IT Blase geplatzt u. 2002 hat man sich von diesem wertvollem asset zu
aggressiv getrennt. Im Nachhinein dies hat sich auch das Negativ herausgestellt, zu teuer ... später hat man von den Fehlern gelernt; es wurde weniger Personal entlassen (C.C.)
<table>
<thead>
<tr>
<th>Strategy</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>D-Consulting</th>
<th>E-Consulting</th>
<th>F-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reactive response</td>
<td>Consolidate through downsizing</td>
<td>Ad hoc and reactive response</td>
<td>Growth-oriented business strategy</td>
<td>Overall business strategy based on moderate growth, innovation, customer focus and quality</td>
<td>To survive</td>
<td></td>
</tr>
<tr>
<td>Consolidate through downsizing</td>
<td>Retaining all employees as long as possible</td>
<td>Moderate cost cutting with regard to personnel-related costs</td>
<td>Sustainable growth through strict selection criteria</td>
<td>To survive and to concentrate on core competencies</td>
<td>Retaining all employees as long as possible</td>
<td></td>
</tr>
<tr>
<td>Ensure a market adequate skill set through a natural attrition</td>
<td></td>
<td></td>
<td></td>
<td>Ensuring personnel flexibility through external and internal employability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retaining all employees as long as possible</td>
<td></td>
<td></td>
<td>Employees retention through training and career development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td></td>
<td></td>
<td></td>
<td>Increasing employer visibility</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2.2. Process-related aspects of CD HRM

The first research question posed can now be answered by reporting the categories identified from the data collected in view of process-related personnel practices. HR executives at the case-study consultancies become aware about the significance of process-related (hr) practices for the purpose of a pro-active crisis-driven HRM and in particular for ensuring effective crisis preparedness.

Early warning system

Since some of the developments take years until they affect the sales volumes, an early warning system, observing, capturing, analyzing and forecasting market trends, is considered a significant process-oriented crisis-driven (hr) practice by all participants (BDU 2009; Lünendonk et al. 2009).

Ein pro-aktives Krisenpersonalmanagement beinhaltet Frühwarnung mit den entsprechenden Kriterien wie Umwelteinflussfaktoren (E.E.)

Das Ohr am Markt auf einer Seite zu haben, also am Markt für Produkte und dann auch am Arbeitsmarkt zu haben. Welche Veränderungen gibt es dort? Wie wirkt sich das aus? (D.D.)

In congruence with the recent theory (Gutmann 2009), all HR executives consider an integrated criteria catalog and predefined information sources related to those observable criteria the core of a well functioning reporting system on a regular basis:

Frühwarnung mit den entsprechenden Kriterien wie Umwelteinflussfaktoren in einem Kriterienkatalog organisiert … um die Zukunft zu prognostizieren (E.E.)

Although the early warning system at D-Consulting is based not on an entirely systematic catalogue of indicators, the practice is still contributing effectively to an early detection of crisis.

Wir haben eine ganze Reihe von verschiedenen Indikatoren, … einige, die dabei ja auch nicht, in den Offenen kommuniziert werden. Irgendwie achten wir, wie sich der Markt verändert. Die Beobachtungen sind zum Teil systematisch …und zum Teil aber eher zufällig … (D.D.)

The participants in the study distinguish between external and internal sources with regard to an early warning system as part of a crisis-driven HRM. As external sources the HR executives at both A-Consulting and D-Consulting name the relevant press, as well as informal networks (Clemens 2003).
Like other large consultancies at D-Consulting interviews with candidates (Bazler and Klaus 2000) are also used as a source for monitoring information about coming changes affecting both the consulting services offered by the company and the labor market.

At A-Consulting, C-Consulting and F-Consulting regular reviews and corporate reporting are used as internal sources of information with regard to an effective early warning system (Atkinson, Mackenzie and Thomson 2010).

*Long-term HR planning*

An HR planning tool, both in quantitative and qualitative terms can be considered an internal source with respect to an early warning system

… *Personalplanung heißt wirklich dadrauf zu schauen was brauche ich an Mitarbeiter, neue Mitarbeiter oder aber gibt es Tendenzen, dass wir Mitarbeiter eben abbauen müssen, wo müssen wir qualifizieren?* (A.A.)

Congruent with Wells (2002) the managers at A-Consulting and D-Consulting believe that a proactive HRM approach, including a long-term personnel planning will minimize the likeliness of a company to experience crisis - … *das hoert sich jetzt nicht nach Krise an …* (A.A.)

2.3. *Operational aspects of CD HRM*

Taking into account the coding paradigm of the grounded theory method, the key categories distilled from the interviews are congruent with those from the literature review introduced in Chapter II.3. This means the following sub-chapters go after the flexibility framework (cf. Fig 11 and Fig 13) and more particular after the dimension of *action-oriented flexibility* (Kaiser et al. 2005) distinguishing among functional, numerical, time-related and financial crisis-driven HR practices in German consulting firms.

Table 5 gives an overview of the different types of operational crisis-driven hr practices across all the case studies being part of an organizational response towards changed market conditions.
<table>
<thead>
<tr>
<th>HR practices</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>D-Consulting</th>
<th>E-Consulting</th>
<th>F-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerical</td>
<td><strong>Downsizing along with severance program, outplacement and job application manual</strong></td>
<td>Recruitment freeze</td>
<td>Recruitment free but then followed by selective recruitment</td>
<td>Direct search and proactive recruitment</td>
<td>Long-term HR planning</td>
<td>Recruitment freeze</td>
</tr>
<tr>
<td></td>
<td><strong>Downsizing along with outplacement and AP</strong></td>
<td>Attrition</td>
<td>Strict selection</td>
<td>Cooperation with former employees as freelancer</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outplacement along with AP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Longer career paths</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional</td>
<td>Performance appraisal</td>
<td>Global assignment</td>
<td>Performance appraisal</td>
<td>Training needs analysis</td>
<td>Internal projects</td>
<td>Training and development</td>
</tr>
<tr>
<td>Retraining/Redeployment</td>
<td>Retraining / Redeployment</td>
<td>Global assignment</td>
<td>Internal employability through regular on-the-job training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEO change</td>
<td>Management trainings</td>
<td>Internal projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time-related</td>
<td>Part-time employment</td>
<td></td>
<td></td>
<td>Four and three-day week</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sabbatical</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Travel costs reduction</td>
<td>Relatively high variable pay</td>
<td>Performance-related pay</td>
<td>Performance-related pay</td>
<td>Performance-related pay</td>
<td>Pay shortage</td>
</tr>
<tr>
<td>Training costs reduction</td>
<td>Travel costs reduction</td>
<td>Travel costs reduction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

129
2.3.1. Numerical crisis-driven HR practices

The findings regarding numerical aspects of crisis-driven HRM in consulting firms go in two directions: the one refers to the mostly used practices in this industry and the other to the general attitude and experience consultancies share about recruiting consultants and graduates in times of crisis.

“Grow-or-go” policy combined with career transfer

Answering the research question posed in the relevant sub-chapter (cf. Chapter II.3), the HR managers at A-Consulting, B-Consulting and C-Consulting report downsizing activities including financial settlements, in addition to the common practice of enhancing the natural attrition combined with a career transfer support.

For the purpose of downsizing, the selection criteria at A-Consulting are “Welchen skills bringen die Mitarbeiter mit? In welche Richtung möchte sich das Unternehmen zukünftig ausrichten? Ist dieses Skill dann noch nutzbar? Das hört sich jetzt etwas schrecklich an, aber ich muss es einfach da drauf reduzieren: Ist dieses Skill noch nutzbar im Unternehmen? Haben wir die Möglichkeit diesen Mitarbeiter eventuell zu reskillen, d.h. in ein anderes Thema hinein zu bringen? Und dann natürlich die Auslastung der vergangenen Monate, d.h. wie stark war der Mitarbeiter ehe schon in den Projekten oder halt nicht in den Projekten. Und das waren ganz grob gesehen die Kriterien” (A.A.).

A similar picture with regard to the downsizing-related selection criteria emerged at B-Consulting. According to the HR manager it was important to answer the following questions “Wen brauchen wir? Wer ist wichtig für das Unternehmen? Wer kann innerhalb seines Rahmens gewisse Dinge noch bewegen? Und Wer ist in dem Bereich, dem es wirklich nicht mehr so gut geht finanziell? (B.B.).

A lessons learned at C-Consulting was that at the beginning of the slowdown the company downsized too aggressively their precious personnel in which they have invested so much, afterwards it turned out to be to expensive (C.C.).

Another numerical practice, again based on separation, appears to be more effective compared to downsizing – the natural attrition based on the “grow-or-go” / “up-or-out” policy (Perkins 2008). Due to several reasons such as maintaining the income pyramid, ensuring the best possible human resources and maintaining the ability for fast restructuring of certain service lines (Heuermann 2003; Bazler and Klaus 2000) this policy is valid for most of the large management and IT consultancies.
Here the message expressed by the HR directors and managers at A-Consulting, C-Consulting and D-Consulting is not to compromise rather than to deal in a consistent manner with underperformance.

... von den Leuten, die trotzdem den Prinzip „Grow or go“ nicht erfüllt haben u. weiter im Unternehmen geblieben sind, doch loswerden ... (C.C.)

The HR manager at A-Consulting goes even further and considers the consequent implementation of the grow-or-go policy a central part of a proactive crisis-driven HRM

das sind ... Praktiken ... für uns speziell als Unternehmen ... wichtig und notwendig gewesen um eben solche Krisensituationen, die sicherlich auch irgendwann wieder kommen werden ... vielleicht ein Stück besser gewappnet zu sein, d.h. da immer wieder darauf zu schauen „Wie ist die Leistung eine Mitarbeiter gewesen?“, „Gibt es auch Situationen, wo man sich auch unterjährig von einem Mitarbeiter trennen muss?“, d.h. also hier wesentlich stärker für eine natürliche Umweltfluktuation zu sorgen. (A.A.)

Table 5 reveals that at all case-study consultancies where downsizing activities were executed additional practices facilitating this transfer were also applied. Such practices are severance program, financial settlements, exit interviews and outplacement. The latter comprises not only coaching and training materials but also a placement among clients if possible (Kaiser 2006).

According to the HR managers at A-Consulting and B-Consulting the training and coaching aspect of the outplacement practice was addressing predominantly the 50+ employees or “employees who have not been since a long time at the labor market”. Due to their seniority and the relatively long time spent within the same company employees have developed more specialized skills and it has been a long time since they have written resume, had an interview, or have networked (Mishra, Spreitzer and Mishra 1998).

Obviously during “good-weather” conditions successful placement of former employees among clients (Biswas and Twitchell 2002) is more likely compared to times of economic downturn when clients are also facing a personnel costs crisis.

Congruent with the posed proposition regarding the use of downsizing practices as ultimo ratio, the data collected from the expert interviews reveals that each case-study consultancies, being aware about the fact that consultants are “there most valuable asset”, first asked the question „Kann man da andere Lösung finden oder muss man sich von den Leuten trennen?“ (B.B.)
Recruitment in times of crisis

Table 5 shows that if not downsizing all case-study consultancies apart from D-Consulting have applied at least at a certain stage recruitment freeze. However, since recruitment provides consultancy with the “raw material” on which all the subsequent efforts in terms of knowledge management have to be based (Engwall and Kipping 2003) it remains a central aspect of HRM even in times of crisis.

At F-Consulting, after a one year period, the top management has recorded that they are missing certain age groups, those who graduated during the economic slowdown (Phillips 2008).

Wir Rekrutieren ganz gezielt anhand Anzeigen in der Physikjournal … in der Periode der Krise haben wir dies zurückgeführt … Danach haben wir gemerkt, dass es uns gewisse Jahrgänge von Physikabsolventen fählen … (F.F.)

Thus they stated recruitment freeze as a disadvantage of their personnel response towards changed market conditions. According to the HR director a highly selective recruitment in both qualitative and quantitative terms should be part of an effective crisis-driven HRM.

A similar picture emerged at C-Consulting, where at the beginning the company applied recruitment freeze, however later they have noticed that the similar behavior of their competitors present a chance to them (Heuermann 2003) to recruit the very top candidates which otherwise could prefer another top consultancy.

Studying again the overview of the numerical personnel practices (cf. Table 5) only D-Consulting has applied direct search and proactive recruitment in times of changed market conditions. As previously introduced this is the single case-study consultancy which has not experienced any personnel costs crisis during the period 2001 - 2003. Thus they have tried to use the crisis as a chance (Heuermann 2003) and to attract really the best candidates.

... leichter ansprechba für ein Wechsel zu Arbeitgeber, also ein Unternehmen, das eben wächst, das Dinge bietet und das haben wir in der Zeit sehr intensiv genutzt. Also, die Direktansprache von anderen Beratern (D.D.)

Central to their employer attractiveness are the opportunities a growing consultancy can offer in contrast to those that downsized.

die Möglichkeit sich verstärkter als Arbeitgeber zu, zu positionieren, noch stärker davon zu weisen, dass es uns gut geht, dass wir wachsen, dass wir sehr profitabel wachsen und da haben sich in solchen Zeiten natürlich seht
gut von anderen Beratungen abgrenzen, die eben nicht wachsen, die Personal abbauen müssen (D.D.)

However, all direct search and proactive recruitment efforts at D-Consulting are still based on very demanding and selective criteria. Thus, they are not approaching the labor market, because according to the HR director not necessarily the best consultants are downsized. He goes even further and states that organizational growth in general should not been at the expenses of the quality of personnel.

... wir wollen nicht (...) Menge einstellen sondern nach wie vor Qualität einstellen und wenn es das nicht möglich dann wachsen wir eben weniger schnell (D.D.)

Start-up foundation

Though founding an own firm seems to be a regular practice for partners from established practices (Biswas and Twitchell 2002), there is no evidence of use of such numerical practice across the six case-study consultancies. The F-Consulting itself was found as such enterprise in 2001, however it was not a decision influenced by the economic slowdown.

2.3.2. Functional crisis-driven HR practices

Table 5 shows that internal R&D projects, retraining, redeployment and performance management are the functional personnel practices mostly used as part of the crisis-driven HRM of the case-study consultancies (Brideson and Blake 2009).

Internal projects

Since the consulting outcome can be present as intellectual capital, there is always need for doing research and developing new services (Nelson 2009; Schwenker 2003). On the other hand, in good-weather times, when the consulting industry is booming, consultants are more focused to book chargeable hours instead to take time for research and development (Schaudwet 2003).

Congruent with these findings internal R&D projects appear to be considered at C-Consulting an effective practices aimed at both retaining people during crisis and gaining competitive edge. Thus consultants not involved in clients' projects can be used for
elaborating studies, market analysis as well as developing new consulting services which occurs in three of the case studies.

Retraining and redeployment of consultants

Congruent with other research on crisis-driven practices (Economist intelligence unit 2009) with respect to functional flexibility of human resources, retraining and redeployment of consultants occurs in four cases as a common practice not only in times of crisis:

Zum einen natürlich haben wir versucht Mitarbeiter entsprechend zu qualifizieren, d.h. wir haben festgestellt welche Mitarbeiter können nicht mehr in Projekte rein gebracht werden, in die Projekte, wie es notwendig wäre (…) Mitarbeiter versucht eben zu qualifizieren und da drüber hinaus in neue Themen hinein zu bringen, in Projekte hinein zu bekommen (A.A.)

The HR manager at B-Consulting recalled her experience:

… welche Themen werden einfach von Kunden nicht mehr angefragt, dass man dann versucht die Kollegen, die in diesen Themen sind durch Fortbildungsmaßnahmen wieder in eine andere Richtung zu bringen, was wirklich am Markt gefragt wird … (B.B.)

At D-Consulting where the consultancy did not experience any personnel cost pressure during the studied period, the HR director shares the understanding that ensuring high internal employability (Kaiser et al. 2005) of consultants helps consultancies to response pro-actively (Prisching 1994) towards changed market conditions:


Furthermore all HR executives claim that continuing training investment in difficult times can sharpen organization’s competitive edge when a recovery begins to appear (Brideson and Blake 2009; Gandolfi 2009).
**Performance management**

Another functional personnel practice, well known from good-weather conditions, referring simultaneously to numerical and financial aspects of crisis-driven HRM, is performance management. Implemented on a regular basis by the performance managers this practice gives a clear guidance in which direction personnel should be further trained and developed to avoid an inadequate skill set in view of the market requirements (Brideson and Blake 2009; Economist intelligence unit 2009).

*Ich denke mal was verstärkt passiert ist eine stärkere Fokussierung auf Personalentwicklung direkt zwischen Führungskraft und Mitarbeiter, d.h. da wesentlich verstärkter auch darauf zu schauen wohin entwickelt sich der Mitarbeiter. … d.h. da immer wieder darauf zu schauen „Wie ist die Leistung eine Mitarbeiter gewesen?“, „Muss ein Mitarbeiter … stärker in eine Qualifizierung reingehen? „JA, wir haben daraus gelernt, aber ehe im Sinne von proaktiv damit umgehen, nicht die Dinge auf uns zukommen lassen, sondern wirklich schon eine gute Basis, um wesentlich besser mit solchen Krisensituationen umzugehen. (A.A.)

---

**Re-staffing of key positions**

Congruent with Lünendonk et al. 2009, Dubrovski (2004) and Bergauer (2003) the change of the Chief Executive Officer (CEO) at A-Consulting appears to be crucial for the purpose of a successful crisis management. In particular, such change can result in a higher motivation for the employees.

*Der neue CEO ist praktisch mitten in der zweiten Welle zu uns gekommen, (…) und seit dann gibt es, (…) und ich denke Mal das hat auch dazu geführt, dass die Mitarbeiter hier gespürt haben hier passiert tatsächlich etwas (A.A.)

The same HR manager states, since the new CEO came from outside with a new vision how to stir the company outside the “danger zone”, there can be a conflict between the top and the line management in terms of the new strategy. This in turn could lead to a separation with some line managers.

*die Geschäftsleitung von seiner Seite auch gesagt haben, „…dass wir uns trennen, weil so wie wir den Erfolg, die zukünftige Struktur und Vision und auch die Werte, so wie wir sehen kommen wir einfach nicht zusammen“(A.A.)
International assignments

Regarding the question whether international assignments can be considered an effective functional personnel practice in times of economic slowdown, there are two controversial opinions reflecting the recent discussion in the relevant literature (Nelson 2009; Phillips 2009). While at C-Consulting such practice seems to be an appropriate alternative to downsizing “es ist ehe notwendig, dass man aus „personalreichem“ Deutschland Berater ins Ausland zu entsenden” (C.C.), at B-Consulting the HR manager doubts about it effectiveness due to the fact that the other countries were also affected by the economic slowdown “nur dass die Krise nicht nur Deutschland betraf sondern auch andere Länder war da natürlich schwierig zu wechseln (B.B.).

2.3.3. Time-related crisis-driven HR practices

Studying Table 5 reveals that during the period 2001 - 2003 personnel practices related to time flexibility are less used at the case-study consultancies compared to numerical, functional and financial flexibility. According to the findings overview such practices are part-time employment and sabbatical programs. Only two consultancies applied time-related personnel practices as organizational response towards changed market conditions, however at E-Consulting the part-time employment turned out to be ineffective and was later replaced by a financial practice.

In contrast to the other consultancies, at B-Consulting both practices part-time employment and sabbatical were introduced during the economic slowdown, which are still popular.

… zwei Dinge eingeführt, was wir heute noch machen. Wir haben Teilzeitmodell, dass … man auch in Teilzeit arbeiten kann und wir haben Sabbaticalprogramm, das jemand auch mal eine Auszeit nehmen kann (B.B.)

The initial purpose was to find an alternative to downsizing, however after the economy recovered these practices served work-life-balance purposes.

… damals war es so … man rechnet immer in Köpfen. Und wenn man es jetzt 50% reduziert, kann man zwei Mitarbeiter retten so zu sagen, und wenn beide auf 50% gehen anstatt sich im Zweifel von einem trennen zu müssen (B.B.)

…das läuft noch weiter, weil die Berater, wenn die mal ein halbes Jahr Auszeit nehmen können oder Mal ein halbes Jahr nur zwei, drei Tage in der Woche arbeiten dann ist es auch wunderbar (B.B.)
According to the experience of the HR manager at B-Consulting, shared also by some of the other experts, there are two crucial aspects to keep in mind when introducing such practices: a flexible duration since *manche sagen: „Ich will einfach nur drei Monate zu Hause sitzen und mich um meine Familie kümmern“*. Der nächste möchte ein MBA machen, andere möchten mal ins Ausland ein Jahr (B.B.) as well as to offer those optional rather than obligatory to the employees, according to the experiences made at C-Consulting.

2.3.4. Financial crisis-driven HR practices

Generally speaking there are three possible personnel practices in terms of financial flexibility which are also used by the case-study consultancies (cf. Table 5) as part of their crisis-driven HRM: *salary reduction, performance-related compensation and decrease of other personnel-related costs* such as travel expenses.

Since pressure on margins reported by the case-study companies is inevitable during economic and in particular industrial downturn when consultancies experience personnel costs crisis, this pressure affects also employees’ salaries (Brideson and Blake 2009; Heuermann 2003; Kohr 2000). In this context the HR director of E-Consulting argues that under such circumstances the organizational response will be either to downsize the number of employees or to reduce in a certain way their salaries.

The salary reduction was chosen by the smallest case-study consultancy (F-Consulting) and probably its small size in terms of headcount and the open internal communication helped them to avoid negative side effects such as low acceptance due to lack of transparency regarding the relation between corporate losses and salary cut (Weissenrieder and Kosel 2002).

*Performance-related compensation*

Performance-related compensation based either on competencies or negotiated in advance goals or both, is a common practice in large German consultancies (Jones 2009; Pacey 2008; Frank, Optiz and Pudack 2002). Thus all of the case-study consultancies, apart from E-Consulting, have implemented such compensation models long before the economic downturn 2001 - 2003.

At E-Consulting the personnel costs crisis they have experienced caused by the industrial slowdown was the incentive to design and implement a competencies-based compensation.
... ich weiß zumindest, dass es schon seit 1998 gibt es z.B. von dem größten Personalberatern, sei es Kienbaum oder Mercer ..., als quasi DAS Kompetenzmodell oder als DAS Vergütungsmittel und Beurteilungsmodell ... Bei uns war alles bereits 2000 absehbar ... aber erst Juli 2005 das Vergütungsmodell wurde eingeführt (E.E.)

Again because of the changed market conditions the performance-related part increases in comparison to the fixed one (Heuermann 2003) as well as it is tied to the overall company performance rather than to the individual performance only (Graubner and Richter 2003).

wir haben... eine Unternehmensbeteiligung gemacht, also jetzt haben wir im Endeffekt Fixgehalt, persönliche Variable und Unternehmensvariable (E.E.)

According to the HR director of E-Consulting such performance-related compensation enhances on the one hand the extrinsic motivation to perform better and on the other hand ensures a higher job security.

das ist jetzt nicht nur ein reines Cuting, wo man sagt, ihr verdient weniger, ..., sondern ihr habt die Möglichkeit durch den Aufbau: Fixgehalt, persönliche Variable, Unternehmensvariable und Leistungsprämie noch mehr zu verdienen, aber es ist mehr leistungsabhängiger wie vorher, und es ist ...kann man sagen konjunktursicherer (E.E.)

Since bonuses are part of the variable pay, strongly depending on the overall company performance, it can be expected that in times of economic crisis they will significantly decrease.

... die Boni sind logischerweise zurückgegangen, da diese Anteile aus der variablen Vergütung ausmachen. ... weil der Einkommen in der Krise kleiner wird und so der Topf aus dem man für die variablen Anteile die Mittel schöpft kleiner ist (C.C.)

Thus, the following practice occurred at C-Consulting regarding performance-related compensation as extrinsic motivator in times of crisis (Phillips 2009):

Deswegen muss man die Gehaltspolitik noch transparenter machen, um so zu zeigen, dass die Besten obwohl weniger immer noch besser als die anderen bekommen (C.C.)
Decrease of other personnel-related costs

Another area of people-related costs - typical for the consulting business - is travel costs. Thus in times of a strong cost pressure all case-study consultancies try to discover ways how to decrease them.

Such intensive efforts occurred in three of the cases, where in each consultancy the considerations are different. While at B-Consulting the strategy is to travel less frequent instead of travelling for less money

Der Kostendruck war höher, auch bei denen was Reisen angeht, Spesen... ...
Nur die Anzahl, die Häufigkeit, z.B. man hat die Leute angespornt zu überlegen „Muss das jetzt sein? Muss ich wirklich dahin fliegen? … Es wurde aber nicht gesagt "man darf jetzt nur in 4 oder 3 Sterne Hotels "..." (B.B.)

at C-Consulting initially were chosen less expensive travel and accommodation options. However, after this decision led to a decreased motivation among frequent-travelling consultants, the consultancy re-negotiated the contracts with their suppliers and obtained more reasonable corporate rates in order to maintain same quality in terms of working conditions.

es ist immer bis jetzt so gewesen „Alles vom feinsten“, wenn es um Flieger, Hotels und Mietwagen gingen. Jetzt hat man bei diesen Kosten gespart, obwohl die „Überlebenden“ weiterhin eine 70-80 std. Woche hatten ... Auf einmal hat man auf die Kostenschraube gedreht und so das Luxusimage zerstört ... Man hat mit dem Kostenmanagement übertrieben und so ist eine Kulturdellen entstanden ...Kostenthema wurde nicht mehr so aggressiv angesprochen ... Reisekosten wurden nicht mehr angetastet; alles wurde „besser organisiert“: Z.B. Es wurden mehr Rahmenverträge unterschrieben und so hat man die Reisekosten gesenkt, ohne die Qualität dabei zu verletzen (C.C.)

At E-Consulting the considerations with regard to travel-costs decrease are client-oriented

die Reisekosten reduziert, ..., wir haben früher, klar, da haben wir nur 1. Klasse, ... Wenn Sie es jetzt nicht erreichen, dass er am Montag früh dort ist, weil Sie ihm nur 2. Klasse erlaubten, da haben Sie ein Problem. Deswegen ist es auch quasi kundenorientiert (E.E.)
Apart from travel costs there are also other personnel-related costs affecting the quality of work conditions which in turn influence the employee motivation. Such can be expenses for newspapers, magazines, coffee and corporate gatherings.

*Gut, ich kaufe keine Milch mehr für die Capuccinomaschine, es gibt keine Capuccinomaschine, dann sind meine Mitarbeiter nicht mehr motiviert (E.E.).*

*Klar wir hätten auch sagen können, so Oxfordmagazin gibt es erstmal nicht mehr, das Trainingprogramm ... bis wir wieder mehr verdienen. Das würden die Leute sicherlich auch übel nehmen. Was natürlich im Endeffekt die wichtigste Kenngröße ist, wo sich das widerspiegelt ist der finanzielle Unternehmenserfolg (F.F.).*

Cost containment with regard to personnel-related costs affecting quality of work conditions have to be done carefully, because *manchmal spart man bei einer Sache, die 30 € kostet und hat man Motivationsschaden für 1000 eingerichtet. Man hat es unterschätzt, dass Motivationstreiber ein starker Einfluss haben ... Fazit: dadurch hat man die Unternehmenskultur kaputt gemacht (C.C.)*

2.4. Institutional aspects of CD HRM

Table 6 gives an overview of the different types of institutional crisis-driven hr practices part of the organizational response towards changed market conditions.

2.4.1. Corporate culture

Table 6 shows that there are two main findings with regard to corporate culture in turbulent times, the one refers more to the first research question, and the other to second (cf. Chapter II.3).

*Corporate vision, values and leadership guidelines*

Following Robinson, Haupt and O'Reily (2009) as well as Balzer and Klaus (2000) there is a compelling need for a corporate vision especially when the organization is challenged to manage successfully a deep change. In accordance with such argument the HR manager at A-Consulting shares

*Wir haben Führungsleitlinien und Unternehmensgrundwerte entwickelt, ..., das sind aber jetzt weniger Praktiken um mit dieser Krisensituation zurecht zu kommen, aber für uns speziell ... wichtig und notwendig ... um solche*
According to her such practices have emerged from the forceful demand to give all employees a compass to manage the current turbulent situation, however there is a pro-active consideration as well, namely to contribute to a better crisis preparedness and to the establishment of a performance and feedback-oriented corporate culture (Atkinson, Mackenzie and Thomson 2010).

**Corporate events and team-building trips**

Congruent with the finding that corporate events such as barbecues and team-building trips, though costly are considered an investment, and could be justified even while, paradoxically, salaries remained frozen (Kamoche 2003), similar understanding regarding the employee motivation occur in two cases.

*Die „interne“ Mitarbeitermotivation bei Beratungsunternehmen ist sehr wichtig ... Es werden viele Ausflüge gemacht (C.C.)*

*... da hat bestimmt der Projektleiter abends dann die Leute eingeladen und ist mit denen Essen gegangen, weil das wichtig ist die Leute zu motivieren, die noch am Board sind, die müssen weiterhin einen guten Job machen. ... (B.B.)*

However, large corporate gatherings appear not to be accepted due to ethical considerations, especially at case-study consultancies where downsizing activities were conducted.

*Aber erklären Sie mal jemandem, den Sie kündigen müssen und Übermorgen findet eine große Party statt. Das versteht kein Mensch und dann kann man sich einfach nicht mehr in den Spiegel gucken (B.B.)*

2.4.2. Organizational structure

Compared to the other institutional crisis-driven practices the organizational structure does not appear to be such a central aspect within the crisis-driven HRM.
Re-design of the organizational structure

A real need for redesigning the organizational structure as a direct consequence of the changed market conditions occurred only in two cases (cf. Table 6).

... sich die Organisationsstruktur auch verändert hat, also auch als, ich will nicht sagen, präventiv Maßnahme, um aber einfach eine Konsequenz aus den externen Einflussfaktoren als eine organisatorische Veränderung gegeben ... und das war natürlich schon eine Konsequenz für die Mitarbeiter, die bekommen oftmals einen neuen organisatorischen Bereich haben, den sie auch zugehörten (A.A.)

Wenn Sie auf einmal, ..., über 150 Mitarbeiter weniger haben, gut, dann müssen klar die Organisationen abgespeckt werden (E.E.)

In addition, the HR manager at B-Consulting argues, that in every consultancy there is a reoccurring need for re-designing the organizational structure in order to address the changes in the strategy.

Wir sind innerhalb einer Matrixorganisation ... wie alle Beratungsunternehmen aufgestellt ... da gibt es immer wieder Bewegung ... das gehört in so einer Phase dazu, dass man überlegt was kann man zusammenfassen oder gegebenenfalls es lieber aufzugeben ... das ist eigentlich ein fortlaufender Prozess bei den Beratungen ...(B.B.)

Maintaining the pyramidal structure

To prevent the number of partners to increase too rapidly, many consultancies, especially those in the IT market have applied already during the industry boom a more elaborated hierarchy (Kipping 2002). Interestingly at C-Consulting which is a pure management consultancy a similar practice – prolonging the promotion durations – was adopted to maintain their pyramidal structure balanced.

... die Durchschnittszeiten zwischen allen Stufen verlängern ... so dass die komplette Pyramidenverbesserung nach hinten verlängert wird (C.C.)
<table>
<thead>
<tr>
<th>HR practices</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>D-Consulting</th>
<th>E-Consulting</th>
<th>F-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>Corporate values</td>
<td>Open and flexible</td>
<td>Corporate values</td>
<td>Maintaining employees motivation</td>
<td>Informal and technocratic</td>
<td></td>
</tr>
<tr>
<td>Leadership guidelines</td>
<td>Negative employee relationship climate</td>
<td>Strong involvement of junior employees</td>
<td>Collaboration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guidance and feedback culture</td>
<td>Large company events replaced by small project team gatherings</td>
<td>Informal culture</td>
<td>Maintaining team spirit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>Redesigning organizational structure</td>
<td>Lean matrix structure</td>
<td>Maintain pyramid structure not to downsize senior positions</td>
<td>Lean structure</td>
<td>Redesigning organizational structure</td>
<td>Lean structure</td>
</tr>
<tr>
<td></td>
<td>Ongoing redesign</td>
<td></td>
<td></td>
<td></td>
<td>Short decision making lines and fast implementation</td>
<td></td>
</tr>
</tbody>
</table>
2.4.3. Internal communication

To address all four research questions regarding communication as an institutional crisis-driven personnel practice (cf. Chapter II.3), the findings in Table 7 are grouped along the categories derived from the indicator’s model of the present study: sender, target groups, content of the messages, style as well as channels and means.

The expert interviews with the HR managers at all case-study consultancies show a mutual understanding that in times of crisis internal communication is not only aimed at informing employees about relevant aspects of the crisis-driven HRM, but also at persuading employees to participate actively, as well as to minimize their insecurity and anxiety and hence to avoid resistance (Lünendonk et al. 2009; Cosack, Guthridge and Lawson 2010).

Man kann sagen 90 Prozent der Mitarbeiter haben es verstanden nach verschwenderlei Gespräche, man hat die Manager auch auf die Seite gehabt, auch die haben dementsprechend auch die Berater eingewechkt. Also das war eigentlich viel mehr Überzeugungsarbeit leisten … nachhaken, dann immer wieder erklären … und des glaube ich ist auch das A und O gewesen, so dass so was dann durchgeht (E.E.)

Sender and target groups

Table 7 illustrates the different bodies in charge with the internal communication in times of crisis. Such bodies are the department for internal communication, top management, HR department as well as the line management. In one case, at A-Consulting this is also the works council by publishing the relevant works council agreement (Betriebsvereinbarung).

At B-Consulting the hr department communicates pro-actively towards line management and answers employees concerns upon request. Wir (Personalabteilung) haben das vor allem an die Führungskraft kommuniziert und de haben es an ihre Leute mitgeteilt … Mitarbeiter haben uns (Personalabteilung) angesprochen … wir haben es im Intranet gestellt (B.B.). However, when the message is about the background of the economic situation as well as about the relevant crisis-driven strategy and the practices, the top management is the sender das Top management hat eine E-Mail verpasst „auf Grund der zahlen… wird es in Zukunft nicht mehr rekrutieren, sondern werden mehr in das Thema Konsolidierung/Restrukturierung gehen.“ (B.B.).

All HR executives share the same understanding about the crucial centrality of the communication role of the line managers for the successful implementation of crisis-driven personnel practices.
Content of the messages

Studying Table 7 the messages that mostly occur at all case-study consultancies are regarding the economic background and the relevant reasons leading to a certain organizational response as well as the crisis-driven personnel measures: es wurde gesagt, es ist ein schwieriges Jahr, deswegen werden diese Maßnahmen dann und dann durchgeführt … (C.C.)

One message, central to E-Consulting was to ask employees for their active participation.

… den Beitrag dann einfördern von den Mitarbeitern, dass „ihr auch an der Restrukturierung mehr oder weniger teil haben müsste“ (E.E.)

Other relevant messages at most of the studied consultancies are those with regard to job security, details and advantages of a certain practice “das ist jetzt nicht nur ein reines Cutting, wo … ihr verdient weniger, sondern ihr habt die Möglichkeit … noch mehr zu verdienen, aber es ist mehr leistungsabhängiger“ (E.E.) as well as the duration of the measure “dies ist eine Ausnahmezustand und es wird so und so dauern, …, danach aber ganz sicher kommen wir back to normal …“ (C.C.).

Communication channels and means

The mainly used communication channel is typically a top-down approach combined with collecting employees' feedback.

... dies Kompetenzmodell hat man dann vorgestellt erstens der Geschäftsführungsebene dann auf den Managementebene und dann sind quasi auch herausgegangen und haben dann an der einzelnen Niederlassungen … (E.E.)

Sobald diese Vereinbarungen abgeschlossen worden sind, wurde dann entsprechend publiziert, d.h. einmal an die Fuehrungskraefte, dann die Fuehrungskraefte natürlich zu ihren Mitarbeiter (A.A.)

To encourage employees' feedback mainly two ways were used. On the one hand the line managers were seeking proactively the opinion of their subordinates and on the other the consultancy have conducted a satisfaction survey. While the first occurs at all case-study consultancies, surveys were conducted only in two cases.
Die Mitarbeiter haben es durchs Feedback zurückgespiegelt ..., Stimmung wurde schlechter (C.C.)

... Befragung durchgeführt, wir hatten in den vergangenen Jahren etwas über 30% Beteiligungsquote und haben jetzt über 70% ..., allein die Maßnahmen, die wir jetzt auf Grund dieser Mitarbeiter Befragung folgen, ... das sind schon sehr deutliche Konsequenzen, die ... auch dazu führen, dass Sicherheit gegeben wird (A.A.)

Table 7 illustrates a big variety of diverse organizational communication means, where written electronic communication is more proper for the beginning when frames are broader and there is a need to reach a big audience in a short time. However, when details have to be communicated and especially if downsizing is the case than individual face-to-face meetings are necessary.

... von der Großveranstaltung einfach in die Einzelgespräche herein gehen. ... wir haben im Endeffekt bei dieser ganzen Aktion über 150 Einzelgespräche geführt (E.E.)

Also ich denke es gab sicherlich ein Phase, wo es sehr stark per E-Mail eher publiziert wurde, was sicherlich auch in der Anfangsphase gewesen ist, einfach vor dem Hintergrund eine breite Masse dann auch zu erreichen. ... dann hinterher etwas nivelliert, dass dann ehe eine persönliche Kommunikation verfolgt ist, also spätestens dann wenn es auch dadrum ging die Restrukturierungsmaßnahmen halt umzusetzen, dann ist ganz einfach eine direkte und persönliche Kommunikation wichtig (A.A.)

Such big variety of communication means could be explained with the organizational awareness at all case-study consultancies, that there should be “Gewisse Regelmäßigkeiten bei der Benutzung von unterschiedlichen Medien bei unterschiedlichen Reifegraden” (E.E.). (Bernt 2011, Randers 2010)
Table 7: Summary of institutional crisis-driven HR practices – Internal communication

<table>
<thead>
<tr>
<th>Communication</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>D-Consulting</th>
<th>E-Consulting</th>
<th>F-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sender-target</td>
<td>Top management through communication department to all employees</td>
<td>Top management through communication department to all employees</td>
<td>Top management (CEO, country or branch managers) to all employees</td>
<td>Managers to junior colleagues</td>
<td>HR department to top management, to managers as well as to all branches</td>
<td>Top management to all employees</td>
</tr>
<tr>
<td>Managers to employees</td>
<td>Manager to employees</td>
<td>Unit managers to employees</td>
<td>HR department to all unit managers</td>
<td>Managers to HR department</td>
<td>Managers to employees</td>
<td></td>
</tr>
<tr>
<td>HR department to employees (upon request)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Messages</td>
<td>Crisis-driven HR strategy and measures</td>
<td>Background and reasons</td>
<td>Background and reason</td>
<td>Values and behaviors leading to success</td>
<td>Background and reason</td>
<td>Crisis-driven HR strategy and measures</td>
</tr>
<tr>
<td>Future job security</td>
<td>Crisis-driven HR strategy and measures</td>
<td>Crisis-driven HR strategy and measures</td>
<td>Crisis-driven HR strategy and measures</td>
<td>Call for employees contribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Style</td>
<td>Open communication</td>
<td>Open and transparent communication</td>
<td>Open and informal communication</td>
<td></td>
<td></td>
<td>Open communication</td>
</tr>
<tr>
<td>Channels and means</td>
<td>A-Consulting</td>
<td>B-Consulting</td>
<td>C-Consulting</td>
<td>D-Consulting</td>
<td>E-Consulting</td>
<td>F-Consulting</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>Top-down approach combined with bottom-up</td>
<td>Top-down approach combined with bottom-up approach</td>
<td>Circular letter from the CEO</td>
<td>Large corporate events</td>
<td>Combined top-down with a bottom-up approach</td>
<td>Short communication lines</td>
</tr>
<tr>
<td></td>
<td>Starting with e-mail and intranet and continuing with face-to-face meetings</td>
<td>E-mail Intranet</td>
<td>Office meeting either as road show organized by the country management or as a regular meeting conducted by the relevant branch manager</td>
<td>Management meeting is one or two days before the top management meeting to incorporate suggestions in advance</td>
<td>Proactively seeking employees' feedback</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Works council agreement</td>
<td>One-to-one meetings</td>
<td>Proactively seeking employees' feedback</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee satisfaction survey</td>
<td>Employee satisfaction survey</td>
<td>Memos</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

148
2.4.4. Leadership

The research questions with regard to the leadership-style dilemma “control vs. empowerment”, leadership tasks and competencies (cf. Chapter II.3) can now be answered by reporting the findings at the different case-study consultancies.

The control-vs.-empowerment dilemma

A clear case of empowerment occurs in two consultancies. Both, the HR director of D-Consulting and the HR manager at A-Consulting do not see it barely as part of a crisis-driven leadership, rather than as part of a corporate culture leading to a high retention.

... gibt es sehr hohen Grad an Delegation bei uns, macht gründlich jeder alles und in so fern ist auch die Gelegenheit für junge Kollegen in Verantwortungsaufgaben hineinzukommen sehr frühzeitig gegeben .... Und das ist auch das, was viele Kollegen sehr stark schätzen – die Möglichkeit sehr früh sehr vieles machen zu können (D.D.)

While at D-Consulting empowerment is focused more towards employees, at A-Consulting after the change of the CEO, the line managers were in the focus of the empowerment process, starting with the newly elaborated corporate values and leadership guidelines (Robinson, Haupt and O'Reily 2009).

At A-Consulting an interesting solution of the dilemma empowerment vs. control is present. It happens again at line management level. Managers are given not only rights but also the responsibility in view of the performance of their subordinates. Even more interesting is the fact that there are consequences if they would not fulfill their duty as performance managers (Economist intelligence unit 2009).

... alles was in der Vergangenheit war bekannt, aber nicht wirklich wurde darüber gesprochen, wenn Fuehrungskraeften ihren Führungsleistungen nicht nachgekommen sind, ..., dass dies weiterhin ohne Konsequenzen geblieben ist. Und ... das ist jetzt sehr deutlich hier ... spürbar eben für die Fuehrungskraefte, sie werden sehr deutlich gemessen und es hat Konsequenzen ... (A.A.)

Studying both Table 7 and Table 8 reveal consistent interrelation between the findings of management functions during times of crisis and those related to internal communication. Further, Table 8 shows that while managerial tasks associated with establishing direction are more linked with the top management, those related to aligning people as well as motivating and inspiring are connected to the line managers (cf. Chapter II.3).
Establishing direction

Such strategic awareness of the top management was reported only in one case. At A-Consulting the new top management understood their contribution towards a successful crisis management as giving a clear vision and strategy (Robinson, Haupt and O’Reily 2009)

\[
der \ neuen \ Führungsmannschaft, \ mit \ dem \ neuen \ Ziel, \ oder \ eine \ sehr \ klare
Sicht \ hatten, \ eine \ sehr \ klare \ Vision \ und \ dadurch \ wird \ das \ ganze \ natürlich \ viel
erfolgreicher \ (A.A.)
\]

as well as starting the development of a new leadership culture necessary not only as a reaction of the changed market conditions, but also understood as a pro-active solution for ensuring a sustainable organizational success

\[
wir \ haben \ ... \ eine \ ziemlich \ neue \ Führungsmannschaft, \ einen \ neuen \ CEO, \ der
also \ sehr \ viel \ Neues \ reingebracht \ hat, \ sehr \ gutes, \ sehr \ nachhaltiges
Führungsverständnis \ auch \ hat \ und \ also \ da \ arbeiten \ wir \ zurzeit \ wirklich \ dadran
eben \ hier \ präventiv \ auch \ zu \ agieren, \ eine \ gute \ Führungskultur \ zu \ haben, \ ein
gute \ Feedbackkultur, \ auch \ die \ Möglichkeit \ eben \ schnell \ und \ vorausschauend
zu \ erkennen \ wo \ liegen \ die \ Veränderungsnotwendigkeiten \ (A.A.)
\]

It is obvious that at A-Consulting such managerial awareness was the clear consequence of the re-staffing of the top management (Lünendonk et al. 2009).

Aligning people

To bring employees into line with the new vision and strategy resulting from the changed market conditions comprises the following management activities: reinforcing performance appraisal and in particular taking decisions regarding who meets skill set requirements, who will stay with the company and what kind of training and development measures are necessary for each person. Such understanding occurs in three cases: A-Consulting, B-Consulting and C-Consulting.

\[
... \ was \ verstärkt \ passiert, \ in \ unserem \ Unternehmen, \ ist \ ... \ eine \ stärkere
Fokussierung \ auf \ Personalentwicklung \ direkt \ zwischen \ Führungskräfte \ und
Mitarbeiter, \ ... \ wesentlich \ verstärkt \ darauf \ zu \ schauen \ wohin \ entwickelt
sich \ der \ Mitarbeiter... \ auch \ die \ Führungskräfte \ in \ eine \ Verpflichtung \ auch \ zu
nehmen \ eben \ ihre \ Führungsverantwortung \ nachzukommen, \ die
Personalentwicklungsinstrumente \ hier \ zu \ nutzen \ (A.A.)
\]
Motivating and inspiring

It includes on the one hand persuading employees to participate, to ensure their motivation and commitment as well as to seek proactively their feedback and to communicate it upwards in order to take into account their concerns (Russo 2011).

Ich muss die Manager einschalten. Die hören schon mal wie war das Echo, was war gut was war negative, war es eigentlich nicht akzeptabel, dann muss man es noch mal Nachbesserungen machen und Ähnliches (E.E.)

To execute all these managerial functions successfully both top and line managers have to possess certain leadership competencies.

Leadership competencies

According to the HR directors and managers at all case-study consultancies the most crucial competencies should demonstrate during crisis are to possess a clear vision and strategy, skills for recognizing the compelling need for change, to be open-minded as well as the ability to implement organizational change. Further to this to be pro-active as well as to have the capability to cope with employee’s anxiety and resistance towards change (Economist intelligence unit 2009; Kotter and Schlesinger 2008).

However, since consultants enter relatively early managerial positions they are not sufficiently prepared for their duties as leaders (Andryejewski and Refrisch 2003; Heuermann 2003) even less for those more challenging emerging in times of crisis.

… die Mitarbeiter in der Beratungsbranche sehr schnell Karriere machen und Managerpositionen übernehmen, aber eigentlich über wenig Führungserfahrung verfügen, die Managers in den Beratungsfirmen sind eher gute Fachkräfte als Stratege (E.E.)

In order to fulfill their crisis-driven responsibilities, the less experienced managers need to be supported by offering them special leadership trainings or even whole leadership development programs (Hargeaves 2010; Randers 2010; Mishra, Spreitzer and Mishra 1998). However, only the HR manager at A-Consulting reports to have elaborated a “complex management training and development program” (A.A.) during this period.
Table 8: Summary of institutional crisis-driven HR practices - Leadership

<table>
<thead>
<tr>
<th>Leadership functions</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A-Consulting</td>
</tr>
<tr>
<td>Establishing direction</td>
<td>Top management has a clear vision and strategy</td>
</tr>
<tr>
<td></td>
<td>Top management starts establishing a new organizational culture</td>
</tr>
<tr>
<td>Aligning people</td>
<td>Managers provide and receive regular performance feedback</td>
</tr>
<tr>
<td>Motivating and inspiring</td>
<td>Top management elaborates leadership guidelines and corporate values and enhances line managers to follow them</td>
</tr>
</tbody>
</table>
2.4.5. The role of the HR department

According to all interviews there is a significant increase regarding the visibility and the centrality of the role of the HR department: “Also das war schon eine sehr deutliche Unterscheidung zu Schönwetterzeiten” (A.A.).

Table 9 gives clearly the impression that during the period of economic slowdown in the German consulting industry the HR roles of strategic partner and change agent are more present compared to those as employee champion and administrative expert. This probably reflects Graubner and Richter’s (2003) prediction that as long as there are good-weather conditions in the consulting industry, the need for formal and explicit HRM appears to be limited.

The increased visibility of the HR department in times of crisis comprises both strategic and operational aspects distributed among the previously introduced HR roles (cf. Chapter II.3). However, the HR managers share a common understanding that only an alignment of both aspects could ensure a successful crisis-driven HRM (Economist intelligence unit 2009; Ahlers 2002; Sahdev, Vinnicombe and Tyson 1999). There is a clear evidence at E-Consulting that for one crisis-driven hr practice, the HR department conduct both concept-related and implementation actions: “... das Vergütungsmodell zu konstruieren dann quasi in einen Vertrag rein zu gießen, Beurteilungskriterien dazu zu machen, da drauf aufgesetztes Beurteilungssystem neu zu kreieren, drauf wiederum aufgesetzte Personalentwicklungs-smaßnahmen zu machen” (E.E.).

Strategic partner and change agent

Such tasks include conducting negotiations with the works council, elaborating in cooperation with the top management crisis-driven HR strategies and practices as well as sensitizing all employees for adopting the new practices. Regarding the role of a change agent the HR director at D-Consulting goes even further and sees the HR department responsible also for analyzing the market for the purpose of early warning.

Früherkennen heißt, dass ich auch als Unternehmer wissen muss, ob ich meine Produkte, morgen und übermorgen noch verkaufen kann. Normalerweise ist das in aller erster Linie Sache der Unternehmensführung oder der Controlling ... Gerade in der Beratung wo sich eben keine Maschinenanlagen oder sonstige Produkte haben oder Autos dann herstellen, kommt natürlich (...) dem „Personal“ noch mal eine ganz andere Bedeutung hinzu, deswegen sehe ich auch hier, also, herausgehobene Aufgabe des
The same HR director shares a straight view about the responsibilities of the HR department in order to be accepted by the top management as strategic partner (Economist intelligence unit 2009).

*auch sehr nah am Business dran ist und weiß wie funktioniert eigentlich unser Markt, wie ist die aktuelle Situation am Markt (…)ich weiß wie, wie funktioniert die Beratung, auf welche Themen werden wir künftig erfolgreich sein. Wenn man sich das als Personalleiter in diesen sehr viel starker marktbezogenen Themen einbringt, dann hat man einfach genügend Wahrnehmung für Veränderungen (D.D.)*

**Administrative expert**

According to the HR directors and managers at all case-study consultancies, part of the role as administrative expert are tasks typical for turbulent times such as supporting line managers during exit interviews (Andryejewski and Refrisch 2003), developing a severance program, elaborating a manual for job application as well as designing a compensation package for the downsized employees: *Das Personalmanagement hatte schon die Aufgabe die Führungskräfte im Unternehmen zu unterstützen und zu begleiten bei dieser schwierigen Aufgabe Mitarbeiter zu restrukturieren, auch Auflösungsgespräche zu führen (A.A.)*

**Employee champion**

According to the HR manager at B-Consulting, in the case of personnel reduction an important task of the HR department is to make the career transition of those who have to leave as smoothly as possible (Kaiser 2006).

Further, it is important the HR department to be able to predict possible intentions to leave: "*es ist wichtig zu wissen, woran erkenne ich, dass jemand gefährdet ist, das Unternehmen zu verlassen und nicht erst wenn er die Kündigung anreicht*" (D.D.).

It has to be mentioned that such a crisis-driven situation was something new for the hr departments at all case-study consultancies.

*Also ich denke mal eine Situation, die sie viele unsere Mitbewerber, die ja ebenfalls in den vergangenen Jahren hatten ist nichts alltägliches, d.h. HR musste zuerst mal lernend auch mit diesen Dingen umzugehen und einfach auch lernend so wie können wir es überhaupt gestalten (A.A.)*
<table>
<thead>
<tr>
<th>HR roles</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>D-Consulting</th>
<th>E-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic partner / Change agent</strong></td>
<td>Negotiations with the works council</td>
<td>Design in cooperation with top management and implement crisis-driven solutions</td>
<td>Makes regular screenings and forecasts regarding both services and labor market</td>
<td>Project management of designing and implementing performance-related pay, as well as redesigning the existing performance appraisal system and the development measures</td>
</tr>
<tr>
<td><strong>Administrative expert</strong></td>
<td>Support the managers when dealing with exit interviews</td>
<td>Conduct exit interviews</td>
<td>Adapting new concepts according to different interests to avoid resistance</td>
<td>Adapting new concepts according to different interests to avoid resistance</td>
</tr>
<tr>
<td><strong>Employee champion</strong></td>
<td>Together with works council takes into account social aspects when downsizing</td>
<td>Takes into account social aspects when downsizing</td>
<td>Ability to identify in advance and to address intention to leave</td>
<td>Ability to identify in advance and to address intention to leave</td>
</tr>
</tbody>
</table>
2.4.6. Participation of internal bodies and external experts

Frankly different organizational authorities such as the group head quarter, top management, HR, internal communication, finance, controlling department, works council etc. are involved in designing and implementing crisis-driven personnel practices. However, for the purpose of ensuring effectiveness of the crisis-driven HRM most of the case-study consultancies used either the existing decision-making bodies responsible for HR issues in general or ad-hoc built cross-functional teams (cf. Table 10).

Decision-making bodies

Such internal authorities are functioning in three different cases under similar names such as HR planning committee, HR committee and People committee. They have also similar responsibilities. The HR planning committee at A-Consulting was established during the economic downturn with the purpose of “wo es eben auch da drum geht Mitarbeiter entsprechend zu qualifizieren, also nicht nur zu reduzieren sondern zu qualifizieren (A.A.)”. The committee continues its work after the crisis as well.

At C-Consulting apart from the People Committee, there is also a Career Development Committee involved in the crisis-driven HRM. While the first is responsible for personnel policy at strategic level, the second is in charge of HR issues at operational level. A similar picture occurs at D-Consulting where the HR Committee comprises four partners and the HR director and it is responsible for strategic HR issues.

Cross-functional team

To represent all members’ interests (Bergauer 2003; Mishra, Spreitzer and Mishra 1998) the ad-hoc cross-functional team aimed at planning and implementing crisis-driven HRM at E-Consulting includes “Personalreferent, ein Mitarbeiter jeweils aus den verschiedenen Branchenzenrten, eine Mischung aus Betriebswirtschaftlichenberater, Programmierer aus der Administration“(E.E.).

Although it is a large team, in fact its effectiveness is ensured by the different sub-teams that can be built in accordance to the relevant topic which has to be discussed for the moment.

... ein Team gebildet und je nachdem welches Thema gerade behandelt wurde, wurden verschiedene Konstellationen zusammengesetzt … (E.E.)
Interestingly almost all case-study consultancies have used diverse external experts for different purposes with regard to designing and implementing crisis-driven HRM (Jones 2009). Both B-Consulting and C-Consulting have used external Outplacement consultants to smooth the transition (Lünendonk et al. 2009; Mishra, Spreitzer and Mishra 1998) and to ensure better objectivity. While at A-Consulting a leading opinion and market research company was invited to conduct employee satisfaction survey, at D-Consulting external consultants for search and selection were used for the purpose of a direct approach of top performing employees from other consultancies.

At E-Consulting two well known restructuring consultancies were involved. They developed a general concept and strategic program including different measures as well as external lawyers in order to obtain up-to-date know-how as well as to save time.

Wir haben auch externe Rechtsanwälte eingeschaltet, weil Sie haben sonst das Problem, dass sie interne Ressourcen so sehr binden, dass sie kaum mehr eine Chance haben das operative Geschäft noch einigermaßen vernünftig zu machen … (E.E.)

However the HR director at E-Consulting warns about the need to calculate thoroughly and to consider carefully also the costs for the external experts in times of personnel costs crisis.

Wenn man Restrukturierer ins Haus holt, soll man sich vorher überlegen ob die Einsparungen durch die eingeführten Restrukturierungsmaßnahmen die Kosten der Restrukturierer überhaupt decken (E.E.)

Employee participation

In contrast to the preliminary proposition drown in the indicators’ model (cf. Chapter II.3) employees’ participation is relatively low at all case-study consultancies, apart from involvement in the cross-functional crisis team at E-Consulting, sharing of feedback with line managers and taking part at employees surveys at A-Consulting and C-Consulting.
<table>
<thead>
<tr>
<th>Participation</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal bodies</strong></td>
<td><strong>A-Consulting</strong></td>
</tr>
<tr>
<td>Works council</td>
<td>People committee (partners and managers) at strategic level</td>
</tr>
<tr>
<td>Top management</td>
<td>HR department</td>
</tr>
<tr>
<td>HR planning committee</td>
<td>HR department</td>
</tr>
<tr>
<td>Group head quarter</td>
<td>Unit managers</td>
</tr>
<tr>
<td>Top management</td>
<td>Group head quarter</td>
</tr>
<tr>
<td>Finance</td>
<td></td>
</tr>
<tr>
<td>Controlling</td>
<td></td>
</tr>
<tr>
<td><strong>External experts</strong></td>
<td><strong>A-Consulting</strong></td>
</tr>
<tr>
<td>Satisfaction survey consultants</td>
<td>Outplacement experts to ensure higher objectivity and trust</td>
</tr>
<tr>
<td><strong>Employee participation</strong></td>
<td><strong>A-Consulting</strong></td>
</tr>
<tr>
<td>Employee feedback</td>
<td>Employee feedback</td>
</tr>
</tbody>
</table>
Finally, to take into account the differences between management and IT consultancies in terms of crisis-driven HRM as evolutionary object, a brief comparison of the specifics, based on the empirical findings, will be outlined.

For the purpose of the present research the case-study consultancies will be grouped following Kipping’s three-wave model (cf. Chapter II.4). While C-Consulting, D-Consulting and F-Consulting belong to the second wave, A-Consulting, B-Consulting and E-Consulting belong to the third. Such differentiation is in line with the annual top lists of BDU, where the first group represent the largest management consultancies in Germany (2006) and the second the largest IT consultancies in the same country. There is only one minor exception: E-Consulting in terms of business volume counts to the management consultancies, however this fact will be neglected since the company possesses all other aspects, typical for a representatives of the IT consulting.

Based on the empirical findings, two specifics can be outlined for the group of the management consultancies. First, their HR executives express explicitly the opinion that retaining recruitment and using it as a chance to attract best employees in times of crisis is crucial for a successful crisis-driven personnel strategy.

Second, it appears that in these companies - which usual legal form is a partnership - all strategic HR-related decisions, especially during turbulent times are more concentrated in the hands of the partners rather than in these of the HR department.

For the second group – the IT consultancies, representatives of the third wave – downsizing activities appear to be a more common crisis-driven HR practices compared to the first group.

Further, the IT consultancies designed and applied a large number of new crisis-driven HR practices which nature allowed an effective utilization also for the period after the industry recovered.
3. Evolutionary dynamics of CD HRM in German consultancies

3.1. Evolutionary patterns and phases

The relevant research questions about evolutionary patterns and phases can now be answered by reporting the categories and trends emerged by analyzing the data collected. Despite the relatively narrow time frame a distinct gradual development of the crisis-driven HRM can be observed at four of the case-study consultancies. No patterns occur at D-Consulting and at F-Consulting. Since in the first case the company did not experience any cost crisis there was no need for changing the HR strategy. F-Consulting is a small-sized newly founded consultancy where again there was no need for undertaking any significant changes in the HR strategy.

Perceived time frame and trend of the industrial slowdown

The perceived period of crisis did not vary significantly within the case-study consultancies. For all of them it started in 2001, however some experienced a longer duration compared to the others. While at A-Consulting the period lasted from 2001 to 2006 / 2007, at B-Consulting from 2001 to 2005 / 2006, at E-Consulting from 2001 to 2005, at C-Consulting it was from 2001 to 2004.

Some differences can be observed with regard to the perceived trend of the industrial slowdown. According to the HR directors and managers respectively at E-Consulting, A-Consulting and B-Consulting the pattern can be described as a continuous down trend.

Ende 2000 zur CG gekommen und am Anfang war es noch ein Jahr rekrutieren und dann ... langsam aber sicher hat man gemerkt, dass man doch nicht mehr rekrutiert ... und dann ... 2005 / 6 haben wir angefangen wieder zu rekrutieren ... 2005 gemäßigt ... und das letzte Jahr sehr, sehr stark und dieses Jahr auch sehr stark (B.B.)

In contrast, for C-Consulting the changed market conditions follow a reversal pattern, where the market demand in 2001, 2002 and 2003 builds a double bottom line.

Comparing the evolutionary patterns of crisis-driven HRM with regard to its operational and institutional aspects, at the different case-study consultancies (cf. Fig. 32 – Fig. 38), three explicit overall trends emerge:

a) Gradual escalation of the personnel intensity of the crisis-driven practices vs. a decreasing radical approach towards personnel;
b) Improvement of crisis-driven HRM in several aspects as well as
c) Retention of crisis-driven HR practices after the industry recovered.

In the following, these trends will be present in more detail.

Smooth escalation vs. drastic approach

Due to the initial intention to manage the crisis without “touching” the personnel costs, both at A-Consulting and at E-Consulting has emerged a pattern of smooth escalation of the “people-related intensity” of the crisis management.

Interestingly, after not being effective with their initial intention the crisis-driven HRM in both consultancies evolve divergently – while A-Consulting choose downsizing activities, E-Consulting choose first part-time employment and afterwards replaced it with an intensive performance-related compensation (Jones 2009).

Fig. 32: Evolutionary pattern at A-Consulting – Operational aspects

Source: Own illustration
The HR manager at A-Consulting recalls her experience regarding their initial intention to overcome the crisis without downsizing any personnel:

Wir haben sehr lange versucht mit der bestehenden Mitarbeitermannschaft die Krise zu bewältigen und aus dem Grund ist es sicherlich ein langsames Ansteigen gewesen ... lange Zeit haben wir damit gezögert, ... Mitarbeiter zu restrukturieren ... (A.A.)

Similar to her experience is the one of the HR director at E-Consulting, however they kept the rule *always to take first the less drastic crisis-driven HR practice*.

... wenn ich am Anfang nur Sach- und Betriebskosten hab, und irgendwann komm ich dann zur Teilzeitbeschäftigung mit weniger Gehalt, bis zu dem, dass ich komplett das Vergütungsmodell ändere, d.h. es eskaliert ... Also deswegen kann man sagen, die Maßnahmen sind eskaliert, sind also für den Mitarbeiter auf jeden Fall spürbar geworden (E.E.)

Fig. 33: Evolutionary pattern at E-Consulting – Operational aspects

Retaining such a rule could be a possible explanation why the evolutionary patterns of crisis-driven HRM at A-Consulting and E-Consulting are convergent as an overall trend, however divergent in terms of the concrete crisis-driven practices being used.
Similar to A-Consulting and E-Consulting, at C-Consulting the management has postponed their organizational response towards the changed market conditions. However in contrast to the other two consultancies, they have decided to respond more aggressively and hence have applied as first measure downsizing activities.

Fig. 34: Evolutionary pattern at C-Consulting – Operational aspects

According to the HR executives, there are several possible explanations of a deferred organizational response towards changed market conditions. On the one hand it can be the anxiety of the top management in view of possible negative employees’ reaction.

... bei uns war eigentlich das Hauptproblem, dass... das Personal an sich das Kapital für uns darstellt, die Berater und da haben wir versucht, ... einfach außerhalb des Personalbereichs alle möglichen Einflussgrößen nach unten zu ziehen ... es konnte noch ewig lange gehen, weil wenn man es genau wusste sobald man da rangeht wie mit dem Kompetenzmodell kriegt man nur Unruhe rein oder Aufregung rein und deswegen hat es eigentlich bis 2004, 2005 gedauert bis bei uns sich die Geschäftsführung und der Vorstand durchgerungen haben Personalmaßnahmen zu ergreifen (E.E.)

On the other hand it could be just a long-lasting decision-making procedure, like it was the case at C-Consulting, “alle Partner (60 bis 70) sammeln sich zusammen, deswegen vielleicht haben die zu spät reagiert, aber dafür drastischer ...” (C.C.).
Improved response

At three of the case-study consultancies the HR directors and managers are aware about the gradual character of the process their crisis-driven HRM went through during the above introduced time frame, recognizing a steady improvement in terms of either choosing more effective crisis-driven HR practices which is the case at E-Consulting or improving the quality of the existing like at C-Consulting or both what happened at A-Consulting (Olson, van Bever and Verry 2008; Phillips 2008).

According to the HR director of E-Consulting a central drive behind the evolutionary pattern (cf. Fig. 33) of the crisis-driven HRM was to ensure the desired effect. Hence, the development of the crisis-driven HRM went until the company found an effective solution in terms of saving a sufficient amount of personnel costs.

... andererseits habe ich natürlich eine ganz andere Wirkung ... was jetzt Sachmittel betrifft, da ist in einem Beratungshaus fast zu vernachlässigen, ob ich da jetzt über Zeitungen mehr habe, oder ein paar Niederlassungen mehr oder weniger hab, das wirkt sich jetzt monetär nicht so heftig aus, bei uns hauptsächlich Kostenblock sind die Personalkosten, ... in dem Moment, wo man an Personalkosten was einsparen kann, habe ich großes Einsparpotenzial und drüben bei den Sachmitteln habe ich fast gar nichts (E.E.)

Although there is not an explicit evolutionary pattern explaining the development of the institutional crisis-driven HR practices at E-Consulting like the one of operational, another aspect of effectiveness combining both operational and institutional personnel practices exists. It is strongly related to the fact that the final crisis-driven personnel practice E-Consulting stopped at was directly derived from the overall business strategy of the company and had also supported its implementation.
Comparing both stages 2001 and 2003 of crisis-driven HRM at C-Consulting the following lessons learnt regarding operational (cf. Fig 34) and institutional (cf. Fig 36) aspects can be observed. First, the organizational response in 2003 appears to be fare more systematic compared to the one in 2001.

Second, instead of drastic downsizing actions more consultants were involved in internal R&D projects, and third, travel-cost containment was not at the price of the quality of the working conditions.

*Man kann (2001) von keinem KPM reden, man hat einfach improvisiert obwohl man es so viele Male bei den Kunden eingeführt hat, ..., es fehlte einfach an Erfahrung, es wurde teilweise falsch reagiert ... 2003 ... Man hat wesentlich systematischer reagiert und hat von den Fehlern gelernt; es wurde weniger Personal entlassen, mehr Leute wurden in Interne Projekte einbezogen; Kostenthema wurde nicht mehr so aggressiv angesprochen ..., alles wurde besser organisiert (C.C.)*

These improvements were due to the fact, that 2002 the company has experienced increased market demand, which they were not able to meet due to the existing staff shortage. Further, they have realized that C-Consulting missed again the opportunity to develop new consulting services and the employees’ satisfaction was decreased because of the low quality of some work conditions (Phillips 2008).
At A-Consulting a picture similar to C-Consulting occurs - an improvement in terms of both operational and institutional aspects of their crisis-driven HRM. According to their HR manager during the second stage the way the downsizing activities were implemented was more effective, especially the communication, also several institutional crisis-driven practices were designed and implemented such as corporate values, leadership guidelines and the establishment of a feedback and leadership oriented corporate culture.

Ich denke mal wir hatten … zwei Wellen von Restrukturierungsmaßnahmen … und in der ersten Welle, angefangen von „Wie werden die Mitarbeiter identifiziert?“ sind sicherlich Fehler gemacht worden auch von der Seite der Führungskräfte …. Es sind sicherlich Fehler gemacht worden „Wie sind die Mitarbeiter angesprochen oder informiert worden“ … es sind sicherlich Fehler gemacht worden im … Wie ist es hinterher umgesetzt worden, d.h. wie sind die Gespräche gelaufen …. Das ist dann sehr deutlich zurückgespiegelt worden, das ist gar keine Frage und ist schon absolut, absolut ist das geändert worden … (A.A.)
Retention of crisis-driven HR practices

At B-Consulting there is no gradually escalating trend of the evolutionary pattern (cf. Fig 38), however an interesting moment is the retention of crisis-driven HR practices after the consulting industry recovered.

… wir haben zwei Dinge eingeführt, was wir heute noch machen. ... Teilzeitmodell, dass man auch in Teilzeit arbeiten kann und wir haben Sabbaticalprogramm, das jemand auch mal eine Auszeit nehmen kann ... Dinge, die ein bisschen aus dem Not entstanden sind, aber für die Mitarbeiter eine Mehrwert bieten und ... man die einfach mitgenommen hat in eine Zeit, wo es einem wieder gut geht (B.B.)
A similar picture with regard to retention of crisis-driven HR practices after the industrial recovery, however, aimed at ensuring better crisis preparedness can be observed at A-Consulting and E-Consulting. As previously introduced, while at A-Consulting such practices are the leadership guidelines and the new policies regarding performance management focusing on the responsibility of the line managers, at E-Consulting this is an integrated performance-related pay system.

**Evolutionary phases**

Comparing the four evolutionary patterns of crisis-driven HRM in large German consultancies significant differences can be observed although all of them were facing similar market conditions during the same period. According to the HR manager of A-Consulting at other leading IT consultancies, which are not part of the sample, but of the population of the present study, diverse organizational responses have emerged.

> Ich denke mal die Unternehmen haben sehr unterschiedlich darauf reagiert, ich glaube IBM und Accenture haben wesentlich früher damit angefangen Mitarbeiter auch frei zu setzen, zu reduzieren als wir das getan haben (A.A.)

Considering the four patterns and also taking into account additional market observations from the interviews a *similarity in terms of intensity, number and focus of the evolutionary*
stages occurs. Following each gradual pattern there are two to three phases which can be described as follows

- Phase 1 “First reaction” – This is the stage when the consultancy - usually taken by surprise - responses immediately to changed market conditions, sometimes in a bit hectic manner.

- Phase 2 “Improved response” – After the crisis-driven practices from the first stage turn out not to be entirely effective, the consultancy tries either to improve the already existing or to replace them or to enrich the operational hr practices with some institutional.

- Phase 3 “Retention of practices” – At this stage the relevant market has recovered and the consultancy is retaining some of the crisis-driven practices either with the purpose to serve good-weather personnel issues (e.g. burnt-out) or to improve its crisis preparedness for the next industrial slowdown, or both.

Following these three phases the following evolutionary dynamics with regard to certain crisis-driven HR policies and practices in German consultancies occurs (cf. Table 11)

Table 11: Evolutionary dynamics of crisis-driven HR practices

<table>
<thead>
<tr>
<th>phases of crisis-driven HRM</th>
<th>Phase 1 first reactions</th>
<th>Phase 2 improved response</th>
<th>Phase 3 retention of practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crisis-driven HR strategy</td>
<td>Ad-hoc, reactive and chaotic HR response</td>
<td>Systematic HR response</td>
<td>Crisis preparedness ensuring a pro-active crisis-driven HR strategy</td>
</tr>
<tr>
<td>Process-related practices</td>
<td>No</td>
<td>HR planning</td>
<td>Synergy between early warning and HR planning</td>
</tr>
<tr>
<td>Operational practices</td>
<td>Non-personnel costs containment</td>
<td>Alternatives to downsizing</td>
<td>Crisis-preparedness ensured by personnel flexibility</td>
</tr>
<tr>
<td>Institutional practices</td>
<td>HR department as administrative expert</td>
<td>HR department also as employee champion</td>
<td>All HR department roles</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

However, not all practices or routines, to use a synonymous term which communicates better to the notion of evolutionary economics (cf. Chapter II.2) evolve passing all the three phases. Thus the above introduced phases (cf. Table 11) will serve as a base for the
following six attributes with regard to crisis-driven HR routines in terms of objects of evolutionary dynamics: a) emerged vs. existent, b) improved vs. not improved as well as c) retained vs. abandoned. Crossing these attributes systematically leads to the following eight variations of crisis-driven HR routines: emerged, improved and retained; emerged, improved and abounded; existent, improved and retained and so on.

Applying this categorization to the data collected, from eight possible categories only four are evident, which are introduced in the following in more detail.

3.2. Objects of evolutionary dynamics

In addition to answering the research questions with regard to how process-related, operational and institutional crisis-driven HR practices evolve in German consultancies, findings about crisis-driven HR strategy in terms of an object of evolutionary dynamics will be introduced.

3.2.1. Evolutionary dynamics of crisis-driven HR strategy

An emerged, improved and retained crisis-driven HR strategy can be observed at A-Consulting and at C-Consulting. While it emerged during the first stage as an ad-hoc, chaotic, reactive and postponed approach towards the market change, at the second stage it became more systematic to be retained afterwards as an HR strategy focused on crisis preparedness, hence able to ensure pro-active personnel response towards the next industrial slowdown.

Ja, wir haben dadraus gelernt, aber ehe im Sinne von proaktiv damit umgehen, nicht die Dinge auf uns zukommen lassen, sondern wirklich schon eine gute Basis, um wesentlich besser mit solchen Krisensituationen umzugehen (A.A.).

3.2.2. Evolutionary dynamics of process-related crisis-driven HR practices

The above introduced categorization can not be applied so consistent and explicit with respect to the evolutionary dynamics of process-related crisis-driven HR practices. All case-study consultancies are at a relatively early stage regarding the development of such practices. However, after the studied period of industrial slowdown all HR managers are aware about the importance of both external and internal early warning systems (BDU 2009).
As previously introduced (cf. Chapter IV.2) the HR manager at A-Consulting goes even further and considers a long-term HR planning a central aspect of a personnel-related early warning system.

3.2.3. Evolutionary dynamics of operational crisis-driven HR practices

Another object of the evolutionary dynamics is the operational crisis-driven personnel practices. Following Table 12, a closer look at the operational practices at all the three phases will be taken.

*Emerged, improved and abandoned numerical routines*

There are two sets of routines - *downsizing activities* as well as *travel costs containment* which emerged when the personnel cost pressure started and were aimed particularly at decreasing HR-related costs.

Both practices improved at the next stage of the evolutionary patterns at A-Consulting and respectively at C-Consulting. The organizational innovativeness was forced to find alternative routines with the same effect in terms of savings.

*Es wurden mehr Rahmenverträge unterschrieben und so hat man die Reisekosten gesenkt, ohne die Qualität dabei zu verletzen (C.C.)*

However, inspite their improvement those routines were not retained after the case-study consultancies recover, because they did not address the new market conditions.

*Existend, improved and retained numerical and functional routines*

As earlier introduced one of the routines which traditionally exist in German consultancies – performance management/appraisal (Armbrüster 2005) - are more intensively used during the economic downturn with a new intention to become a central part of the organizational response towards personnel costs crisis. Such evolvement emerges in two cases, where the same routines on the one hand serve numerical and on the other hand functional purposes.
While the new aspect at C-Consulting focuses on applying the “grow-or-go” policy (Perkins 2008) against underperformers more consistently, at A-Consulting the stresses is on the use of the tool, by ensuring the involvement of the line managers to grow in their role as performance managers.

... auch fuer die Fuehrungskraefte in eine Verpflichtung heranzuwachsen ihre Führungsverantwortung nachzukommen, die Personalentwicklungs-instrumente zu nutzen (A.A.)

Emerged, not improved and retained time-related routines

Both part-time employment and sabbatical are time-related crisis-driven HR practices which were especially designed for crisis-driven purposes, however were retained after the consulting industry recovered.

The same time-related personnel routines are aimed in times of crisis simultaneously at personnel costs reduction and saving work places; however in good-weather conditions they are addressing issues like “burn-out” or work-life-balance.

Damals war es so ... man rechnet immer in Köpfen. Und wenn man es jetzt 50% reduziert, kann man zwei Mitarbeiter retten so zu sagen, und wenn beide auf 50% gehen anstatt sich im Zweifel von einem trennen zu müssen, das haben wir auch gemacht, aber das, das läuft noch weiter ... Wenn jemand so kaputt ist, dass der eine Auszeit haben möchte ... weil wenn man irgendwann keine Kraft mehr hat, wenn man einfach Energie tanken ... weil die Berater, die arbeiten immer noch hier und wenn die mal ein halbes Jahr Auszeit nehmen können oder Mal ein halbes Jahr nur zwei, drei Tage in der Woche arbeiten dann ist es auch wunderbar (B.B.)

Emerged, not improved and retained financial routines

Example for such crisis-driven HR routines is the performance-related compensation which was designed and implemented at E-Consulting as ultimo ratio again to address the personnel cost pressure in an effective way (Pacey 2008).

After the industry recovers this practice is retained with the purpose to ensure higher personnel flexibility and hence a better resilience towards market changes. The HR director is aware that from an operational perspective the design and the integration of such personnel routine were enabled by the existence of a competency framework.
Wir haben eigentlich den Vorteil gehabt … von der Qualifizierung her, haben wir schon einmal ein Kompetenzmodell gehabt. Das war bei uns seit 2000 in ein bisschen anderen Struktur schon da, das haben wir eigentlich nur überarbeiten müssten … (E.E.)

The industrial slowdown accelerated the elaboration and the application of such practice at E-Consulting which was state-of-the-union for the other consultancies already in the late 90s. Now the performance-related compensation system is logically connected to performance appraisal, compensation and benefits as well as learning and development. Hence, according to the HR director they have ensured … Gleichklang zwischen Beurteilung, Vergütung und Qualifizierung (E.E.)
Table 12: Evolutionary dynamics of operational crisis-driven HR practices

<table>
<thead>
<tr>
<th>Consultancies</th>
<th>Emerged</th>
<th>Improved</th>
<th>Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-Consulting</td>
<td>Downsizing activities, Redeployment and retraining, Re-staffing of CEO and line management, Containment reg. non-personnel costs, Management Development Program</td>
<td>Downsizing activities, Performance appraisal</td>
<td>Performance appraisal, HR Planning</td>
</tr>
<tr>
<td>B-Consulting</td>
<td>Downsizing activities, Redeployment and retraining, Sabbatical program, Part-time employment</td>
<td></td>
<td>Sabbatical program, Part-time employment</td>
</tr>
<tr>
<td>C-Consulting</td>
<td>Downsizing activities, Promotion freeze, Internal projects, Travel costs reduction</td>
<td>Performance-based attrition, Outplacement, Travel costs reduction</td>
<td></td>
</tr>
<tr>
<td>E-Consulting</td>
<td>Buy-outs, Cooperation with former employees, Travel costs reduction, Part-time employment, Performance-related pay</td>
<td></td>
<td>Performance-related pay</td>
</tr>
</tbody>
</table>
3.2.4. Evolutionary dynamics of institutional crisis-driven HR practices

Studying Table 13 reveals some consistent patterns of evolution and hence the institutional routines which will be introduced along the following categorization a) \textit{existent, improved and retained routines} as well as b) \textit{emerged, not improved and retained}.

\textbf{Existant, improved and retained institutional routines}

At all case-study consultancies occurs internal communication to be improved in all its crisis-driven aspects at the second evolutionary phase. According to C.C. \textit{man hat besser kommuniziert}

The HR manager at A-Consulting recalls her experience with internal communication:

\begin{quote}
\textit{… sicherlich die Kommunikation da … höherwertiger war … insofern denke ich, dass da auch eine qualitative Verbesserung stattgetunden hat (A.A.)}
\end{quote}

Closely related to the communication routines is the \textit{involvement of line management}. Such improvement occurs at E-Consulting at the stage when the last practice was introduced and implemented.

Another institutional crisis-driven personnel aspect which improved during the crisis and was retained after the industry recovers is the \textit{visibility of the HR department}.

Not surprisingly the visibility of the HR department increased in times of crisis (Economist intelligence unit 2009). Such trend occurs at A-Consulting and E-Consulting. The personnel costs crisis in fact forced the top management to realize the importance of human resources as a central asset and hence to pay more attention to their management, especially to the need of a pro-active crisis-driven HRM, where the \textit{HR department} plays a significant role as \textit{project leader, mediator and coordinator}.

On the other hand, according to the HR manager at A-Consulting, the HR department itself learned to deal with a whole range of issues emerging when the market significantly declines.

\textbf{Emerged, not improved and retained institutional routines}

Most of the crisis-driven institutional routines that emerged in times of crisis and afterwards were retained for the purpose of better crisis preparedness occur at A-Consulting. Such practices (cf. Table 13) are a \textit{redesigned organizational structure, elaboration of corporate values} and \textit{leadership guidelines} as well as the creation of a \textit{performance-driven and feedback-oriented culture}. 

175
Interestingly, the design and the implementation of all new institutional crisis-driven personnel practices at A-Consulting were the consequence of one functional crisis-driven HR practice – the re-staffing of the CEO.

The data collected was not sufficient to address the preliminary proposition regarding differences between the evolutionary patterns of crisis-driven HRM in management and IT consultancies in Germany.
### Table 13: Evolutionary dynamics of institutional crisis-driven HR practices

<table>
<thead>
<tr>
<th>Consultancies</th>
<th>Emerged</th>
<th>Improved</th>
<th>Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-Consulting</td>
<td>Ad-hoc, reactive and postponed response</td>
<td>Internal Communication</td>
<td>High crisis preparedness</td>
</tr>
<tr>
<td></td>
<td>Corporate vision and values</td>
<td>Visibility of the HR department</td>
<td>Corporate vision and values</td>
</tr>
<tr>
<td></td>
<td>Leadership guidelines</td>
<td></td>
<td>Leadership guidelines</td>
</tr>
<tr>
<td></td>
<td>Performance and feedback culture</td>
<td></td>
<td>Performance and feedback culture</td>
</tr>
<tr>
<td></td>
<td>Design of a new organizational structure</td>
<td></td>
<td>New structure design</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Communication</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Visibility of the HR department</td>
</tr>
<tr>
<td>C-Consulting</td>
<td>Reactive, postponed and drastic response</td>
<td>Systematic response</td>
<td>High crisis preparedness</td>
</tr>
<tr>
<td></td>
<td>External consultants assistance</td>
<td>Communication</td>
<td></td>
</tr>
<tr>
<td>E-Consulting</td>
<td>Re-designed organizational structure</td>
<td>Communication</td>
<td>Re-designed organizational structure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Line management involvement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Visibility of the HR department</td>
<td></td>
</tr>
</tbody>
</table>
4. Evolutionary logic shaping CD HRM in German consultancies

4.1. Exogenous driving forces

The exogenous forces shaping the design of a crisis-driven HRM during the relevant period (cf. Chapter II.3) are the remote business environment, the exogenous actors, part of the immediate one as well as the behavioral mechanisms of the consultancies towards their business environment.

In relation to the research question posed, Table 14 gives an overview of four of the case-study consultancies and the respective exogenous driving forces shaping their crisis-driven HRM.

4.1.1. Remote business environment

Studying Table 14 reveals that both economic and legal forces are considered by the HR managers more central as shaping forces with regard to their crisis-driven HRM compared to the technological and demographic ones.

Economic forces

Obviously the industrial slowdown is an explicit exogenous trend calling for a certain organizational response and in particular for an adequate HRM.

mit dem Jahrtausendwechsel hat sich einfach die gesamte Branche … in einer Krise befunden (A.A.)

Von daher war es wirklich die wirtschaftliche Entwicklung (B.B.)

… da hat es Markt faktoren gegeben, die haben einfach dazu geführt, dass die Unternehmenszahlen nicht gepasst haben (E.E.)

A clear evidence for the significance of this force is the fact that only at D-Consulting where a personnel costs crisis does not occur, the HRM can not be described as crisis-driven rather than as growth-oriented.

Legal forces

There is a controversial picture regarding the applicable regulation in terms of job security. While the HR manager at A-Consulting states that Wobei natürlich kurzfristig gesehen in Deutschland Mitarbeiter nicht freigesetzt werden können (A.A.), at C-Consulting, a traditional
partnership  *Man kann sich vom Personal in Beratungsunternehmen leicht trennen: es gibt keine Prozesse, man bekommt eine dicke Abfindung und das war es* (C.C.).

A possible explanation for such discrepancy could be found in Kipping’s three-wave model (Kipping 2002), according to which C-Consulting as a typical partnership belongs to the so called second generation, and A-Consulting being an IT consultancy belongs to the third (cf. Chapter II.4), which becomes more and more similar to the typical industrial settings (Graubner and Richter 2003) and hence oblige a more regulatory requirements regarding job security.

Other examples for regulatory framework that have to be taken into account when designing certain personnel strategy or practices as organizational answer towards changed market conditions occur at D-Consulting.

According to the HR director the legal execution of the regulatory framework was reason for the certain evolutionary pattern of escalation the crisis-driven HRM at D-Consulting followed

*da prüft jeder Richter sofort, wenn es vors Gericht kommt, hat man vorher das mildeste Mittel ausgeschöpft* (E.E.)

Another regulatory aspect with a particular relevance to the choice of certain crisis-driven HR practices considered by the same HR director is the avoidance of pseudo self-employment. Due to the German tax regulation, employees can not be that easily contracted as freelancers.

There are no explicit findings in view of any technological trends influencing certain design of crisis-driven HRM at the case-study consultancies, apart from some considerations, expressed by both the HR manager at A-Consulting and the HR director at D-Consulting. As previously introduced, according to them the consultants’ skill set and know how have to be market adequate and to reflect clients’ needs which implies increasing internal employability by enhancing training on new technologies.

4.1.2. Exogenous actors

Following the findings in Table 14 the immediate business environment shaping the crisis-driven HRM during the studied period comprises the following exogenous actors: *buyers, suppliers* and *competitors*. The HR director at D-Consulting gives a short overview “*Wenn ich sage, ich tue mich am Markt orientieren, heisst es ich bin am Wettbewerb, an Kunden dran, ich schaue nach Banken, ich schaue nach Investoren, ich schaue nach (...) Aktionären ... notfalls schau ich schaue sogar nach Versicherer...* (E.E.)”
**Power of buyers**

Due to the economic downturn the buying power of clients’ organization has been affected significantly which in turn resulted in a decreased market demand for consulting services (BDU 2003; FEACO 2003).

In such a context clients evaluate seriously their spendings for consulting services and hence their common response is to freeze or to postpone consulting projects (Allen 2010; BDU 2010; Fugazy 2010, Bewley 2009) which was the experience of all interviewed experts.

*Und wenn es der Industrie schlecht geht, dann ist man natürlich nicht schnell bereit Berater zu kaufen, … dann sagt man verständlicherweise „Dafür ist im Moment nicht wirklich das Geld da“… von daher das war natürlich ganz klar ein Einfluss, weil wir von den Kunden abhängig sind (B.B.)*

*geht es den Kundenunternehmen schlechter, was passiert in der Regel?, die Beratungsunternehmen werden entweder frei gesetzt … und Projekte werden gestoppt … das sind, sind ganz einfach Einflussfaktoren, denen wir als Beratungsunternehmen natürlich unterliegen (A.A.)*

Again the buyers are those who shape the need for a certain skill set and know-how and hence force the HR managers to answer the question: “Was erwarten unsere Kunden von uns?” (A.A.).

**Supplier power**

Suppliers with respect to the German consulting industry can be differentiated in two main categories those of financial and those of human capital.

Among suppliers of financial capital are banks and investors (Lünendonk et al. 2009). They are more relevant for the IT consultancies rather than for partnerships (Kipping 2002) which is traditionally the preferred legal form of management consultancies.

As soon as the creditors realize that a certain consultancy faces costs crisis they make pressure to force the latter to undertake any action.

*…wenn Sie in einer wirtschaftlich schweren Lage sind, Sie haben bestimmte Kreditgeber sie versuchen in dem sie Kredite fällig stellen … ein bisschen Druck aufbauen … dann müssen Sie natürlich reagieren. (E.E.)*

Due to the financial targets, investors pursue, the latter represent a source of pressure similar to crediting banks.
In a similar context, publicly traded consultancies are under stronger financial pressure due to the quarter reports investors expect (Reiners and Hebestreit 2002; Kipping 2002) which result in a shorter time frame an undertaken action has to bring a desired effect.

... das ist sicherlich ein sehr schwieriger Aspekt, einmal zwischen langfristiger Unternehmensplanung und kurzfristiger Quartalsicht auf Grund der Analystenberichte (A.A.)

The HR manager at B-Consulting shares a similar experience:

... wir haben Quartalabschlüsse und da wird es auch natürlich immer dass man guckt, dass pro Quartal funktioniert, ... dass wirklich quartalmäßig manchmal sogar noch in kürzeren Abständen geschaut wird ...(B.B.)

Frankly crediting banks and share holders expect fast organizational response towards changed market conditions. Hence, in their role as driving forces they influence the decision-making towards relatively drastic decisions such as downsizing. Thus publicly traded consultancies are more vulnerable compared to classical partnerships.

Competitive rivalry

The interviews with the HR directors and managers at the case-study consultancies reveal two interesting aspects with regard to competition.

Congruent with Wallace’s evolutionary tradition - considering the surrounding environment rather than the competition challenging the survival of a species - the HR manager at B-Consulting does not recognize the competition as a shaping force in terms of crisis-driven HRM.

... die Konkurrenz ist immer gleich ... wir haben immer die gleichen mit den wir konkurrieren (B.B.)

However, the HR executives at A-Consulting, C-Consulting and E-Consulting consider competition a benchmark or source of knowledge when looking for leading practices with regard to crisis-driven HRM (cf. Chapter II.5).

Another interesting aspect is introduced by the HR director at E-Consulting viewing the customers as potential competitors with regard to attracting their consultants.
Natürlich haben wir uns auch an Kunden orientiert, weil Kunden werben auch bei uns Leute ab ... bei allen (Maßnahmen) haben wir als externen Faktor – den Markt beobachtet, d.h. Wettbewerb und Kunden (E.E.)
<table>
<thead>
<tr>
<th>Actors</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remote environment</td>
<td></td>
</tr>
<tr>
<td>• Economic forces</td>
<td>A-Consulting: Decreased market demand</td>
</tr>
<tr>
<td></td>
<td>B-Consulting: Decreased market demand</td>
</tr>
<tr>
<td></td>
<td>C-Consulting: Decreased market demand</td>
</tr>
<tr>
<td></td>
<td>E-Consulting: Decreased market demand, Price pressure</td>
</tr>
<tr>
<td>• Political and legal forces</td>
<td>A-Consulting: Industrial-relation regulation</td>
</tr>
<tr>
<td></td>
<td>B-Consulting: Legal restrictions regarding layoffs are not applicable</td>
</tr>
<tr>
<td></td>
<td>C-Consulting: Regulation against pseudo self-employment</td>
</tr>
<tr>
<td></td>
<td>E-Consulting: Possible lawsuits</td>
</tr>
<tr>
<td>• Technological forces</td>
<td>A-Consulting: Need for new know-how</td>
</tr>
<tr>
<td>Immediate industrial</td>
<td>B-Consulting: Buyer power</td>
</tr>
<tr>
<td>environment</td>
<td>(Banking sector)</td>
</tr>
<tr>
<td></td>
<td>C-Consulting: Supplier power</td>
</tr>
<tr>
<td></td>
<td>(to maintain a positive image)</td>
</tr>
<tr>
<td></td>
<td>E-Consulting: Customers as potential competitors in terms of</td>
</tr>
<tr>
<td></td>
<td>attracting employees</td>
</tr>
<tr>
<td></td>
<td>“Same league” competitors</td>
</tr>
<tr>
<td></td>
<td>B-Consulting: Competitors</td>
</tr>
</tbody>
</table>
4.1.3. Exogenous behavioral mechanisms

As previously introduced three different behavioral mechanisms with regard to the external environment can be differentiate constraining, copying and learning forces (cf. Chapter II.5). Studying Table 15 reveals some consistent patterns with respect to those shaping mechanisms.

Constraining forces

Confirmation to legitimate structures such as regulation authority or the top management at group level occurs to be a shaping force in two cases. Hence, the escalation of the crisis-driven HRM at E-Consulting (cf. Chapter IV.3) can be explained with the constrained organizational answer influenced by the relevant regulation respectively legal authority.

... so musste ich allein rechtstechnisch so reagieren, dass ich vorher alle milderen Mittel abgeklopft hab ... deswegen die Maßnahmen sind eskaliert (E.E.)

A similar picture occurs at A-Consulting where the earlier introduced job security regulation which shapes the crisis-driven HR personnel practices in a certain way

... wir haben schon einen weitrreichenden Mitarbeiterschutz, das Mitbestimmungsgesetz, und allein dadurch sind die Maßnahmen bewertet, beurteilt was ist möglich ... (A.A.)

Another aspect of the constraining forces deals with alignment with top management decisions respectively announcements. To keep the exogenous focus of these forces only the activities of the mother company will be taken into account, those of the local top management will be considered endogenous to the company. Alignment with top-management decisions occurs in two cases.

... wir hängen eng ... an der Mutter, d.h. die Mutter achtet sehr ..., d.h. die Mutter schreibt auch die Zahlen und dann unser Topmanagement hier direkt ... d.h. es kommt klassisch von oben runter (B.B.)

Sometimes international considerations at group level influence crisis-driven HRM, in spite of the fact that there is no need for a certain organizational answer at local level.

... dazu kam noch ein Announcement von dem Mutterkonzern, dass A-Consulting speziell in Europa entsprechende Anzahl von Arbeitsplätzen reduzieren ..., d.h. da sind wir weniger getrieben gewesen aus dem was uns
**Cloning forces**

The interview findings reflect three different aspects of cloning forces in terms of: a) **strategic vs. operational features of crisis-driven HRM to be copied**; b) **relevance of the leading practices**; as well as c) **means and channels of crisis-driven know-how dissemination**.

The HR executives see competitors as an obligatory benchmark with regard to the strategic dimensions of the organizational response towards changed market conditions.

… die Konkurrenz am Markt hat ein ganz anderes operatives Ergebnis, ganz ein anderen Deckungsbeitrag, heißt sie sehen die Wirtschaft besser, … dann schauen Sie sich um angenommen wie wir, wir, haben teilweise haben wir 6-7 Niederlassungen gehabt, brauchen wir das überhaupt? Dann schauen Sie sich was macht die Konkurrenz – aha- hat nur 3, also heißt das erste war immer ganz klar angeschaut von externen her wie macht es der Markt? (E.E.)

Further to the strategic aspect, at a very operational level certain aspects of concrete crisis-driven HR practices are in both strategic and operational terms as a source of know-how

es gibt schon seit 98 von den größten Personalberatern, das Kompetenz- oder das Vergütungsmodell und dann muss man sich an dem orientieren, was „state of the art“ ist: von daher, man muss sich einfach umschauen …

Und von daher da hat man sich es einfach angeschaut, was gibt es (E.E.)

probate Mittel, die auch aus anderen Unternehmen bekannt sind (A.A.)
as well as a strict benchmark in order to ensure adequacy of the practice

... weil wenn sie jetzt irgendein theoretisches Kompetenzmodell machen, wo
ihnen dann die ganze Mitarbeiter weggehen, weil das nicht marktberecht ist,
die gehen so eben bei anderen Wettbewerbern, dann haben Sie ein anderes
Problem und dan gibt es uns nie mehr (E.E.)

According to the HR manager at A-Consulting it is important to choose relevant industry
leaders in order to transfer compatible practices.

... selbstverständlich haben wir dadrauf gekuckt was macht IBM, was macht
Accenture. Das sind die Mitbewerber, mit denen wir auch in einem direkten
Vergleich stehen ... (A.A.)

Interestingly the consultancies consider only competitors’ know-how and practice a valuable
source for crisis-driven HRM rather than those of their mother companies. However, there
are no explicit findings enlightening such organizational search behavior.

The way market leaders influence the crisis-driven HRM might flow through different channels
and means such as informal networks, the press as well as during interviews with potential
candidates. Such experiences were shared by the HR manager at A-Consulting and the HR
director at D-Consulting.

Es gibt Netzwerke, egal auf welche Ebene auch immer. Da wird sich einfach
informell ausgetauscht und oder auch das was auch formell oder offiziell
bekannt wird durch die Presse (A.A.)

Zum einen ist es natürlich die Presse über die man das ein oder das andere
erfährt aber viel stärker oder viel interessanter sind für uns die, die direkten
Quellen nämlich Leute mit denen wir ins Gespräch sind, wenn wir von X oder
von Y Leute sitzen haben, die sich bei uns bewerben oder von Kontakt
entstanden ist, dann fragen wir natürlich auch “wie macht ihr das dort?” (...) und was ist gut, was vielleicht nicht so gut. Und von dieser Quelle bekommt
man natürlich sehr sehr viele Informationen und Einblicke in das, was andere
machen (D.D.)

However there is no explicit finding for using competitors’ experience as an argument for
considering certain HR practice acceptable and advantageous (Godkin, Valentine and St.
Pierre 2002).
Learning forces

Table 15 reveals the following consistent patterns with regard to learning forces as exogenous mechanism leading to a certain crisis-driven HRM in consulting firms.

Due to the existing managerial know-how, methodologies and common sense in every consulting firm, at the beginning are implemented crisis-driven personnel practices which are considered being proven measures. Such understanding is shared by the HR managers in two consultancies.

... es sind natürlich sehr probate Mittel letztendlich mit Krisen in einem Unternehmen umzugehen ... da brauche ich nicht mal BWL studiert zu haben ...
... das kann jeder verstehen und dass man sicherlich zuerst mal lehrbuchartig die probate Mittel auch herangezogen werden (A.A.)

Es gibt natürlich nicht so viele Möglichkeiten in Krisen Personalpolitik in verschiedensten Formen zu machen. Das sind immer die gleichen Instrumente ... Das ist so der Klassiker ... (B.B.)

Second, in order to design a more successful crisis-driven HRM, the HR manager at A-Consulting is looking for new concepts and methodologies.

Wir haben gerade heute Morgen ein Geschäftsleitungsmeeting und da habe ich ein Wirkskop vorgestellt, ich weiß nicht ob Sie das Buch „Die Mäusestrategie“ kennen „Who moved my cheese?“ in Englisch, und da geht es gerade dadrum eben frühzeitig Veränderungsnotwendigkeit zu identifizieren und proaktiv zu agieren, hier werden wir auch verstärkt mit den Führungskräfte dran arbeiten (A.A.)

The third demonstration of learning forces which can be observed at E-Consulting focuses on the external consultants as a source of knowledge forcing the consultancy to take into account new crisis-driven personnel practices.

... z.B. „X“, es ist eine Rechtstrukturierungsberatung; „Y“ war auch Restrukturierung .. ist damals auch ein weites Portfolio an Handlungsmöglichkeiten vorgeschlagen worden (E.E.)
<table>
<thead>
<tr>
<th>Forces</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>E-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constraining</td>
<td>Regulatory framework compliance</td>
<td>Follow guidance from both group and local top management</td>
<td>No applicable job security regulation for partnerships</td>
<td>Regulation against pseudo-self employment</td>
</tr>
<tr>
<td></td>
<td>Works council negotiations</td>
<td>Quarterly pressure by stock exchange reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Announcement for downsizing at group level</td>
<td>Controlling figures at group level</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quarterly pressure by stock exchange reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Controlling figures at group level</td>
<td></td>
<td>Restructuring concept and approach introduced by external consultants</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Corporate culture</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pressure by banks</td>
<td></td>
</tr>
<tr>
<td>Cloning</td>
<td>Benchmark against “same-league” competitors</td>
<td>Benchmark against “same-league” competitors</td>
<td>Benchmark against competitors’ and clients’ leading practices (figures)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Informal networking</td>
<td></td>
<td>Competitors’ leading practices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Scanning the press</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning</td>
<td>Use of well known and new concepts and methodologies reg. CD HRM</td>
<td>Use of well known and new concepts and methodologies reg. CD HRM</td>
<td></td>
<td>Applying know-how from external experts</td>
</tr>
<tr>
<td></td>
<td>Search and distribution of new managerial concepts (books)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.2. **Organizational response as a decision-making process**

Since the actors endogenous to a consultancy were already introduced in Chapter II.5, the findings reported in the present chapter address the question how *by participating in the decision-making process* those endogenous actors influence the crisis-driven HRM. Table 16 gives an overview of the decision-making stages crisis-driven HRM goes through at the different case-study consultancies. Studying this overview of outcomes reveals some consistent patterns with regard to the way organizational decision-making shapes the design of crisis-driven personnel practices.

4.2.1. Perceiving and analyzing weak signals

According to all interviews, an early warning is either a top management or a controlling responsibility: *Normalerweise ist das Sache der Unternehmensführung oder das Controlling (D.D.)*

This very first stage of the process is defined as a common top-down approach, especially in the case of consultancies with a strong international context.

... *wir haben Controllingsystem, wir hängen eng an der Mutter, ... die Mutter schreibt auch die Zahlen und dann unser Topmanagement hier direkt ...*, d.h. *es kommt klassisch von oben nach unten (B.B.)*

The interaction between top management and controlling is clear – perceived and analyzed information goes to the decision makers which are different at the different consultancies, e.g. *Board of advisors, Management board, Management team, HR committee or People committee.*

... *[Controlling] haben natürlich einen regelmäßiges Berichtspflicht, das ist sogar bei uns runterschraubbar tagesgenau, wochengenau ... so kommt quasi der Rückfluss vom Controlling ... zu den Entscheidern, das ist bei uns einfach Vorstand und Geschäftsführung und die Abteilungsleiter ... dann in dem Moment quasi wo klar ist es besteht jetzt ein Handlungsbedarf dann wird entweder einer oder der andere [Krisenmanagement]Team ausgebildet (E.E.)*

Now even more than before the HR department participation in perceiving and analyzing weak signals regarding crisis-driven HRM becomes increasingly central (Prishing 1994; Scholz 1993). Such awareness is shared by the HR directors and managers at most case-study consultancies. As previously introduced (cf. Chapter IV.2) the HR manager at A-
Consulting and the HR director at D-Consulting see the HR department’s contribution at this stage is assessing on a regular basis whether the consultants' skill set is market adequate.

4.2.2. Search of new crisis-driven HR routines

Analyzing all interviews and additional data, outcomes to the following aspects have been identified: a) motivation to search for new practices; b) locus of search and c) responsibility for searching.

Motivation to search for new routines

A clear case of motivation to search intensively for new HR routines emerges when the changed market conditions influence the financial stability of the consultancy in a negative way. The HR manager at A-Consulting shares:

\textit{Das ist eine sehr simple Rechnung, wenn die Ausgaben höher sind asl die Einnahmen, dann haben wir ein großes Problem (A.A.)}

Another motivation to search for new crisis-driven HR practices is the effectiveness of the existing ones. This was verified at E-Consulting by applying gap analysis.

\begin{quote}
... die eine Maßnahme hat nicht gegriffen oder nicht weit genug gegriffen und es hat die neue kommen müssen. ... wir haben hier einen Ist-Stand gehabt, von den Zahlen, von den Maßnahmen fixiert, wir haben gesagt einen Plan-Stand wollen wir erreichen mit bestimmten Maßnahmen X, und das haben wir dann ganz klar abrufen können. ... es ist so eingetreten wie man wollte und wenn nicht, hat man dann eine andere Maßnahme schalten müssen. (E.E.)
\end{quote}

Effectiveness is also understood as organizational success in terms of figures such as sales and income (Nelson 2009). These are the drivers for searching new crisis-driven HR practices at A-Consulting and at E-Consulting: „\textit{die waren immer der Triebfaktor, dass man da was verbessert“(E.E.).

Further motivation, similar to the one of organizational effectiveness is to improve the existing crisis-driven practices, to minimize their disadvantages realized after a certain period of time. Such picture occurs at C-Consulting and F-Consulting where both consultancies are searching for downsizing respectively hiring freeze alternatives to avoid certain negative effects they have already observed.
In 2002 waren da auf einmal nicht mehr genügend Leute und man hat es festgestellt, dass man es wieder Mal verpasst hat an internen Projekten zu arbeiten (C.C.)

Weil man da gewisse Jahrgänge haben einfach gefällt (F.F.)

Alike the above findings, is the motivation of A-Consulting to ensure higher crisis preparedness, thus searching for qualitatively new HR practices: “eine Motivation wird es sein nicht mehr in eine Situation reinzugeraten so wie wir dadrin waren (A.A.)”

At B-Consulting there are two equally central considerations leading to the need to search for new personnel routines – the cost pressure and on the other hand to treat their employees fair.

Das ist … der Kostendruck, dass man nicht mehr so ausgelastet ist wie in guten Zeiten und das ist natürlich auch fair mit den Leuten umzugehen. Kann man da andere Lösung finden oder muss man sich von den Leuten trennen? (B.B.)

Locus of search

The findings regarding the search locus for new crisis-driven HR practices reflect to a high extent those with respect to learning forces. Influenced by their educational background and previous knowledge the responsible persons begin their search in the neighborhood of common and proven measures.

A summarized picture of all findings with regard to locus of search can illustrate the following approach (Fig. 39) – first consultancies search in the neighborhood of already applied or well known HR practices which can be used also for the purpose of crisis-driven HRM. Afterwards they start moving gently outside their comfort zone in order to get acquainted with new crisis-driven personnel solutions, first with those applied by the same-league competitors and than with crisis-driven HR concepts and methodologies in general.
According to the HR manager at B-Consulting there are not so many diverse crisis-driven HR practices, thus the mostly used ones will be also chosen for further implementation

*Es gibt ... nicht so viele Möglichkeiten in Krisen Personalpolitik in verschiedensten Formen zu machen. Das sind immer die gleichen Instrumente (B.B.)*

A similar experience is shared by the HR manager at A-Consulting

*Also ich denke mal es sind natürlich sehr probate Mittel letztendlich mit Krisen in einem Unternehmen umzugehen ... angefangen eben von Kostenreduzierungen in Sach- oder Fixkostenbereichen, ... dann auch im Personalkostenbereich (A.A.)*

**Participation and interaction**

Following Table 17 suggestions are generated either by specially established cross-functional teams or by the steadily existing HR committees.

*People Committee besteht aus Partner und Manager ... Diese Experten generieren neue Vorschläge als Alternativen (C.C.)*

An interesting finding with regard to incorporating feedback occurs in the process of elaborating new crisis-driven HR practices at D-Consulting. In this case although line managers are expected only to give feedback, and top management is responsible for
making the final choice, usually all suggestions done by the line management are also accepted by the top management.

bei uns finden immer zuerst die Managermeetings statt und entweder zeitversetzt am gleichen Tag oder am nächsten Tag ist das Geschäftsführungsmeeting, heißt alles war auf der Tagesordnung vor der Geschäftsführung steht, steht ... auch bei den Managern, ...wenn die dann Empfehlungen abgeben ... kann man das zeitversetzt in der Geschäftsführungsmeeting am gleichen Tag oder ein Tag später ... umsetzen. ... bei vielen Maßnahmen ist es so dass, eins zu eins das genommen wird, was die Manager vorschlagen (E.E.)

Another possibility for participation at the stage of problematic search or design with regard to new crisis-driven HR practices is a cross-functional cooperation which is the case at B-Consulting. At this case-study consultancy defining the crisis-driven HRM was a fruitful collaboration among the HR department, the line managers and the local top management.

das machen wir [die Personalabteilung] auch mit dem Deutschen Management ... sprechen wir uns ab, mit den Unitleitern halt, das ist eine Zusammenarbeit zwischen allen drei Bereichen: Personal, Unitleiter und Management (B.B.)

Administrative departments such as HR and finance play also a central role in the search and generation of new alternatives or designs.

... bei der Generierung sicherlich Geschäftsleitung, denn noch Fachbereiche wie z.B. HR oder aber auch der Finanzbereich. Viele Maßnahmen müssen finanziert werden und dann das auch gemeinsam ... mit diesen Bereichen direkt abgesprochen wird „Wie kann so was dann ... finanz-technisch auch gelöst werden (A.A.)

The data collected does not reveal any special routines for searching and or designing new crisis-driven HRM apart from international and local partner meetings, cross-functional group meetings, incorporation of feedback as well as project management. There is no sufficient insight with regard to the process of creation within these working groups.

An interesting experience is shared by the HR directors at D-Consulting and E-Consulting in view of the interaction during the design process of new crisis-driven HR practices. According to the HR director at E-Consulting it is an intensive dialogue between the cross functional team and the top and line management until a solution - serving the interests from all parties concerned - is found.
... 5 -6 Konzepte langen nicht für dieses Kompetenzmodel und das ist hat immer wieder gespiegelt worden, dass ist dann quasi immer wieder hoch kommen mitten in die Geschäftsführung und in Richtung Abteilungsleiter, da es ist wieder besprochen, wieder modifiziert worden, wieder zurück in die (...) in die Werkkruppen wieder reinkommen dann hat’s man wieder aufbauen, damit es wieder hoch kommen und so bis mal zum Schluss die Maßnahmen gehabt, wo man gesagt hat: die möchten wir jetzt durchsetzen (E.E.)

A similar picture occurs at D-Consulting, where the HR director shares that it is a long-lasting process to meet all expectations.

Wenn wir kein Konsens haben würde einfach weitergeklärt worin besteht eine unterschiedliche Auffassung durch welche Maßnahmen kann man vielleicht Unklarheiten beseitigen und etwa kann man etwas Veränderung an Konzept annehmen, dass er letztlich alle dahinter stehen können (D.D.)

4.2.3. Evaluating alternatives and making choice

For the purpose of analyzing and comparing alternatives effectively, the HR director at E-Consulting describes the need to ensure adequate and detailed information.

Die Krisenpersonalmaßnahmen wirken erstmal abstrakt und generell, wenn man in der Krisensituation steckt. Diese werden erstmal vorgeworfen ohne Info was es kostet, ohne Auswahlkriterien wie Kosten und Kostenersparnisse (E.E.)

Thus, at most of the consultancies studied the process of evaluating alternatives and making choice looks in a similar way: after conducting a crisis diagnosis a list with relevant measures is elaborated and all of them are checked against relevant criteria such as possible consequences at individual and organizational level.

… die Zahlen, heißt quasi ich führe diese Maßnahme, also ich analysiere erst, komm durch Konzepten zu bestimmten Maßnahmenkatalog, ich greife mir ein raus welche Auswirkung haben die einzelnen Maßnahmen auf verschiedene Kriterien, sei es auf Kosten oder ... auf die Fluktuationsgrad (E.E.)

A similar experience is recalled by the HR manager at A-Consulting: „... soweit ich da Einblick hatte, miteingebunden war gab es mehrere Möglichkeiten, die man einfach abgewogen hat“ (A.A.). According to her such approach is a common routine whether if it is crisis or not: „das ist eine normale Praxis ... wenn es da drum geht eine Entscheidung zu fällen, egal ob in Krisenzeiten oder in guten Zeiten“ (A.A.).
Studying Tables 16 and 17 some consistent patterns emerge in terms of evaluation routines, criteria and participation at this stage of the decision-making process.

**Evaluation routines**

Following the data collected the *scenario technique* come out as the solitary evaluation technique, shared by the HR director at E-Consulting. According to their practice they simulate different scenarios by using diverse operational figures and key data.

> Sie können ja verschiedene Kennzahlen hernehmen, ... von der Kontroller ausgerechnet. Der sagt mir was sind die Auswirkungen kostenmäßig, umsatzmäßig, was passiert wenn wir uns so und so viel Mitarbeiter abrechnen, was passiert wenn so und so dazukommen, heißt das wird simuliert, wobei man aber sagen muss wir haben keine hochtechnischen Sachen ... das wird bei uns vorwiegend einfach Excel-technisch rein gehaut irgendwo und dann kriegt man einen Auswurf (E.E.)

**Selection criteria**

Reflecting the data with regard to selection criteria as an internal force shaping the design and resulting in a certain crisis-driven HRM, the following categories in terms of effectiveness were distilled from the data: *saving capacity* as well as *employees’ acceptance*.

> ...und dann klarerweise dann tun Sie einfach Abwägungen ... positiv-negativ, Plus - Minus ..., heißt wie ist die von der Akzeptanz, wie ist es vom Ergebnis, von den Kosten her, hält mit dabei der Motivation alles Möglicheres, Sie haben einfach Kriterien sich gesucht nachdem sie verschiedenen Handlungsalternativen einfach durch bewertet haben (E.E.)

A further finding emerges at most of the case-study consultancies – the *feasibility*. This selection criterion occurs in several different facets - *industry relevance, regulatory compliance* as well as *practical applicability* and *time*.

While the HR director at E-Consulting states that in general terms not all crisis-driven personnel practices are appropriate for the consulting industry

> Dazu noch nicht alle Maßnahmen sind für die Beratungsunternehmen anwendbar ... Und so kommen Sie halt immer dazu, dass Sie ... sich quasi aus der Bankbreite der Maßnahmen, bauspezielle aussuchen, die für sie
the HR manager at B-Consulting gives a concrete example of a crisis-driven HR practice which was not applied due to feasibility considerations in terms of time.

Ich glaube in der Beratung ist relativ schwierig Arbeitszeit anzusparen. Das muss man genau durchdenken, absprechen und analysieren und kann man nicht so schnell machen. Sonst Time out ist relativ schnell umzusetzen, aber so was … da braucht man System, muss man alle Bereiche miteinbeziehen, also komplett den Konzern, das muss man berechnen was das kostet, Rückstellungen bilden … also das dauert einfach seine Zeit. Das kann man nicht einfach so in einem Monat … (B.B.)

The HR manager at A-Consulting considers compliance with the regulatory framework the most central aspect of feasibility as selection criterion.

In Deutschland gibt es eine weitreichende Mitarbeiterschutz, das Mitbestimmungsgesetz, und allein dadurch werden die Maßnahmen bewertet, beurteilt was ist möglich, was ist machbar … Ich kann mir sicherlich als Unternehmen oder als Geschäftsleitung überlegen was ich machen möchte, aber da mag es dann eben auseinander driften zwischen den, was ist gesetzlich möglich … (A.A.)

Here again a difference between management and IT consultancies occurs. Congruent with previous research (Jones 2009; Petersitzke and Hristozova 2006), at C-Consulting (classical partnership) there are no legal restrictions applicable when downsizing employees in contrast to those relevant for publicly traded IT consultancies.

Man kann sich vom Personal in Beratungsunternehmen leicht trennen … es gibt keine Prozesse, man bekommt eine dicke Abfindung und das war es (C.C.)

Groups of interests

The interests of two internal groups play a central role as a source for selection criteria. According to the HR directors and managers these are the employees and the top management.

At A-Consulting the most central aspect taken into account when making decisions for crisis-driven personnel practices is to be “socially” acceptable.
... im Vordergrund stehen sicherlich die Mitarbeiter und ... wenn solche Maßnahmen ergriffen werden, ... zu schauen wie kann man das am sozialverträglichsten ... umzusetzen... (A.A.)

The HR director at E-Consulting considers also the satisfaction of the internal teams. According to him this refer to aspects such as „Kollegialität, Teambildung“ (A.A.).

In addition to the group of employees the works council has to be introduced in terms of advocating employees' interests. Since a works council body is relatively rare phenomenon for the consulting industry (Heuermann 2003) such picture occurs only at A-Consulting. The HR manager argues that

„Ein Betriebsratgremium ebenso als Mitarbeiter ist ein Teil des Unternehmens. ... es geht hier weniger um die Interessen des Betriebsrates, sondern der Betriebsrat vertritt ja die Interessen der Mitarbeiter“ (A.A.)

Frankly, on the other hand the interest of the top management to survive as a company should not been forgotten:

die Geschäftsleitung sieht natürlich zuerst mal das eigene Interesse und die unternehmerische Herausforderung entsprechend wieder unternehmerisch erfolgreich auch zu agieren ... (A.A.)

Interdependence and conflict of interests

Considering the interests of all actors, both external and internal, in terms of selection criteria, it can be observed how on the one hand they are interdependent and on the other competitive (Lünendonk et al. 2009; Cyert and March 2004)

... jetzt muss ich schauen die Kriterien ... ich hab dann Mitarbeiter, dadurch kann ich Kunden bedienen ... wechseln sie nicht zum Wettbewerber, dadurch kann ich quasi mehr oder weniger Umsätze und Gewinne generieren, was meine Banken wieder glücklich macht, die Aktionäre macht es ehe glücklich, da kriegen dann mehr Dividende ... (E.E.)

... ich hab bei jeder Maßnahme Kostenauswirkungen ..., wenn sie die Banken erfreuen, erfreuen Sie die Mitarbeiter nicht so ... (E.E.)

Thus the bodies responsible for the success of the crisis-driven HRM has to find certain „win-win“ solutions so that all parties are satisfied.

... wir werden dann Entscheidung treffen wenn ... alle oder über die Mehrheit in dieser Komitee dann auch das einschätzen, dass wir es so machen....so
Participation in the selection process

Table 17 reveals that though the technical evaluation of alternatives is done by the controlling department, the final choice is made by the top management.

While at A-Consulting this is the top management, at C-Consulting it is the all-partner committee and at E-Consulting it is shared by the managing board and the board of advisors.

"... die Beurteilung der einzelnen Alternativen ... ist also vorwiegend Geschäftsleitung zu sehen und Auswahl der Alternativen" (A.A.)

"Die Versammlung aller Partner entscheidet welche dieser Alternative durchgeführt werden" (C.C.)

"bei uns ist es immer eine Entscheidung aus Vorstand und Geschäftsführung zusammen, das letzte Wort die geben dann (...) die Entscheidung ab" (E.E.)

At those consultancies which are not traditional partnerships the international managerial context at group level influences also the final choice regarding crisis-driven HRM. This is the case both at A-Consulting and B-Consulting.

"... da gibt es immer Meetings internationale, wo die ganzen Länderchefs aus Deutschland, aus der Schweiz, aus England zusammensitzen und da wird es 100% Einfluss darauf." (B.B.)

Again at A-Consulting the works council is a central negotiation partner with regard to the final selection of crisis-driven HR practices. Their selection perspective is based on feasibility in terms of legislation.

da [bei der Auswahl] wurde ich ... auch noch ein Stück weit den Betriebsrat ... reinbringen, aber nicht im Sinne von „Das gefällt uns besser oder das gefällt
uns weniger“, sondern einfach vor dem Hintergrund „Was ist überhaupt möglich, gesetzlich möglich?“ (A.A.)

4.2.4. Implementation

Again following the notion of “not what but how” the main focus of crisis-driven HRM is put on implementation rather than on searching and choosing.

... das ist eine normale Praxis egal ob in Krisenzeiten oder in guten Zeiten zu schauen welche Lösungsmöglichkeiten habe ich denn? Und Wie sind diese Lösungsmöglichkeiten am sinnvollsten einzusetzen (A.A.)

Frankly when implementing new practices especially such addressing personnel cost crisis, employee resistance can be expected.

Bei der Einführung einer Maßnahme, vor allem einer Fleckendeckende sind die „Bauchschmerzen“ ehe die subjektiven Faktoren wie z.B. mögliche Resistenz unter den Mitarbeiter (E.E.)

According to the HR director at E-Consulting employees’ resistance can result even in law suits.

... wenn ... jemand, so was durchführt wie Einführung des neuen Vergütungsmodell (...) da gibt es genug, die auch dagegen schießen. Also wir haben auch Arbeitsgerichtsprozesse dann gehabt (E.E.)

Table 16 shows different aspects part of the strategies case-study consultancies apply to deal with resistance. At E-Consulting before defining such strategy, a scenario technique was employed for identifying a critical threshold of employees' resistance.

... bei unserer Simulation hat es gezeigt, dass wenn 40% der Mitarbeiter resistent wären, hätten wir richtige Ärger gehabt ... Es ist ein Glück, dass Mitarbeiter ehe flehmatisch sind, so dass nicht alle das Unternehmen verlassen wurden ... (E.E.)

The outcomes about strategies to cope with employees’ resistance at the implementation stage refer to a high extent to those of internal communication and the role of the line management (cf. Chapter IV.2). However, the HR managers at A-Consulting, B-Consulting and C-Consulting reveal some additional aspects.

At A-Consulting the works council played a central role in terms of shaping the way downsizing activities were implemented.
... im Fall der Restrukturierungsmaßnahmen stehen und standen natürlich erstmal die Verhandlungen mit dem Betriebsrat ... da erfolgt ... Publikation mit .... Sozialplan wenn es darum geht die Rahmenbedingungen für die Mitarbeiter Restrukturierungen zu erarbeiten (A.A.)

The HR manager at B-Consulting focuses on the responsibilities line management and HR department undertake in view of implementing different crisis-driven HR practices. She distinguishes their responsibilities considering the scale at which the activity takes place.


A final outcome, reported by B-Consulting and C-Consulting, reflects the requirement to offer sabbaticals by encouraging employees’ participation instead of making it compulsory by pointing people.
<table>
<thead>
<tr>
<th>Stages</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceiving and analyzing “weak” signals</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A-Consulting</td>
</tr>
<tr>
<td></td>
<td>External and internal reporting</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B-Consulting</td>
</tr>
<tr>
<td></td>
<td>Controlling system at group level</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C-Consulting</td>
</tr>
<tr>
<td></td>
<td>Regular reviews</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>D-Consulting</td>
</tr>
<tr>
<td></td>
<td>(Labor) market observation and</td>
</tr>
<tr>
<td></td>
<td>interviews with candidates</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E-Consulting</td>
</tr>
<tr>
<td></td>
<td>In-depth analysis</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic meetings</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B-Consulting</td>
</tr>
<tr>
<td></td>
<td>International strategic meetings</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C-Consulting</td>
</tr>
<tr>
<td></td>
<td>Partner meetings</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>D-Consulting</td>
</tr>
<tr>
<td></td>
<td>Regular status-quo reports</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E-Consulting</td>
</tr>
<tr>
<td></td>
<td>Regular management meetings</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>“Problematic” search</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B-Consulting</td>
</tr>
<tr>
<td></td>
<td>State-of-the art practices</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C-Consulting</td>
</tr>
<tr>
<td></td>
<td>Tailoring state-of-the art practices</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>D-Consulting</td>
</tr>
<tr>
<td></td>
<td>Developing alternative solutions</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E-Consulting</td>
</tr>
<tr>
<td></td>
<td>Integrating HR committee’s feedback</td>
</tr>
<tr>
<td></td>
<td>Integrating (top) management’s</td>
</tr>
<tr>
<td></td>
<td>feedback</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Strategic meetings</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B-Consulting</td>
</tr>
<tr>
<td></td>
<td>No evaluation and selection of</td>
</tr>
<tr>
<td></td>
<td>alternatives</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C-Consulting</td>
</tr>
<tr>
<td></td>
<td>Partner meeting</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>D-Consulting</td>
</tr>
<tr>
<td></td>
<td>Cost-benefit analysis</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E-Consulting</td>
</tr>
<tr>
<td></td>
<td>Selection criteria – effectiveness,</td>
</tr>
<tr>
<td></td>
<td>“the less drastic first”</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementing and retention</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B-Consulting</td>
</tr>
<tr>
<td></td>
<td>Works-council negotiations</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>C-Consulting</td>
</tr>
<tr>
<td></td>
<td>Implicit selection criteria –</td>
</tr>
<tr>
<td></td>
<td>time and effectiveness</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>D-Consulting</td>
</tr>
<tr>
<td></td>
<td>Consensus-based choice</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>E-Consulting</td>
</tr>
<tr>
<td></td>
<td>Scenario technique</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal Communication</td>
</tr>
<tr>
<td></td>
<td>Variety of communication channels</td>
</tr>
<tr>
<td></td>
<td>and means</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change management</td>
</tr>
<tr>
<td></td>
<td>Proactive and reactive communication</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

201
### Table 17: Participation in decision-making with regard to crisis-driven HRM

<table>
<thead>
<tr>
<th>Stages</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>D-Consulting</th>
<th>E-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Perceiving and analyzing weak signals</strong></td>
<td>Finance HR Department Controlling</td>
<td>At group level</td>
<td>Controlling All partners (60-70 partners)</td>
<td>Controlling HR committee</td>
<td>Controlling Top management Managars Restructuring consultants</td>
</tr>
<tr>
<td><strong>“Problematic” search (Generating alternatives or developing new design)</strong></td>
<td>Both Group and local top management start the search process Planning committee Financial department</td>
<td>Collaboration among top management, HR department and unit managers</td>
<td>People committee (partners and managers) Career development committee</td>
<td>HR department</td>
<td>Restructuring consultants Financial department HR department</td>
</tr>
<tr>
<td><strong>Evaluating alternatives and making choice</strong></td>
<td>Group top management Local top management Works council</td>
<td>All-partners meeting</td>
<td>HR committee</td>
<td>Board of directors Top management</td>
<td></td>
</tr>
<tr>
<td><strong>Implementation and retention</strong></td>
<td>HR department Managers</td>
<td>HR department Unit managers Internal communication department</td>
<td>HR department External outplacement consultants</td>
<td>HR department Managars</td>
<td>HR department as project manager External legal advisors Line management</td>
</tr>
</tbody>
</table>
4.3. Organizational learning and continuous improvement

Organizational learning and drive for continuous improvement can be considered central to the gradual character of the crisis-driven HRM evolvement. To learn from previous mistakes and hence to improve the organizational answer in terms of crisis-driven HR practices was explicitly the case at four consultancies.

Most of the consultancies understand the organizational learning in terms of crisis-driven HRM as a process of realizing mistakes made and avoiding them during next wave.

... und gut das sind halt die Erfahrungen, die ein Unternehmen dann ganz einfach macht... ja sicherlich wir haben gelernt aus den Fehlern, die wir im Alltag zu Beginn gemacht haben... (A.A.)

When speaking about initially made mistakes, they can vary from choosing and applying certain personnel practices and afterwards to realize that an alternative solution will be more effective – which is the case at C-Consulting and E-Consulting – to avoiding concrete behaviors when implementing crisis-driven HR practices. The second is a typical case at A-Consulting.

... in der ersten Welle, angefangen von ... „Wie werden die Mitarbeiter identifiziert? “ sind sicherlich Fehler gemacht worden, auch von der Seite der Führungskräfte .... Es sind sicherlich Fehler gemacht worden „Wie sind die Mitarbeiter angesprochen oder informiert worden“ ... es sind sicherlich Fehler gemacht worden ... wie sind die Gespräche gelaufen .... Das ist dann sehr deutlich zurückgespiegelt worden, das ist gar keine Frage und ... absolut ... ist das geändert worden ... (A.A.)

The main difference between C-Consulting and E-Consulting is the understanding they have gained from their initial mistakes followed by a certain improvement. While at C-Consulting a stepwise increase of the personnel-cost reduction intensity considered a successful strategy (cf. Chapter IV.3),

... 2003 der Umsatz ist wieder zurückgegangen, dann hat man bereits gelernt und nicht mehr so radikal reagiert ... (C.C.)

the HR Director at E-Consulting argues that a successful solution means to choose from the very beginning one even more drastic solution, instead of replacing one after the other which are less drastic, however not effective (cf. Chapter IV.3).

Und so war’s im Endeffekt so dass wir dann halt umgeswitscht sind und haben gesagt: wir brauchen eigentlich jetzt nicht nur eine befristete Lösung –
Teilzeitarbeit, sondern wir brauchen eine die quasi einfach zukunftsträchtig ist, die mittel- und langfristig wirkt, und auch dafür haben wir uns in Richtung Kompetenzmodel entschieden (E.E.)

According to the data collected there is no outcome referring to the existence of organizational routines for capturing and disseminating the knowledge gained from the „lessons learnt“.
5. Evolutionary effects of CD HRM in German consultancies

5.1. Effects with respect to individual performance

The relevant research questions and preliminary proposition can now be addressed by reporting the categories identified from the data collected. Table 18 gives an overview of possible effects in terms of employee reactions taken into account by case-study consultancies when choosing certain crisis-driven personnel practices. These evolutionary effects were either experienced by the decision makers during the studied period (2001 – 2003) or they were familiar to them in advance and took them into consideration before deciding about certain crisis-driven HR practices.

Studying further Table 18 reveals some similar findings across case-study consultancies how crisis-driven HRM has addressed personal emotions and work attitudes such as anxiety, insecurity and commitment as well as certain behaviors such as intention to leave, resistance to change, etc. (cf. Chapter II.6).

Addressing anxiety and job insecurity

According to the HR manager at A-Consulting after the first wave of downsizing activities they have realized that there is a need to build trust and security. Thus they have implemented during the second wave certain institutional practices to ensure trust despite nature of downsizing.

… die Unsicherheit ... in dem Sinne: „Ist es tatsächlich vorüber? Bin ich vielleicht der Nächste? Ist der Kelch jetzt an mir vorüber gegangen?“ und mit Sicherheit sehr viele Ängste auch. … und allein die Maßnahmen, die wir jetzt ... folgen, mit den Führungskräften, mit den Mitarbeitern... das sind schon sehr deutliche Konsequenzen, die ... dazu führen, dass Sicherheit gegeben wird. D.h. es wird wieder Vertrauen aufgebaut trotz der Restrukturierungsmaßnahmen, es ist zu spüren, dass die Mitarbeiter wieder wesentlich stärker sich ihren ... Job widmen (A.A.)

Ensuring organizational support and perceived fairness

The notion of fairness and fair treatment occurs to be central consideration to all case-study consultancies when deciding upon certain crisis-driven HRM design. Quite similar understanding is shared by the interviewed HR directors and managers.
... dass wir in der Form eben mit den Mitarbeitern umgehen, dass es jetzt immer noch fair stattzufinden ist (A.A.)

..., kann man das irgendein für alle fair und attraktiv gestalten (E.E.)

Both at A-Consulting and B-Consulting the term of fairness is extended and covers also the private circumstances of the employees.

Der Mitarbeiter soll berücksichtigt werden, die Umständen in den er lebt. Es soll sozial gemacht werden ... es ist natürlich schön wenn man solches Instrument hat, dass der Mitarbeiter merkt ... dass man sich wirklich Gedanken [macht] (B.B.)

Da hängen Menschen mit deren Familien Schicksalen, und eben dafür auch Sorge zu tragen, dass... hier Arbeitsplätze gesichert sind (A.A.)

Congruent with previous findings, at C-Consulting the perceived fairness of the survivors is also taken into consideration when defining their crisis-driven HRM.

Ein fairer Abschied durch Outplacement ist auch ein positives Signal für die verbleibende Mannschaft (C.C.)

Ensuring both intrinsic and extrinsic motivation

To ensure a high participation rate for part-time employment among consultants, a better ratio “working time - salary” was offered at B-Consulting. The HR director describes it as:

... ein bisschen a Zuckerl bekommen haben so dass sie es wahrzunehmen.
Das haben auch Leute gern wahrgenommen, ... die sag ich mal jetzt 5 Tage in der Woche oder 6 beim Kunden vor Ort sind, die es auch mal genießen können, wenn sie länger daheim sind (E.E.)

At C-Consulting a drastic personnel-related cost reduction during the first wave resulted in considerable motivation decrease. Not aware about those consequences during the first wave, top management found new ways during the second wave.

Die „interne“ Mitarbeiter Motivation bei BU ist sehr wichtig ... Manchmal spart man bei einer Sache, die EUR 30 kostet und hat man Motivations-schaden für EUR 1000 eingerichtet. Man hat es unterschätzt, dass Motivationstreiber ein starker Einfluss haben (C.C.)
Preparing for possible conflicts

Congruent with previous research at E-Consulting conflicts occur between the consultancy as employer and its employees (Dehner 2010). They appear mainly in the form of lawsuits. However the HR director was prepared for such employee behavior:

_Weil wenn ein Mitarbeiter nicht versteht was hinter bestimmten Regularien ist, oder der sich in seinem Besitzstand zu sehr beschnitten fühlt, der wird immer dagegen vorgehen und der macht es ... notfalls ... auch ... gerichtlich geltend (E.E.)_

On the contrary to other empirical findings (Rusaw 2005, Cameron 1987) there was no case-study consultancy reporting about conflicts among employees or between organizational units.

Avoiding undesired attrition

Another consequence E-Consulting takes into account is _undesired attrition_ and thus avoiding it is considered a central selection criteria when deciding upon the design of a certain crisis-driven personnel practice.

_... Auswirkungen, heißt ob der Mitarbeiter sich weiter mit dem Unternehmen identifizieren kann, ob er sich motivieren kann, ob er weiterhin seine Leistung bringt, ob er nicht wieder abspringen will mitten bei der Fluktuation (E.E.)_

For each crisis-driven HR practice such consideration will have different implication. According to the HR director at E-Consulting in case of a performance-related pay, the final sum has to be market adequate in order not to force employees to leave.

_Das ist natürlich in jeder Maßnahme je nachdem auf was sie gerichtet war, dann halt anders ... dann kann ich in den Ding Kompetenzen so mich entscheiden wie ich will und wenn ich die durchbewerte, und ich kriege einfach zu niedrigen Summe hin und die würden dann gehen, dann nutzt mir das nichts (E.E.)_

Dealing with resistance to change

Involvement of the line management in personnel development is considered by the HR manager at A-Consulting a central new aspect of their crisis-driven HRM.

_... noch stärker hier bei der zweiten Welle ... Führungskräfte angehalten waren ... anders zu agieren, sich einmal auch klar darüber zu sein, dass sie auch als Führungskräfte Verantwortung haben... (A.A.)_
To support line managers to grow faster in their new role as performance managers a complex management development program was conducted. However, those managers who were still resistant with regard to their recent responsibility were asked to leave (Kotter and Schlesinger 2008).

... die Geschäftsleitung von seiner Seite auch gesagt haben, „...dass wir uns trennen, weil so wie wir den Erfolg, die zukünftige Struktur und Vision und auch die Werte ... sehen, kommen wir einfach nicht zusammen“ (A.A.)

Different reactions towards same practices

In congruence with previous empirical findings outlining that individuals differ in the way they perceive and react to potential stressors (Kotter and Schlesinger 2008; Fielden and Davidson 1999), the HR manager at B-Consulting shares her experience with regard to a broad range of possible reactions she has observed among consultants.

... ich glaube das ist sehr, sehr unterschiedlich ... weil jeder anders ist. Ich glaube das hängt vom Individuum selber. Einige ... haben von alleine gesagt „O.k. Ich kann es verstehen, dass mir gekündigt ist. Jetzt tue ich mich in eine Aufgabe, ich nutze dieses Out Coaching ... Ich will ... gar nicht mehr in die Beratung, mir war das Reisen ehe zu viel ....“ Andere, die hier bleiben sagen „Mensch, toll ich bin dabei im neuen Bereich, ich möchte neues Wissen aufbauen“, der nächste sagt „Ich will gar kein neues Wissen aufbauen, ich möchte das machen, was ich bisher gemacht habe, hoffentlich erwischt es mich nicht ...“ (B.B.)
Table 18: Possible consequences at individual level

<table>
<thead>
<tr>
<th>Consequences</th>
<th>A-Consulting</th>
<th>B-Consulting</th>
<th>C-Consulting</th>
<th>E-Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotions, psychological stages and work attitudes</td>
<td>Decreased anxiety and job insecurity</td>
<td>Decreased anxiety and job insecurity</td>
<td>Trust and perceived fairness in spite of downsizing</td>
<td>Maintained organizational commitment and work moral</td>
</tr>
<tr>
<td></td>
<td>Trust and perceived fairness in spite of downsizing</td>
<td>Trust and perceived fairness in spite of downsizing</td>
<td>Maintained organizational commitment and work moral</td>
<td>Trust and perceived fairness in spite of downsizing</td>
</tr>
<tr>
<td></td>
<td>Improved organizational commitment and work moral</td>
<td>Maintained organizational commitment and work moral</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Increased victims' self-confidence in despite of downsizing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Behavioral reactions</td>
<td>Deal wit resistance to change among managers</td>
<td>Decreased resistance to change</td>
<td>Avoided turn-over of top performers</td>
<td>Avoided turn-over of top performers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Avoided burn-outs</td>
<td>Conflict-free work climate</td>
<td>Avoided lawsuits</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Conflict-free work climate</td>
<td></td>
<td>Increased internal collaboration</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Decreased resistance to change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Avoided burn-outs</td>
</tr>
</tbody>
</table>
5.2. Effects with respect to organizational performance

To address the relevant research question and preliminary propositions, Table 19 gives an overview of possible effects crisis-driven HR practices can cause with regard to organizational performance in four areas – financial performance, customer satisfaction, internal business processes as well as learning and growth (Kaplan and Norton 1996) (cf. Chapter II.6). The findings reveal that such experience was made by the relevant case-study consultancies either ex post or ex ante during the studied period (2001 – 2003).

Financial performance

Reviewing the data collected there are three central aspects with regard to financial effects certain crisis-driven HR practices resulted in.

As previously introduced (cf. Chapter IV.2) the first financial effect refers to those consultancies (A-Consulting and B-Consulting) that are publicly traded and must balance between long-term planning and the pressure caused by the quarterly reports, usually calling for fast personnel costs reduction.

A similar consideration occurs at E-Consulting, where the saving potential is the most central criteria for choosing certain practice.

... hauptsächlich Kostenblock sind die Personalkosten, als in dem Moment, wo man an Personalkosten was einsparen kann, habe ich großes Einsparpotenzial und drüben bei den Sachmitteln habe ich fast gar nichts. (E.E.)

On the other hand, consultants are considered central assets and respectively all learning and development activities a long-term investment (Brideson and Blake 2009; Gandolfi 2009).

Es wird riesiger Aufwand betrieben, um die Besten zu rekrutieren ... dann hat man sich von diesem wertvollen asset zu aggressiv getrennt. Im Nachhinein dies hat sich auch als Negativ herausgestellt, ..., zu teuer (C.C.)

Noch Regelmäßigkeit, Konsistenz, Gleichheit über die Jahre an Präsenz oder Investition wie z.B. auch PE zeigt, dass es durchaus honoriert wird .... Es gibt auch Unternehmen, die in der Krisensituation die Budget für PE sind total gestrichen (F.G.).
As previously reported by the HR director at E-Consulting the costs for restructuring consultants have not to be neglected when making decisions about crisis-driven HRM (Lünendonk et al. 2009).

*Wenn man Restrukturierer ins Haus holt, soll man sich vorher überlegen ob die Einsparungen durch die eingeführten Restrukturierungsmaßnahmen die Kosten der Restrukturierer überhaupt decken. (E.E.)*

**Customer satisfaction**

Due to the credence-related nature of consulting services, consultants need to handle interactions with customers carefully in order to develop trust and gradually build-up client relationships (Allen 2010; Gross and Poor 2008; Niewiem and Richter 2006; Karantinou and Hogg 2001).

Further to this, the project-based nature of consultancy assignments leads to a highly interactive process of delivery comprising close and frequent contacts between consultants at all levels and members of the client’s organization (Allen 2010; Perchthold and Sutton 2010; Armbrüster and Kipping 2003; Fink and Knoblach 2003; Karantinou and Hogg 2001). Similar to these findings, at all case-study consultancies *customer satisfaction* and other related effects are considered a central selection criterion when deciding upon certain crisis-driven HR practices.

*egal welche Geschichten ich dadurch ziehe, ich muss immer schauen, dass quasi meine Projekte, so zur Zufriedenheit des Kunden erledigt sind (E.E.)*

*... der Kunde steht hier mit an erster Stelle ... Und das zieht sich wie ein roter Faden ... das war in der Zeit auch so ... Weil ohne den Kunden können wir hier zusammen (B.B.)*

Thus, all crisis-driven personnel practices at B-Consulting especially such as *flex leave* are implemented in coordination with the client.

*Es wird natürlich in Absprache mit den Kunden ..., man sucht da schon Zeitpunkt ... (B.B.)*

Despite of the commonly shared awareness with regard to client satisfaction and image (Nelson 2009), the HR manager at A-Consulting recalls a negative experience during the first wave of downsizing.

*... die Kunden haben schon zum Teil gespürt oder auch erraten ... nach der ersten Welle wenn die Mitarbeiter mit der entsprechenden Stimmung*
letztendlich auch zum Kunden gehen, arbeiten oder in Projekten einfach darüber gesprochen wird. Das ist schon sehr deutlich gewesen, vor allem nach der ersten Welle. Es ging in einem Fall sogar soweit, dass einer der Vorstände, wirklich von einem Kundenvorstand gebeten wurde zum Gespräch, wo er auf dahin angesprochen wurde also es musste sich was dringend verändern ..., dass die Stimmung sehr schlecht sei. Es ist natürlich schon eine fatale Konsequenz (A.A.)

Organizational structure, internal processes and supply

The data collected from the expert interviews reveals two central aspects with regard to effects related to organizational structure and internal processes (cf. Table 19) – destruction of the organizational structure and a decreased inflow of new candidates.

A negative effect with respect to organizational structure occurs during the first wave at C-Consulting. Due to a significant downsizing the company was forced to lay off project managers in order to save the pyramidal shape of its organizational structure.

Beim drastischen Entlassen und fehlendes Rekrutieren ist die Pyramide kaputt gegangen, als Folge musste man sich von Projektleitern trennen (C.C.)

On the contrary to authors arguing about an unaffected employer attractiveness of top consultancies (Biswas and Twitchell 2002; Frank, Optiz and Pudack 2002), the HR directors and managers at three of the case-study consultancies report a significant resistance demonstrated by potential candidates. One possible explanation could be, that

Weil man sich bei Beratungsunternehmen nur ein Mal bewerben darf, denken die Bewerber in schwierigen Zeiten „ehe ich mir die Chance jetzt verderbe, lieber bewerbe ich mich erstmals irgendwo anders“ und so wird der Auswahlpool von potentiellen Bewerbern kleiner (C.C.)

In the same light, two of the HR managers explain such reserved behavior with the transparency of all HR practices consultancies undertake during economic downturn and possibly influence potential candidates.

... weil auch von dem man sich trennen muss, geht in die Wirtschaft hinaus ... man muss einfach mit den Leuten gut umgehen (B.B.)

Wenn es den Unternehmen schlecht geht, alles zurückfahren, wie z.B. die Physikjournal, oder ihre Struktur vollkommen ändern. Das dass Bewerber dies mitbekommen haben, ... habe ich neulich verstanden (F.G.)
Following the same findings' overview (cf. Table 19), there are positive consequences with regard to improved processes of performance appraisal and internal communication. This improvement was noticed during the second wave of crisis-driven HRM at the relevant case-study consultancies (cf. Chapter IV.3).

Learning and growth

Not only when the economy started to recover (Armbrüster 2005), but also during the downturn, some of the case-study consultancies experienced shortage of special knowledge and skills as a consequence of downsizing or corporate transactions.

Und wenn Sie das Unternehmen samt Berater verkaufen, ist es einfach weg, Sie müssen ... schauen, dass Sie einen adäquaten Ersatz finden. ... man will gute Qualität und innovative Leistung, nur durch die faktischen Gegebenheiten war es oftmals so, dass die Leute nicht zur Verfügung gestanden haben (E.E.)

Reviewing Table 19 there are three different approaches for managing such shortage. While at A-Consulting a long-term solution was implemented

... eine stärkere Fokussierung auf Personalentwicklung direkt zwischen Führungskräfte und Mitarbeiter, d.h. da wesentlich verstärkter auch darauf zu schauen wohin entwickelt sich der Mitarbeiter ... aktuelles Know-how, aktuelle Skills zu haben (A.A.)

at C-Consulting and E-Consulting the HR practices used were a) enhanced participation in internal R&D projects as an alternative to downsizing, and b) contracting former employees on a free-lance basis.

in Intelectual Capital mehr investieren, also mehr Research Projekt betreiben, welche als Ziel haben entweder Studien (Marktanalysen) oder die Ausarbeitung neuer Produkte (C.C.)

... diejenigen, die wir verkauft haben und dabei spezielle Kenntnisse abgegangen sind, wir haben eigentlich dadurch kompensiert, dass man einfach Kooperationen eingegangen ist (E.E.)
<table>
<thead>
<tr>
<th>Table 19: Possible consequences at organizational level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consequences</strong></td>
</tr>
<tr>
<td>Financial performance</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Customer satisfaction and image</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Organizational structure, internal processes and supply</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Learning and growth</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
6. Success with regard to CD HRM in German consultancies

For the purpose of the present chapter aimed at identifying categories and the relevant subcategories, both related to success of crisis-driven HRM in German consultancies. The results of the quantitative approach will be introduced taking into account that cluster refers to category and item to sub-category.

As previously introduced (cf. Methods), while associated and important items and clusters were defined as a result of the association matrix and the importance matrix, the significant items are identified by applying simultaneously the association index and the index of importance. The significant (at the same time associated and important) items build in turn the relevant sub-categories of each of the ten categories (cf. Appendix 10).

6.1. Associated items and clusters

As a result of the association matrix and by applying the association index, the following picture occurs (cf. Fig. 40). The categories respectively clusters comprising the highest number of associated items are the operational aspects of crisis-driven HRM, the process of change / project management with regard to crisis-driven HRM, as well as the employees’ satisfaction as a result of the crisis-driven HRM. The two categories with the lowest number of associated items are crisis-driven HR strategy as well as organizational learning and improvement.

Fig 40: Categories ranged by number of associated items
These findings reflect the recent literature landscape with regard to crisis-driven HRM. While a considerable body of research covers the first three topics, there is no contribution dealing explicitly with the topic of crisis-driven HR strategy. This category emerged far more explicitly from the expert-interviews (cf. Chapter IV.2) rather than from the indicator model.

Further, despite the large body of research on organizational learning and continuous improvement, again there is no contribution dealing explicitly with this topic in the particular context of crisis-driven HRM.

6.2. Important items and clusters

Calculating the average mean per cluster, the ten categories are ranged with regard to importance in the following way (Fig. 41).

**Fig 41: Categories ranged by average mean per cluster**

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early warning system</td>
<td>4.34</td>
</tr>
<tr>
<td>Crisis-driven HR strategy</td>
<td>4.10</td>
</tr>
<tr>
<td>Impact on suppliers</td>
<td>3.95</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>3.92</td>
</tr>
<tr>
<td>Organizational performance</td>
<td>3.77</td>
</tr>
<tr>
<td>Organizational learning &amp; improvement</td>
<td>3.67</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>3.63</td>
</tr>
<tr>
<td>Institutional aspects of CD HRM</td>
<td>3.55</td>
</tr>
<tr>
<td>Operational aspects of CD HRM</td>
<td>3.46</td>
</tr>
<tr>
<td>Change / project management</td>
<td>3.33</td>
</tr>
</tbody>
</table>

According to Figure 41 the most important clusters with regard to crisis-driven HRM in German consultancies are *early warning system*, *crisis-driven HR strategy*, *impact on suppliers* and *employees’ satisfaction*. The least important categories are *institutional* and *operational aspects of crisis-driven HRM*, followed by the *process of change / project management*.

Comparing the most important clusters with the most associated clusters respectively categories a controversial picture occurs. Only the category of *employees’ satisfaction* can
be considered both *most important* and *mostly recognized*. However, the two most important clusters with regard to crisis-driven HRM such as *early warning* (BDU 2009; Lünendonk et al. 2009) and *crisis-driven HR strategy* (Gandolfi 2009) (cf. Fig 41) appear to be not so easily associated (cf. Fig 40). A vice-versa trend can be also observed, where the easily recognized clusters of operational and institutional aspects (cf. Fig. 40) are identified as less important for the certain context of German consultancies (Fig. 41).

6.3. **Significant and additional items**

For each of the ten clusters a *point map* was conducted (cf. Fig 42) where the one axe was labeled *Association* ranging from 1 to 7 and referring to the number of mentions of an item per cluster and the other - *Importance* ranging from 1 to 5 representing the assessed degree of importance of each item in regard to crisis-driven HRM in German consultancies. As previously introduced (cf. Methods) both axes are crossed at 4 and respectively 3.5, which figures were defined as minimum limits derived from the Association index and the Index of importance.

**Fig. 42: Point map of “Operational aspects of crisis-driven HRM”**

![Point map of “Operational aspects of crisis-driven HRM”](source)
Studying the point map of operational aspects of crisis-driven HRM, all significant items were found in the upper-right quadrant (cf. Fig 42) since they are simultaneously with a high level of association with respect to the relevant cluster and are assessed by the experts as highly important. While in the lower-right quadrant are located items which are easily associated with the category of the cluster, however are considered not significantly important, the upper-left quadrant is occupied by items which are not explicitly associated with the cluster of operational aspects, but score as highly important. Understandably the lower-left quadrant comprises less important items with a relatively low level of association.

Since the sample of experts is considerably low some important aspects of crisis-driven HRM in consultancies might be excluded and hence missed as sub-categories, items part of the upper-left an the lower-right quadrants situated close to the centre of the point map will be considered additional items and will support the building of sub-categories within the relevant categories. Such items for the category of operational aspects of crisis-driven HRM are for example i44 and i26.

An overview of the results of all point maps is introduced in Table 20, where each cluster is present with the relevant significant and additional items. Starting with 77 statements respectively items after the sorting procedures and the statistical analysis there are 33 significant and 19 additional items distributed randomly among the ten clusters.

The clusters with the lowest number of significant items are crisis-driven HR strategy, process of change / project management, organizational learning and continuous improvement as well as organizational performance. In the case of the first two categories and the one of organizational performance the additional items will be considered significant for building the relevant sub-categories.

However, for the purpose of elaborating categories relatively rich on sub-categories, the cluster of organizational learning will be merged with the one of early warning, since both equally refer to process-related HR practices. Finally there are nine categories representing a basis for developing an excellence model with regard to crisis-driven HRM in consulting firms.
<table>
<thead>
<tr>
<th>Categories</th>
<th>Significant items</th>
<th>Additional items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crisis-driven HR strategy</td>
<td>i60; i65</td>
<td>i29; i59</td>
</tr>
<tr>
<td>Early warning systems</td>
<td>i7; i23; i28</td>
<td>-</td>
</tr>
<tr>
<td>Operational aspects of crisis-driven HRM</td>
<td>i16; i18; i19; i43</td>
<td>i11; i17; i26; i30; i31; i35; i44; i45</td>
</tr>
<tr>
<td>Institutional aspects of crisis-driven HRM</td>
<td>i2, i6; i12; i39; i40; i50; i52</td>
<td>i5; i8; i27; i47; i61</td>
</tr>
<tr>
<td>Change / project management</td>
<td>i67; i68</td>
<td>i46; i62</td>
</tr>
<tr>
<td>Organizational learning and continuous improvement</td>
<td>i22; i53</td>
<td>-</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>i71; i72; i73</td>
<td>-</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>i4; i36; i48; i69; i70</td>
<td>i14</td>
</tr>
<tr>
<td>Impact on suppliers</td>
<td>i74; i75; i76</td>
<td>-</td>
</tr>
<tr>
<td>Organizational performance</td>
<td>i34; i64</td>
<td>i58</td>
</tr>
</tbody>
</table>
V. Grounded theory analysis and discussion

1. Categories and sub-categories of CD HRM

The present chapter provides a detailed description of the grounded theory analysis, focusing on the main categories and their underlying sub-categories as well as concepts and the relationship among them, servings as a starting point for the theoretical conceptualization of crisis-driven HRM in consulting firms from an evolutionary perspective as well as for the elaboration of an excellence model of crisis-driven HRM.

The link between the evolutionary dimensions, the respective main categories of crisis-driven HRM in German consultancies and their underlying sub-categories is visualized in Table 21.

*Crisis-driven HR strategy*

The first constituent of evolutionary object (cf. Table 21), the *crisis-driven HR strategy*, comprised all related strategic documents such as leadership guidelines, plans and procedures giving concrete specifications when and how to respond to the market decline in personnel terms. Through these documents the crisis-driven HR strategy was communicated and implemented in the case-study consultancies.

For the purpose of ensuring a successful crisis-driven HRM, the personnel strategy of German consultancies during times of crisis should be explicitly aligned with the overall business strategy as well as to address both business and employees’ expectations.

*Process-related HR practices*

The second constituent of evolutionary object was the *process-related HR practices* (cf. Table 21). They comprised three sub-categories referring respectively to early warning system, HR reporting as well as process and system for capturing lessons learnt with regard to crisis-driven HRM.

An early warning system should include an exhaustive criteria catalogue with all relevant exogenous factors enabling their objective interpretation. Accounted as an internally-focused early warning system, a well functioning HR reporting, should ensure up-to-date and relevant information with regard to workload, further and re-qualification needs as well as personnel costs. Further, the HR reporting should guarantee the measurability of individual performance of employees and managers as well as a performance appraisal on a regular basis.
Early warning system, both externally and internally-oriented, should be designed in a way to allow a timely reaction in personnel terms and hence to secure organizational success.

Systems and processes for capturing lessons learnt from crisis-driven personnel responses should be designed and implemented as a regular managerial practice to ensure organizational learning and continuous improvement of crisis-driven HRM in German consultancies.

**Operational HR practices**

The third constituent of evolutionary object was *operational crisis-driven HR practices* which are designed and implemented to ensure personnel flexibility in the following four dimensions: numerical, functional, time-related and financial (cf. Table 21). Most suitable operational crisis-driven HR practices for German consultancies occurred to be outplacement, performance management, re-staffing and re-training, sabbaticals, time-out and variable pay, etc.

Operational crisis-driven HR practices are performance-driven, should be offered optional as well as designed and implemented in a way to avoid quality decrease with regard to work conditions. To contribute to a successful crisis-driven HRM in German consultancies, these practices are employed in a timely manner and pursue a long-lasting sustainable outcome.

**Institutional HR practices**

The fourth constituent of evolutionary object (cf. Table 21), *institutional crisis-driven HR practices*, comprised organizational structure, corporate culture, the role of leadership, internal communication and the HR department.

While corporate culture comprised clear values that are explicitly communicated and followed by management and staff, the organizational structure is designed in a way to enable combining or changing business divisions as well as a close cooperation among all functional departments.

To contribute to a successful implementation of the operational crisis-driven HR practices, the internal communication was designed and conducted to reach simultaneously a large number of employees and to give them transparency with regard to the crisis-driven HRM and to make them participate.
While top managers are expected to possess a clear vision how to secure companies existence and success, to be willing and capable to take unpopular decisions and to execute them in a consistent way, line managers are expected to act as change agents by sharing this vision and by communicating actively to the employees for enabling a smoother implementation of the operational crisis-driven HR practices.

The role of the HR department during times of crisis is to advise and support both management and staff when going through restructuring, in particular by ensuring permanent availability for answering employees’ queries and concerns.

Patterns of evolvement of CD HRM

The main constituent of evolutionary dynamics is pattern of evolvement of crisis-driven HRM, which in turn include phases and the evolving routines (cf. Table 21).

In the case of the German consultancies three different phases respectively generations where distinguished: first reaction, improved response and retention of certain crisis-driven HR practices for the period of industrial upturn. Similar to the sub-category of phases, the one of evolving routines comprises several variations of the following three sub-categories: emerged, improved and retained routines.

Process of change / project management

During the analysis the process of change / project management emerged as the main constituent of evolutionary logic including four process stages (cf. Table 21) as well as the participation and collaboration of all internal actors and taking into account both exogenous and endogenous considerations in terms of actors and mechanisms.

While search routines consider exogenous and endogenous sources for generating crisis-driven HR practices, selection criteria and weights in a similar way reflect exogenous and endogenous considerations in terms of possible effects, goals and interests. Further to this, selection and implementation of the relevant crisis-driven HR practices are based on explicit top management guidance.

A continuous and building-up-gradually process of implementation of the new crisis-driven HR practices should convince employees in the advantages of those practices and to consider their feedback.

Capturing lessons learnt should be viewed as an integrated part of the process of change / project management.
The obvious relationship between the sub-categories *perceiving and analyzing weak signals (diagnosis)*, searching and selecting new practices, implementing those practices as well as *capturing lessons learnt* and on the other hand the sub-categories *process-related, operational and institutional crisis-driven HR practices* is present in Fig. 43.

**Fig 43: Interrelation between categories and sub-categories**

The selective participation and collaboration of the endogenous actors was also part of this relationship (cf. Fig. 43).

**Employees’ satisfaction**

The first constituent of *evolutionary effects* (cf. Table 21) is *employees’ satisfaction* which comprises sub-categories such as perceived fairness, job security and trust as well as motivation and commitment. Crisis-driven HRM is designed and implemented in a way to ensure these aspects of employees’ satisfaction (Russo 2011).

The following internal measures and tools are used by the case-study consultancies as performance indicators to predict the impact of crisis-driven HRM on employees’ satisfaction: turn-over ratio, employees’ performance review, as well as satisfaction and commitment surveys (cf. Table 21).
Customer satisfaction

The second constituent of evolutionary effects, *customer satisfaction* (cf. Table 21), is a clear motivation for the case-study consultancies when designing their crisis-driven HRM to take into consideration all customers needs and preferences. Such efforts also include avoiding product delivery, customer service and client relationships to be influenced by employees’ negative crisis-driven moods.

These intentions in turn are assessed by applying and monitoring indicators such as return business, complaints and compliments.

Influence on suppliers

The third constituent of evolutionary effects refers mainly to all universities, business schools, and institutions organizing recruitment events as well as potential candidates. Most of these suppliers are viewed by the consultancies as partners. Crisis-driven HRM is designed to keep attracting potential candidates and crisis-driven recruitment in particular to ensure partners’ perception of the consultancy as an attractive employer from a job security perspective.

Another aspect of influence on suppliers is the preference of a particular consulting firm as employer against the relevant competitors.

The above introduced sub-categories are measured by number of applications, invitations to job fairs and other recruitment events as well as information about them is obtained during interviews with potential candidates.

Organizational performance

Since the forth constituent of evolutionary effect was *organizational performance*, it was understandably crisis-driven HRM in German consultancies to be designed and implemented in a way to contribute actively to the fast recovery of the consulting firm.

Hence this intention was measured by traditional financial measures such as revenue, profit, share value, market share, etc.
<table>
<thead>
<tr>
<th>Evolutionary dimensions</th>
<th>Main categories of crisis-driven HRM</th>
<th>Underlying sub-categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evolutionary object</td>
<td>Crisis-driven HR strategy</td>
<td>Leadership guidelines, plans and procedures</td>
</tr>
<tr>
<td>Process-related HR practices</td>
<td>Exhaustive criteria catalogue with all relevant exogenous factors</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HR reporting about costs, workload, further and re-qualification needs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Systems and processes for capturing lessons learned from CD HRM</td>
<td></td>
</tr>
<tr>
<td>Operational HR practices</td>
<td>Numerical crisis-driven HR practices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Functional crisis-driven HR practices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time-related crisis-driven HR practices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial crisis-driven HR practices</td>
<td></td>
</tr>
<tr>
<td>Institutional HR practices</td>
<td>Corporate culture</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organizational structure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leadership (top and line management)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Internal communication</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Participation of the HR department</td>
<td></td>
</tr>
<tr>
<td>Evolutionary dynamics</td>
<td>Pattern</td>
<td>Phases</td>
</tr>
<tr>
<td></td>
<td>Routines</td>
<td></td>
</tr>
</tbody>
</table>
| Evolutionary logic | Process of change management | Perceiving and analyzing weak signals  
|                  |                             | Search routines              
|                  |                             | Selection criteria and techniques  
|                  |                             | Gradual implementation      
|                  |                             | Capturing lessons learnt  
|                  |                             | Selective participation of internal actors  
| Evolutionary effects | Employee satisfaction | Perceived fairness  
|                    |                             | Job security and trust  
|                    |                             | Motivation and commitment  
|                    |                             | Measured by turn-over ratio, performance review and surveys  
| Customer satisfaction |                             | Product delivery  
|                     |                             | Customer service  
|                     |                             | CD HRM takes into consideration all customers’ needs  
|                     |                             | Measured by return business, complaints and compliments  
| Influence on suppliers |                             | Crisis-driven recruitment peruses employer attractiveness  
|                      |                             | CD HRM keeps attracting potential candidates  
|                      |                             | Employer preference against relevant competitors  
|                      |                             | Measured by number of applications and invitations to job fairs  
| Organizational performance |                             | CD HRM contributes actively to a fast recovery  
|                         |                             | Measured by revenue, income, etc.  

2. Theoretical framework for the evolution of CD HRM

Figure 44 introduces the theoretical conceptualization with regard to evolution of crisis-driven HRM in consulting firms addressing the first research objective of the present study. The model emerged from the grounded theory analysis and provides one way of explaining and illustrating the multifaceted nature of crisis-driven HRM evolution in the very context of German consultancies and presents an integrated picture.

Fig.44: Evolutionary conceptualization of crisis-driven HRM

During the process of evolution of crisis-driven HRM in the particular context of German consultancies, a certain evolutionary dynamics in terms of a specific pattern and generations occurs. For each evolutionary phase (generation) the main constituents are evolutionary object, evolutionary logic and evolutionary effects.

The evolutionary object comprises the crisis-driven HR strategy and a range of complementary process-related, operational and institutional crisis-driven HR practices. The process-related and the institutional crisis-driven HR practices are of supportive nature with regard to the operational ones and are aimed at ensuring as effective as possible information necessary for the elaboration of new or the improvement of already existing operational
practices and respectively at a as-smooth-as-possible implementation of the latter within the consulting firm (Kaiser et al. 2005).

Either as a whole crisis-driven HRM or more often as sole crisis-driven HR practices the evolutionary object evolve under the pressure of different driving forces labeled as evolutionary logic (cf. Fig. 44). The latter are synthesized within the process of change / project management aimed at elaborating completely new or improved crisis-driven HR practices.

After implementing the new or respectively the improved practices, they result in certain evolutionary effects with respect to employees’ satisfaction, customer satisfaction, the impact the consultancy has on their suppliers, mainly those with regard to recruitment and to the organizational performance as a whole. On the other hand these effects are formulated as objectives of a successful crisis-driven HRM and hence as long as they are fulfilled, there is no initial stimulus for further evolvement of the crisis-driven HRM (Nightingale 1997). However, as soon as the market conditions have changed and therefore or due to an internal reason one of the objectives was not fulfilled, the process of change / project management was activated once again until finding and implementing a suitable response in terms of changing the existing or just to improve it and so the evolutionary process has reached its next generation.

Hence, it can be summarized that at the phase of each generation (cf. Fig 44) these three constituents – the evolutionary object, the evolutionary logic and the evolutionary effects of crisis-driven HRM - interact with one another and this interaction is of a cyclical nature. This cyclical mechanism which is endogenous to the consulting firms takes also into account exogenous considerations and result in a gradual pattern of evolution with regard to crisis-driven HRM in German consultancies (cf. Fig 44).

This gradual pattern of evolution can be considered relatively severe, since within one period of changed market conditions, lasting from three to five years, all consultancies have experienced more than one generation of personnel management. Such evolutionary dynamics could be explained by the fact that consulting organizations, being representatives of a knowledge-intensive industry can be described as “fast learners”. A second explanation can be derived from the fact that the period form 2001 to 2003 was the first time German consultancies were faced with excess capacities (Gloger 2006) and due to a lack of previous experience with personnel in times of crisis they applied an error-and-trial heuristics (Dosi, Giannetti and Toninelli 1992) to find out a successful HRM.

The evolution of crisis-driven HRM can not be present as a sole phenomenon emerging and dying away within the course of a one recessionary period. It rather more continues into the
economic-recovery-driven HRM by keeping different process-related, operational and institutional practices for good-weather conditions. Hence, German consultancies have learned the hard way improving their HRM in general and doing so it has evolved similar to the HRM of other more traditional industries (Graubner and Richter 2003).

3. **Excellence model of CD HRM**

Figure 45 presents the over-arching framework of the *Excellence model of crisis-driven HRM*. The model comprises nine main criteria and respectively 35 sub-criteria with the relevant weight and scores for each criterion. In particular the sub-criteria of the model reflect the certain context of German consultancies.

![Fig. 45: Excellence model of CD HRM excellence](image)

As previously introduced, for several reasons, the EFQM excellence model has been employed as a basic reference for the Excellence model of crisis-driven HRM. Following the notion of successful crisis-driven HRM, defined in the Introduction and in Chapters II.2 and II.7, the Enablers and the Results part of the EFQM model are replaced, for the purpose of the present work, by Factors of success and Success indicators (cf. Fig 45).

Alike the EFQM model the present one includes nine criteria, organized in a similar way. However following the recommendation of Gandolfi (2009) as well as Nabitz et al. (2001) the model starts with the crisis-driven HR strategy. Plausibly, the crisis-driven HR strategy, in its role as a starting point of the whole crisis-driven HRM shapes and guides the process-related, operational and institutional HR practices in a certain way, which in turn are interrelated.
Through the process of change / project management the crisis-driven HR strategy and practices become “alive”, part of the everyday life of the consultancy during the period of crisis and hence lead to certain results, already introduced with the categories of employees’ satisfaction, customer satisfaction, impact on suppliers and organizational performance. However, following the last improvements of the EFQM excellence model (EFQM 2010) the relevant success indicators referring to those categories are labeled as Employee results, Customer results, Partner results and Key results (cf. Fig 45).

Contrary to the EFQM model, the category of organizational learning and improvement was integrated within the criteria of process-related crisis-driven HR practices and the process of change / project management. Doing so, the important aspect of learning and improvement (called by EFQM “learning and innovation”) influences the final assessment of the organizational excellence in terms of crisis-driven HRM.

The nine criteria and 35 sub-criteria refer explicitly to the above present main categories and sub-categories (cf. Table 21). Now, introduced as factors of success and success indicators the main categories of crisis-driven HRM have a slightly different connotation and hence are formulated in a certain way (cf. Table 22).

Table 22: Main criteria and their description

<table>
<thead>
<tr>
<th>Factors of success</th>
<th>Criterion</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Crisis-driven HR strategy</td>
<td>How the consultancy defines and implements their crisis-driven hr strategy addressing the new circumstances and placing a balanced focus on all stakeholders to achieve a successful crisis-driven HRM</td>
</tr>
<tr>
<td></td>
<td>Process-related crisis-driven HR practices</td>
<td>How the consultancy designs and implements an early warning system for tracking and analyzing external and internal weak signals as well as decision making and organizational learning practices to achieve a successful crisis-driven HRM</td>
</tr>
<tr>
<td></td>
<td>Operational crisis-driven HR practices</td>
<td>How the consultancy designs and implements operational crisis-driven HR practices such as outplacement, sabbatical, time-out, variable pay, restructuring and re-training, etc. to achieve a successful crisis-driven HRM</td>
</tr>
<tr>
<td></td>
<td>Institutional crisis-driven HR practices</td>
<td>How the consultancy designs and implements institutional crisis-driven HR practices regarding organizational structure and processes, culture, leadership, communication and internal bodies to achieve a successful crisis-driven HRM</td>
</tr>
<tr>
<td></td>
<td>Process of change / project management</td>
<td>How the consultancy designs and implements the process of change management comprising the four stages of a) diagnosis, b) search and selection of new practices, c) implementation and d) capturing lessons learnt of the chosen practices to achieve a successful crisis-driven HRM</td>
</tr>
</tbody>
</table>
Success indicators

<table>
<thead>
<tr>
<th>Success indicators</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee results</td>
<td>What the consultancy is achieving in relation to its employees by following</td>
</tr>
<tr>
<td></td>
<td>the existing crisis-driven HRM</td>
</tr>
<tr>
<td>Customer results</td>
<td>What the consultancy is achieving in relation to its customers by following</td>
</tr>
<tr>
<td></td>
<td>the existing crisis-driven HRM</td>
</tr>
<tr>
<td>Partner results</td>
<td>What the consultancy is achieving in relation to its partners such as key</td>
</tr>
<tr>
<td></td>
<td>suppliers, universities, potential candidates, etc. by following the existing</td>
</tr>
<tr>
<td></td>
<td>crisis-driven HRM</td>
</tr>
<tr>
<td>Key results</td>
<td>What the consultancy is achieving originally planned in the organization’s</td>
</tr>
<tr>
<td></td>
<td>crisis-driven HR strategy</td>
</tr>
</tbody>
</table>

Source: Developed for the present research

The main criteria with the description of the relevant sub-criteria are introduced more detailed in Appendix 12.

Crisis-driven HRM audit - Example

As previously introduced, for the purpose of auditing crisis-driven HRM in consulting firms, complementary to an independent and systematic procedure of examination, an assessment tool including check-lists is necessary (cf. Chapter II.2). Therefore an assessment tool (cf. Methods), including nine checklists reflecting explicitly and systematically each of the criteria and covering the relevant sub-criteria of the excellence model was developed as part of the present study (cf. Appendix 12).

For the purpose of benchmarking against other consulting firms, the crisis-driven HRM audit ends with Total points for the company. The way the total points for excellence of crisis-driven HRM was build goes after the one of the EFQM model (Watson 2002).

In the following an example illustrates how the Excellence model can be applied for assessing the crisis-driven HRM of a particular consultancy. The present example is based upon a CD HRM audit carried out with B-Consulting and it is applied to all factors and indicators by using the nine check lists part of the of the toolkit (cf. Appendix 12).

In the table bellow are present the maximum points a company can achieve as well as scores and points achieved by B-Consulting.
Table 22: Calculation of total points

<table>
<thead>
<tr>
<th>Factors</th>
<th>Weight</th>
<th>Maximum points</th>
<th>Score awarded, %</th>
<th>Points awarded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crisis-driven HR strategy</td>
<td>1.4</td>
<td>140</td>
<td>30</td>
<td>42</td>
</tr>
<tr>
<td>Process-related crisis-driven HR practices</td>
<td>1</td>
<td>100</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Operational crisis-driven HR practices</td>
<td>0.8</td>
<td>80</td>
<td>75</td>
<td>60</td>
</tr>
<tr>
<td>Institutional crisis-driven HR practices</td>
<td>0.8</td>
<td>80</td>
<td>78</td>
<td>62.4</td>
</tr>
<tr>
<td>Process of change / project management</td>
<td>1</td>
<td>100</td>
<td>65</td>
<td>65</td>
</tr>
</tbody>
</table>

| Total points awarded for factors             | 265    |

<table>
<thead>
<tr>
<th>Indicators</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee results</td>
<td>1.5</td>
<td>150</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>Customer results</td>
<td>0.5</td>
<td>50</td>
<td>65</td>
<td>32.5</td>
</tr>
<tr>
<td>Partner results</td>
<td>1.5</td>
<td>150</td>
<td>24</td>
<td>36</td>
</tr>
<tr>
<td>Key results</td>
<td>1.5</td>
<td>150</td>
<td>67</td>
<td>100.5</td>
</tr>
</tbody>
</table>

| Total points awarded for indicators         | 205    |

Source: Developed for the present research

Achieving 265 points for Factors and 205 points for Results B-Consulting still enters into the Area of Excellence (cf. Fig 46) however the management should take a closer look at the following criteria scoring relatively low: Employee results (24%), Partner results (24%), Crisis-driven HR strategy (30%) and Process-related crisis-driven HR practices (35%).

A possible explanation for the relatively low outcome of those particular criteria is the fact that some of the crisis-driven HR practices at B-Consulting are applied more intuitively rather than following or monitoring an explicitly defined and communicated personnel strategy in times of crisis.

Fully realizing the importance of external and internal early warning system as well as practices for capturing lessons learnt the HR manager at B-Consulting identifies significant room for improvement especially with regard to structuring and taking into consideration all weak signals coming from the “field consultants”. Since the latter are working so closely with leading representatives from all industrial sectors, their input should be considered a valuable source of information in view of upcoming economic changes.
On the other hand the areas where B-Consulting scores relatively high are those of Institutional (78%) and Operational (75%) crisis-driven HR practices. Both areas were significantly improved since the last economic downturn 2001 to 2003.

According to the HR manager at B-Consulting this time every single communication was carefully prepared by the internal PR department and sent personally by the COO. Interestingly this time the order of using communication means was changed and it turned out to be an effective practice. Instead of starting with a large-scale written electronic communication followed by unit gatherings and one-to-one meetings; this time the first target group was the line managers who were responsible for ensuring understanding and commitment of their employees and afterwards an e-mail from the COO was send to all staff.

Further, the percentage of the compensation the employees receive when choosing *timeout* and *flow-time* was increased so that both practices were considered quite attractive by the staff.
VI. Summary of the results and conclusion

The present thesis achieved its both objectives - to develop an empirically grounded theoretical framework with regard to crisis-driven HRM in large German consultancies as well as to design an Excellence model of CD HRM taking into account the specifics of the consultancy industry.

The theoretical framework elaborated in this study offers a new insight and explanation for the complex evolutionary process of crisis-driven HRM in the particular context of German consultancies. Following the finding that crisis-driven HRM in large German consultancies do evolve following an explicit gradual pattern, the key research theme of the study can be summarized by saying that at each phase the three main constituents - evolutionary object, evolutionary logic and evolutionary effects of crisis-driven HRM - interact with one another and this interaction is of a cyclical nature. This cyclical mechanism endogenous to the consulting firms takes also into account exogenous considerations and thus is influenced by external shaping forces.

It was found out that during the studied periods the German consultancies learnt the hard way several lessons - interrelated in their nature - with regard to successful crisis-driven HRM.

Lesson 1 – There was a shared understanding that consultants are the most significant capital in consulting firms and at the same time the market relevance of their know-how and skill set are crucial for companies’ success even stronger in times of crisis. This resulted in an improved performance management practice, strict selection requirements as well as enhanced internal employability.

Lesson 2 – Immediately after the German consultancy industry recovered from its first market decline, the consultancies were aware that they have lost their crisis immunity and have to shift the focus of their crisis-driven HRM towards crisis-preparedness. Hence, they gave a central role to an early warning system incorporating and integrating both external weak signals as well as valuable HR data in view of market adequacy of consultants’ know-how and skill set.

Lesson 3 - Not what to make but how to make it – Since large German consultancies possess sufficient knowledge and experience with regard to operational crisis-driven HR practices, they have realized that their successful implementation depends on the institutional ones. They have learnt that the involvement as well as the leadership competencies of the line managers is crucial for ensuring employees understanding and commitment. However, there is big room for improvement in view of preparing the previous
for their role as performance managers and change agents by attending leadership learning and development activities in advance.

Lesson 4 - When decreasing expenditures closely related to working conditions such as travel (especially relevant for the profession of consultant) and internal gatherings to be careful what could be the hidden costs with regard to employees’ motivation, when calculating the possible savings.

Lesson 5 - Fully realizing the need for new themes and consulting services, consultancies try to use the economic downturn as a pit stop and to conduct more internal R & D projects and studies. Doing so, they utilize their human capital in times of crisis and give their employees a sense of perspective and usefulness. Further, the market decline can be used as a chance for improving consultants’ WLB as well as to make room for more learning and development activities for obtaining new expertise.

Recommendations for the business practice

Surprisingly, when considering the expertise and the capability of consultants working in top consultancies, there was no evidence of employee participation with regard neither to crisis management nor to crisis-driven HRM in particular. Therefore it can be suggested to involve employees in times of crisis more intensively by inviting them to come up with ideas for cost saving and business process optimization.

Since the visibility of the HR department in large German consultancies increased significantly during both recessionary periods and they were accepted in their roles as employee champion, change agent and frankly administrative expert, it can be recommended to boost their influence and to grow as a strategic business partner. This can be achieved by elaborating a (crisis-driven) HR strategy aligned with the overall one and taking into account all stakeholders’ needs and expectations. This will allow the top management to approach the turmoil in a more relaxed and organized way.

Although there is an explicit understanding about the centrality of an early warning system in view of CD HRM success, there is still need for structuring, incorporating and above all of accepting the relevant weak signals about upcoming trends brought by the consultants. In doing so, consulting firms will utilize a competitive advantage, unique for their industry, namely to obtain easily information from each sector.
Suggestions for further research

Because of the relatively low participation rate, it was not possible, apart from few findings, to outline any significant differences between the crisis-driven HRM of management and IT consultancies. Therefore further research, taking into account the three-wave model of Kipping (2002), can be conducted.

Since evolvement of crisis-driven HRM in consulting firms is a relatively new and therefore an under researched phenomenon, there was no finding about path dependency. Thus it can be further explored how previous design influences the current one and if there are any efficiency considerations which were at hand at an earlier phase of evolution.

Interestingly the findings with respect to locus of search and to CD HRM know-how dissemination exclude transfer of practices between the parent company and the German subsidiary. Hence, it can be investigated what are the reasons for search organizational behavior and are there any potential benefits German consultancies are missing by neglecting such source of CD HRM know how.

Alike the general trend of HR research in consulting firms, there was no explicit outcome about back office staff. Thus a further research can be proposed in view of identifying whether there are any differences between consultants and infrastructure staff in terms of crisis-driven HRM.

The present thesis first introduced the Excellence model of crisis-driven HRM as a tool for self assessment, serving also as a basis for planning additional improvements. During the stage of data analysis the constituent of banks and investors did not emerge within the category of Partner results. A possible explanation for such outcome could be again the relatively low number of experts in the quantitative part of the study. Therefore it can be suggested the quantitative part of the research design to be re-applied in order to gain new data complementary to the existing one.

Finally, alike the gender dax project (Domsch 2006), a CD HRM platform for consulting firms as well as a CD HRM Award could be launched, because it seems that industrial downturns become the norm for a previously crisis immune industry.
### Appendix 1: Numerical crisis-driven HR practices

<table>
<thead>
<tr>
<th>HR practice</th>
<th>Objectives and requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term hr planning taking into account coming economic ups and downs (Fibies et al. 2004)</td>
<td>Ensure return on recruitment investments in times of crisis (Fibies et al. 2004)</td>
</tr>
<tr>
<td>Hire-back deals (Wells 2002)</td>
<td>Ensure the adequate human capital when economy recover (Wells 2002)</td>
</tr>
</tbody>
</table>
Workforce reduction is possible only at a narrow base (Ahlers 2002), thus attrition can be considered an alternative to lay-off only in case there is relatively a high employee turn over within the relevant sector (Demmer 2002). |
| Outsourcing or selling of non-core operations (Randers 2010) | Increase business profitability and save work places within core business areas (Randers 2010; Piturro 1999) |
The company does not make any more expenditure for “golden handshakes” but rather for the career transfer of the terminated employees (Blatt et al. 2002).  
Single outplacement including as well as managerial diagnosis is aimed at counseling executives, while group outplacement stressing predominantly on job application training is more suitable for blue collar workers (Mühlenhof 2003). |
Because the social network of the outplacement consultant is central to the placement of the terminated employee (Mühlenhof 2003) when an outplacement company conducts also executive search and recruitment services, the chances of a soon placement increase (Rundstedt 2003). However, there is a conflict of interests when outplacement consultants have temporary employment agencies as clients (Nicolai 2002).

Change management workshops are aimed at both employees to validate their emotions as well as at enhancing action planning (Amundson et al. 2004).

| **Outplacement within NGO** (Wells 2002) | Goes along with reduced salary, but with continued benefits (Wells 2002) |
| **Internship program** (Cupps and Olmosk 2008) | Capable and enthusiastic workforce despite budget shortfalls (Cupps and Olmosk 2008) |
| **Start-up coaching and seminars** (Ahlers 2002; Demmer 2002; Piturro 1999) as well as some **grants** (Mishra, Spreitzer and Mishra 1998) for whole departments as well as for single employees (Balkenhol 2003) | Encourage entrepreneurship (Piturro 1999) and fulfill social duties by allowing employees to transfer their expertise into market-driven services (Balkenhol 2003) Involvement of start-up advisers (Demmer 2002) as well as guarantying a coaching period (Ahlers 2002) and a particular sales volume contractually (Balkenhol 2003) Due to lack of entrepreneurial skills among all employees not suitable for downsizing on a large scale (Ahlers 2002) Possible risk for the new free lancers if working only with the former employer to be abused in **pseudo self-employment** (Kuszpa, Schern and Ritter 2003) according to the German tax law |
| **Vocational trainings** (Demmer 2002) as well as **employment and vocational services** (Ahlers 2002) by **internal training and replacement agency** (Halbuer 2003) | Enhance external employability by using the expected resources for compensations as a pay during the training (Halbuer 2003; Ahlers 2002; Demmer 2002) and in particular to encourage employees’ own pro-activeness with regard to their employability (Ahlers 2002). |
Postponing unemployment of up to two years as well as enhancing the chance of entering a new employment by delivering targeted vocational trainings (Halbuer 2003; Ahlers 2002). However, loss of time for highly skilled employees, assertive and possessing a broad social network (Halbuer 2003).

Possible sources with regard to placing workers: a) online data bases; b) publicly available job vacancies as well as c) the in-house “labor market” (Halbuer 2003).

---

**Use of temporary personnel and / or interim management** (Arnold 2010; Piturro 1999) in alliance with the strategy of the “**stable core and the flexible ring**” (Arnold 2010; Kaiser et al. 2005; Nesbit 2005; Paltauf and Pfeiffer 2003; Ahlers 2002; Wells 2001; Zeffane and Mayo 1994), where the flexible periphery comprises non-standard, contingent and peripheral work arrangements (Arnold 2010; Nesbit 2005).

Managing labor costs by matching employee numbers and hours to fluctuations in demand for the products or services offered by the organization (Arnold 2010, Nesbit 2005).

Guarantee job security (Kaiser et al. 2005) as well as pursue the mobilization of among core personnel and at the same time to gain benefits of numerical flexibility (Russo 2011, Arnold 2010; Nesbit 2005).

**Voluntarily and involuntarily retrenchments (downsizing)** going along with **severance program and financial settlements**, as well as **early retirement** (Gandolfi 2009; Jones 2009; Bergauer 2003; Paltauf and Pfeiffer 2003; Schwierz 2003b; Ahlers 2002; Demmer 2002; Weißenrieder and Kosel 2002; Zeffane and Mayo 1994)

Survive and compete by improving in the current business scenario (Feldheim 2007; Bhattacharyya and Chatterjee 2005; Ahlers 2002; Lämsä and Takala 2000; Patterson 1997), inevitable in times of economic downturn (Zyglidopoulos 2003)

Renew the qualification structure (Martina and Rose 2004)

Fast implementation is necessary in order to decrease survivors’ anxiety about further lay-offs (Gandolfi 2009; Andryejweski and Refrisch 2003; Bergauer 2003) as well as to provide survivors with additional training (Gandolfi 2009).

The severance program in particular is aimed at compensating some material disadvantages faced by the employees (Jones 2009), however it can’t be considered an alternative to
Retrenchment if there is no foreseeable labor market access for the employee (Ahlers 2002). Allows termination of employment relations without taking into account any legal restrictions as well as targeting “protected” worker groups for lay-off (Jones 2009; Ahlers 2002)

<table>
<thead>
<tr>
<th>Flexible early retirement (Marr 2004; Schwierz 2003b; Ahlers 2002; Demmer 2002)</th>
</tr>
</thead>
</table>
| Temporarily flexible as well as takes into account individual needs (Demmer 2002)  
Existence of potential complaints from former employees who have retired or transferred just before the early retirement program was introduced (Zeffane and Mayo 1994).  
Possible threat for employee: pension reduction (Ahlers 2002) |

Source: Developed for this research
## Appendix 2: Functional crisis-driven HR practices

<table>
<thead>
<tr>
<th>HR practice</th>
<th>Objectives and requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad-ranged <em>internal re-trainings</em> (e.g. job rotation program)</td>
<td>Enhance both internal (other jobs and areas within the company) and external employability through developing employees’ mobility, flexibility and lifelong learning by obtaining new market adequate skills and attitudes (Schuette 2009; Kaiser et. al 2005; Martina and Rose 2004; Wells 2001; Piturro 1999)</td>
</tr>
<tr>
<td><em>(Godkin, Valentine and St. Pierre 2002; Wells 2001)</em></td>
<td></td>
</tr>
<tr>
<td>or even establishing <em>internal (re)-training company</em> (Schuette 2009;</td>
<td></td>
</tr>
<tr>
<td>Kaiser et al. 2005; Martina and Rose 2004; Demmer 2002; Piturro 1999)</td>
<td></td>
</tr>
<tr>
<td><em>Redeployment</em> within the organizations (Bewley 2009; Paltauf and Pfeiffer 2003; Dolan, Belout and Balkin 2000) supported by an <em>internal job matching tool</em> (Martina and Rose 2004) or <em>internal agency for temporary staffing</em> (Demmer 2002)</td>
<td>Ensuring an adequate response towards changes in market demand (Bewley 2009)</td>
</tr>
<tr>
<td>Re-staffing of key positions, based on <em>management assessment</em></td>
<td>Reduce personnel costs without dismissing people (Dolan, Belout and Balkin 2000)</td>
</tr>
<tr>
<td><em>(Lünendonk et al. 2009; Dubrovski 2004; Bergauer 2003; Whetten 1984)</em></td>
<td></td>
</tr>
<tr>
<td><em>Outplacement</em> with recall (Paltauf and Pfeiffer 2003; Piturro 1999) or <em>sharing a personnel pool</em> (Ullmann 2004; Frank 2004; Mishra, Spreitzer and Mishra 1998) or <em>leasing personnel to clients</em> (with recall) (Graubner and Richter 2003)</td>
<td>Avoid lay offs and reduced working hours due to covering personnel costs for abounded personnel by “lending” abounded work force to other companies (customers or partners) (Ullmann 2004; Frank 2004)</td>
</tr>
<tr>
<td>or <em>leasing personnel to clients</em> (with recall) (Graubner and Richter 2003)</td>
<td>Encourage employees getting to know work in partner companies (Ullmann 2004)</td>
</tr>
<tr>
<td>or <em>sharing a personnel pool</em> (Ullmann 2004; Frank 2004; Mishra, Spreitzer and Mishra 1998)</td>
<td>Keeping benefits and seniority during the period of outplacement (Piturro 1999)</td>
</tr>
<tr>
<td><em>or leasing personnel to clients</em> (with recall) (Graubner and Richter 2003)</td>
<td>Equal treatment for temporary workers and permanent staff (Frank 2004)</td>
</tr>
<tr>
<td>or <em>sharing a personnel pool</em> (Ullmann 2004; Frank 2004; Mishra, Spreitzer and Mishra 1998)</td>
<td>Renting white-collar workers is effective only during longer periods of time (Ullmann 2004)</td>
</tr>
</tbody>
</table>
| **Social projects** (Bittelmeyer 2003) as well as transfer to a **position in the public sector** (Mishra, Spreitzer and Mishra 1998) or change into **academic positions** (Graubner and Richter 2003) | Participation of employees in social projects (Bittelmeyer 2003)  
To encourage such move companies usually ensure a six-month salary (Mishra, Spreitzer and Mishra 1998) |
| **Foreign assignments** (Bergauer 2003; Heuermann 2003) | Both countries - the “sending” and the “receiving” - have to experience different economic cycles (Heuermann 2003).  
Both the “sending” and the “receiving” offices should be able to exchange consultants with substitutable expertise (Heuermann 2003) |

Source: Developed for this research
### Appendix 3: Time-related crisis-driven HR practices

<table>
<thead>
<tr>
<th>HR practice</th>
<th>Objectives and requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reducing overtime</strong> accumulated in working-hour accounts (Pacey 2008;</td>
<td>Predominantly aimed at a short-term workload reduction (Pacey 2008; Andresen and Hristozova 2004; Ahlers 2002)</td>
</tr>
<tr>
<td>Marr 2004; Heuermann 2003; Paltauf and Pfeiffer 2003; Bergauer 2003; Kisker</td>
<td>Such accounts should be designed in advance as a part of a proactive HRM so that organizations could encourage accumulation of overtime instead of paying it (Andresen and Hristozova 2004; Marr 2004; Kisker 2003)</td>
</tr>
<tr>
<td>2003; Demmer 2002; Jossi 2001)</td>
<td>Overtime, time-off or salary can be accumulated in a working-hour account in advance in order to guarantee the income during times of economic downturn (Andresen and Hristozova 2004; Marr 2004)</td>
</tr>
<tr>
<td></td>
<td>Cooperation with a financial fund for ensuring return of the financial equivalent of the overtime accumulated is recommended (Andresen and Hristozova 2004)</td>
</tr>
<tr>
<td><strong>Part-time employment</strong> (e.g. job sharing, etc.) (Paltauf and Pfeiffer</td>
<td>Possible resistance could be explained by the fact, that employees are worry about interpreting their decision for a part-time employment as “lack of motivation” (Luczak et al. 1994).</td>
</tr>
<tr>
<td>2003; Demmer 2002; Luczak et al. 1994)</td>
<td></td>
</tr>
<tr>
<td><strong>Part-time employment for 55+ employees</strong> (Ahlers 2002)</td>
<td>50% reduction of the working week and the reduction of the pension deduction is compensated by different redundancy payments (Ahlers 2002)</td>
</tr>
<tr>
<td><strong>Reduced working hours</strong> (e.g. four-day working week) (Pacey 2008, Paltauf</td>
<td>Relatively fast implementation, however a broad range of legal requirements have to be met, especially when applying for a grant (Ahlers 2002)</td>
</tr>
<tr>
<td>and Pfeiffer 2003; Demmer 2002) supported by a governmental grant (Ahlers</td>
<td></td>
</tr>
<tr>
<td>2002)</td>
<td></td>
</tr>
<tr>
<td><strong>Sabbatical / flex-leave program</strong> (Marr 2004; Heuermann 2003; Paltauf and</td>
<td>Aimed at short-term economic downturns (Fritzel and Vaterrodt 2002)</td>
</tr>
<tr>
<td>Pfeiffer 2003; Demmer 2002; Fritzel and Vaterrodt 2002)</td>
<td>Involvement and support by the top management is a critical factor of success (Fritzel and Vaterrodt 2002)</td>
</tr>
<tr>
<td></td>
<td>Reflect individual needs (Ahlers 2002, Demmer 2002) and WLB considerations (Demmer 2002)</td>
</tr>
</tbody>
</table>

Source: Developed for this research
## Appendix 4: Financial crisis-driven HR practices

<table>
<thead>
<tr>
<th>HR practice</th>
<th>Objectives and requirements</th>
</tr>
</thead>
</table>
| *Variable* (performance-related) pay *(Jones 2009; Lünendonk et al. 2009; Pacey 2008; Fiebes et al. 2004)* | High employees’ acceptance of variable pay during market decline *(Schuette 2009; Fiebes et al. 2004)*  
Introducing new performance management systems and incentive structures, as well as overhauling financial systems *(Brideson and Blake 2009)*  
Avoid layoffs *(Jossi 2001)*  
The income lost by the employees due to mandatory or voluntary pay cuts can be returned to them in the form of company shares *(Jossi 2001)*  
Relatively low employees’ acceptance due to missing transparency reg. the relation between corporate losses and salary cut *(Weißenrieder and Kosel 2002)*  
Solidarity among employees is necessary *(Bergauer 2003)*  
Ensuring job security and enhancing employees’ commitment *(Piturro 1999)*  
Financial participation by employees as well as management buyout *(Piturro 1999)* |
| *Salary stagnation* as well as *voluntarily or mandatory pay reduction* *(Jones 2009; Bergauer 2003; Weißenrieder and Kosel 2002; Jossi 2001; Zeffane and Mayo 1994)* |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

Source: Developed for this research
## Appendix 5: Leadership functions in a crisis-driven context

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Establishing direction</strong></td>
<td></td>
</tr>
<tr>
<td>Developing clear vision and route map for coming out of the crisis</td>
<td>Give clear guidance and inspiration (Robinson, Haupt and O’Reily 2009;</td>
</tr>
<tr>
<td>(Kuring 2010; Robinson, Haupt and O’Reily 2009; Sutton 2009)</td>
<td>Sutton 2009; Die Akademie 2003; Schnopp 1993)</td>
</tr>
<tr>
<td>Define mutual goals in a cooperation with the employees</td>
<td></td>
</tr>
<tr>
<td>(Economist intelligence unit 2009)</td>
<td></td>
</tr>
<tr>
<td><strong>Aligning people</strong></td>
<td></td>
</tr>
<tr>
<td>Ensure transparency as well as availability and involvement in</td>
<td>Keep morale, motivation, loyalty and commitment of survivors on track</td>
</tr>
<tr>
<td>informing the remaining employees of what is happening, where they</td>
<td>(Sutton 2009; Jossi 2001; Zeffane and Mayo 1994)</td>
</tr>
<tr>
<td>stand and what their chances are in the future</td>
<td></td>
</tr>
<tr>
<td>(Sutton 2009; Jossi 2001; Zeffane and Mayo 1994; Schnopp 1993)</td>
<td></td>
</tr>
<tr>
<td>Cohesive appearance and communication of key leaders as well as</td>
<td>Convey a sense of optimistic realism and maintain high level of morale,</td>
</tr>
<tr>
<td>role modeling for positive thinking and proactive attitude</td>
<td>loyalty and commitment of survivors (Bergauer 2003)</td>
</tr>
<tr>
<td>(Kuring 2010; Bergauer 2003; Jossi 2001)</td>
<td></td>
</tr>
<tr>
<td><strong>Motivating and inspiring</strong></td>
<td></td>
</tr>
<tr>
<td>Support crisis identification by actively encouraging employees to</td>
<td>Bring problems to the surface that might otherwise go unmentioned</td>
</tr>
<tr>
<td>Provide regular performance discussions</td>
<td>Covey a sense of security due to transparency regarding individual</td>
</tr>
<tr>
<td>(Sutton 2009; Die Akademie 2003; Weißenrieder and Kosel 2002)</td>
<td>performance (Sutton 2009)</td>
</tr>
<tr>
<td>Ensure cross-training for a multi-skilled staff (Bewley 2009,</td>
<td>Optimal personnel resources allocation and utilization as well as</td>
</tr>
<tr>
<td>Put a special focus on low performers (Weißenrieder and Kosel 2002)</td>
<td></td>
</tr>
<tr>
<td>Help employees to deal with their frustration, sadness, and</td>
<td>Give moral support and transform frustration into positive attitude</td>
</tr>
<tr>
<td>bitterness (Sutton 2009;</td>
<td></td>
</tr>
<tr>
<td>Bhattacharyya and Chatterjee 2005).</td>
<td>(Sutton 2009; Bhattacharyya and Chatterjee 2005)</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Create a trustful environment as well as breaking down cultural barriers that prevent employees’ contribution (Robinson, Haupt and O'Reily 2009; Rowley and Bae 2004) and at the same time prevent corporate culture from suffering (Kuring 2010; Bradley 2004; Die Akademie 2003)</td>
<td>Inspire and enable implementing strategic decisions (Robinson, Haupt and O'Reily 2009)</td>
</tr>
</tbody>
</table>

Source: Developed for this research
## Appendix 6: The role of the HR department in a crisis-driven context

<table>
<thead>
<tr>
<th>Strategic partner / Change agent</th>
<th>Administrative expert</th>
<th>Employee champion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stronger involvement of the HR professionals in stirring and changing processes, workflow as well as design and implementation of cost reduction measures to improve profitability (Piturro 1999; Werner 1994)</td>
<td>HR planning aimed at deciding which jobs are essential for the business during and after crisis (Wells 2002; Papalexandris 1996; Zeffane and Mayo 1994) as well as which training requirements for these jobs are needed (Papalexandris 1996)</td>
<td>Help survivors to deal with recovery (Jones 2009; Ahlers 2002; Dolan, Belout and Balkin 2000) by providing them with counseling support in order to manage their role transition (Sahdev, Vinnicombe and Tyson 1999)</td>
</tr>
<tr>
<td>Aligning appropriate HR policies with the overall strategy for downsizing (Gandolfi 2009; Dolan, Belout and Balkin 2000)</td>
<td>Examination of all other alternatives prior to lay-off and effective implementation of crisis-driven HR practices (Papalexandris 1996)</td>
<td>Mediate between union leaders and line managers as well as top management to avoid conflicts and sabotage (Papalexandris 1996).</td>
</tr>
<tr>
<td>Use crisis as a chance to grow up as a real business partner by aligning HR actions to the strategy (Economist intelligence unit 2009, Bittelmeyer 2003)</td>
<td>Talent needs assessment as preparation for the good weather conditions (Wells 2002) by using career assessment tools (Piturro 1999)</td>
<td>Support employees concerned to cope with the separation and to enhance them searching for new career opportunities (Ahlers 2002)</td>
</tr>
<tr>
<td>Invest in leadership development to ensure strategy execution (Hargreaves 2010; Harkin, Blake and Smith 2009; Wells 2002)</td>
<td>Building an employee-skills data base and use of it for internal redeployments (Piturro 1999) or selecting people for redundancy (Dolan, Belout and Balkin 2000; Sahdev, Vinnicombe and Tyson 1999)</td>
<td>Know employees’ concerns (Bittelmeyer 2003) as well as give feedback and advise senior management in regard to the latter (GW 2002)</td>
</tr>
<tr>
<td>Consider lay-offs, similar to recruiting and retention, part of the “personnel marketing” and maintain leading labor-market positions (Ahlers 2000)</td>
<td>Reengineer career ladders in accordance with the skill data base and seek out for cross-training opportunities when some jobs are replaced by others (Piturro 1999)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HR professionals as “lay-off managers”: conduct exit interviews and calculate pay-off (Schwierz 2003b)</td>
<td></td>
</tr>
<tr>
<td>Deliver special trainings for the management to deal with employees’ decreasing trust; for the sales people to decrease sales costs; for all employees to cope with the increased work load (Betz 2003)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop an early warning system and track systematically the chosen indicators (Wells 2002)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advises top management about timing, content and methods of communication (Papalexandris 1996)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed for this research
## Appendix 7: Theoretical models with regard to organizational growth

<table>
<thead>
<tr>
<th>Models</th>
<th>Authors</th>
<th>Focal point</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lievegoed and Glasl (1996)</td>
<td>Change</td>
</tr>
<tr>
<td></td>
<td>Clifford and Donald (1973)</td>
<td>Growth</td>
</tr>
<tr>
<td></td>
<td>Mintzberg (1983)</td>
<td>Power</td>
</tr>
<tr>
<td></td>
<td>Bleicher (1991)</td>
<td>Concept</td>
</tr>
<tr>
<td>Models of crisis</td>
<td>Bellinger (1962)</td>
<td>Corporate crisis</td>
</tr>
<tr>
<td></td>
<td>Lippitt/Schmidt (1967)</td>
<td>Crisis</td>
</tr>
<tr>
<td></td>
<td>Buchele (1967)</td>
<td>Policy</td>
</tr>
<tr>
<td></td>
<td>Argenti (1976)</td>
<td>Collapse</td>
</tr>
<tr>
<td></td>
<td>Albach (1976)</td>
<td>Growth thresholds (barriers)</td>
</tr>
<tr>
<td></td>
<td>Bleicher (1983)</td>
<td>Advanced technologies</td>
</tr>
<tr>
<td>Models of structural changes</td>
<td>Chandler (1962)</td>
<td>Strategy</td>
</tr>
<tr>
<td></td>
<td>Scott (1971)</td>
<td>Stages</td>
</tr>
<tr>
<td></td>
<td><strong>Greiner (1972, 1998)</strong></td>
<td><strong>Evolution</strong></td>
</tr>
<tr>
<td></td>
<td>Mintzberg (1979)</td>
<td>Structuring</td>
</tr>
<tr>
<td></td>
<td>Churchill/Lewis (1983)</td>
<td>Stages</td>
</tr>
</tbody>
</table>

Source: Developed for this research, following Puempin and Prange (1991)
Appendix 8: Impact of crisis-driven HR practices on emotions, psychological states and work attitudes

<table>
<thead>
<tr>
<th>Crisis-driven HR practices with positive impact</th>
<th>negative impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Internal re-trainings</em> (e.g. job rotation program) or even establishing an internal (re)-training company supported by an internal job matching tool* (Schuette 2009, Martina and Rose 2004).</td>
<td>In the particular context of organizational responses such as <em>re-structuring, re-engineering</em> as well as <em>lean management</em>, Disselkamp (2004) distinguishes different aspects of fear at the workplace such as anxiety with regard to job losses, anxiety towards making mistakes or facing conflicts, mobbing as well as towards change.</td>
</tr>
<tr>
<td>Another crisis-driven HR practices ensuring a higher level of job security for the employees are <em>temporary outplacement with recall; sharing a personnel pool or leasing personnel to clients</em> (with recall); transfer into <em>academic positions</em> (Ullmann 2004); <em>reduced working hours</em> (Bergauer 2003; Ahlers 2002), usually combined with a <em>voluntarily or mandatory pay reduction</em> (Demmer 2002). Here the price for job security paid by the employees is a relatively moderate financial pressure (Bergauer 2003).</td>
<td></td>
</tr>
<tr>
<td>Use of <em>temporary personnel and / or interim management</em> in alliance with the strategy of the “<em>stable core and the flexible ring</em>” (Atkins 1984) ensures job security however only for the permanent employees (Arnold 2010, Nesbit 2005).</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>on Emotions, psychological states and work attitudes</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Anxiety, job insecurity, uncertainty and guilt</em> The remaining employees first feel lucky not to be laid-off (Kern 2000), later on they start to perceive a whole range of negative feelings, first reported and introduced as a „survivor syndrome“ by Brockner et al. (1985). They can vary among <em>fear, anxiety, depression, guilt, sadness, anger, poor conduct, career ambiguity and, basically a major preoccupation with the future</em> (Gandolfi 2009; Jones 2009; Godkin, Valentine and St. Pierre 2002; Dolan, Belout and Balkin 2000; Kern 2000; Brockner et al. 1985; Zeffane and Mayo 1994; Mone 1994). In a more specific case, when survivors are transferred away from their colleagues, they experience <em>isolation and loneliness</em>, and they also expressed <em>guilt</em> and <em>envy</em> (Amundson et al. 2004). According to a study run 2002, 72% of the German employees report anxiety with respect to job losses (Disselkamp 2004).</td>
</tr>
</tbody>
</table>

xviii
There is a big variety of practices towards those who leave such as career counseling, outplacement and replacement agency, organization of job fairs, networking (Mühlenhof 2003; Halbuer 2003; Ahlers 2002; Demmer 2002; Piturro 1999; Papalexandris 1996), start-up coaching, seminars and grants (Balkenhol 2003; Ahlers 2002) as well as severance plan and incentive packages (Jones 2009; Ahlers 2002; Dolan, Belout and Balkin 2000; Mishra, Spreitzer and Mishra 1998) having a positive impact on survivors’ perceived fairness.

The immediate access to management (supervisors) during downsizing is considered a leadership practice with a positive effect on trust in management (Amundson et al. 2004).

Generally speaking lay-offs are perceived as lack of managerial skills (Jossi 2001). In case leaders lose the confidence of subordinates an effect of “scapegoat-ing” can occur so that employees can blame leaders for the situation (Cameron 1987).

Apart from downsizing, another personnel practice with a negative impact on perceived fairness is temporary employment (Feldheim 2007; Michie and Sheehan-Quine 2001). It is considered “unfair” due to the shift of the entrepreneurial risk from employer towards employees (Michie and Sheehan-Quine 2001).

Perceived fairness, trust and organizational support

Perceived organizational support in terms of environment and resources is closely related to fairness (Trevor and Nyberg 2008).

The perceived fairness is also closely related to trust in management (Gandolfi 2009; Amundson et al. 2004; Fibies, Lau and Pilger 2004) as well as Brockner et al. (1995). Trust in turn is based on the psychological contract held by an employee regarding the reciprocal obligations between themselves and the organization respectively the management (Feldheim 2007), where in particular employees’ expectations implicitly include a guarantee of secure employment (Amundson et al. 2004).

Due to an increased workload often calling for new competencies, behaviors and relationships as well as due to of unclear or constantly changing job responsibilities, many managers report that downsizing decreases employee esprit de corps, self-confidence, and performance (Kotter and Schlesinger 2008, Devine et al. 2003). Career blockade is one of the few negative effects related to sabbatical programs (Demmer 2002)

Self-confidence and job satisfaction

Amundson et al. (2004) report, that survivors are forced to perform more or different work, with new colleagues and hence to prove themselves to unfamiliar colleagues in a new job area.

Another aspect, closely related to professional self-esteem can be considered the career blockade Fritzel and Vaterrodt 2002).
Blum and Zaugg (1999) argue about the positive effects of *work-time-reduction practices* during crisis. According to them the latter lead to the emergence of “free time” which in turn can be used for developmental activities which on their part result into additional career opportunities for the employees (Demmer 2002; Blum and Zaugg 1999).

Most surveys on effects of *downsizing* as well as early retirement (e.g. Fibies, Lau and Pilger 2004; Fraunhofer Institute 2003) report negative consequences of personnel cut backs with regard to work pressure which in turn leads to neuron-endocrine stress reactions or burn-outs (Gandolfi 2009; Blum and Zaugg 1999; Fielden and Davidson 1999; Baeckmann 1998).

*Hire-back deals, outplacement with recall as well as sharing a personnel pool or leasing personnel to clients or transfer into an academic position* ensure commitment on the long run, even more in times of crisis (Graubner and Richter 2003; Wells 2002).

Other time-related alternatives to downsizing with a significant positive impact on employees’ engagement are *sabbatical programs* (Demmer 2002) as well as *part-time employment* (e.g. job-sharing) (e.g. Luczak et al. 1994).

Practices influencing loyalty and motivation, though related with employees’ leave are *outplacement* and *career counseling*, as well as enhancing employees finding new jobs by *organizing job fairs* and *networking with local companies* (Schwierz 2003b; Ahlers 2002; Blatt et al. 2002).

There is large body of contributions reporting negative impact of *downsizing* on employees’ motivation and loyalty (Gandolfi 2009; Trevor and Nyberg 2008, Feldheim 2007; Buono 2003; Palmer; Wayhan and Werner, 2000; Baeckmann 1998; Cascio 1993, 2003).

Dolan, Belout and Balkin (2000) focus on loyalty’s, commitment’s and work satisfaction’s decrease also among managers responsible for *implementing the downsizing practices*. Managers’ moral is also negatively affected due to their role as bearers of the bad news (Dolan, Belout and Balkin 2000).

According to Fink (1992) and in turn Savery, Travaglione and Firns (1997) commitment develops through the process of identification in which a person experiences something as an extension of the self (Fink 1992; Savery, Travaglione and Firns 1997). Such identification can refer to both one’s profession as well as the organization the person works with.

Sahdev, Vinnicombe and Tyson (1999) specify decrease in commitment in the context of downsizing as a *decrease in psychological participation* and *involvement with the organization’s goals*.

A concept, closely related to this of organizational commitment is employees’ *engagement*, where the latter refers to passion, commitment and drive for results (Nesbit 2005: 6).

**Source:** Developed for this research
Appendix 9: Impact of crisis-driven HR practices on employees’ behavioral reactions

<table>
<thead>
<tr>
<th>Crisis-driven HR practices with</th>
<th>Employees’ behavioral reactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>positive impact</td>
<td>negative impact</td>
</tr>
<tr>
<td>Ahlers (2002) reports possible productivity increase when reduced working hours e.g. four-day working week is used as a crisis-driven hr practice.</td>
<td>Gandolfi (2009), Dolan, Belout and Balkin (2000) as well as Zeffane and Mayo 1994 argue that voluntarily and involuntarily retrenchments going along with severance plan and financial settlements, as well as early retirement hurt long-term productivity. Gandolfi (2009) as well as Mülenhoff (2003) point that upcoming lay offs results in productivity abuse.</td>
</tr>
<tr>
<td>Both, in terms of retaining top performers in turbulent times as well as of enhancing employees’ innovativeness so necessary for leading through the storm, Rowley and Bae (2004) as well as Bergauer (2003) argue about the positive effect of the democratic leadership style. They consider it appropriate for ensuring competitiveness through learning and innovativeness as well as for avoiding migration of precious employees’ know-how due to frustration.</td>
<td>Organizations commonly downsize to part with the so called underperformers, however highly confident individuals (Godkin, Valentine and St. Pierre 2002) who can be the most capable and competent employees may be more inclined to leave the company (Mülenhoff 2003; Godkin, Valentine and St. Pierre 2002; Cameron 1987). Hence, organizations are forced to rely on those employees, who are less capable and competent to lead it through the storm (Allen et al. 2001). Voluntarily and involuntarily retrenchments, early retirement (Betz 2003; Jossi 2001; Dolan, Belout and Balkin 2000) as well as salary stagnation and voluntarily or mandatory pay</td>
</tr>
</tbody>
</table>

Productivity versus job tardiness and absenteeism

There are two reasons for productivity abuse: First, the main part of their work time the employees spend on speculations and gossiping about their future. Second, quite often in situations of uncertainty voluntary absenteeism (intentional non-attendance when an employee is scheduled to work (Price and Mueller 1986: 17) increases (Kauermann and Ortlieb 2003; Mülenhoff 2003)

Turn-over and intention to leave

Another destructive employee reaction closely related to the leave is the intention to leave. Despite its partly “hidden” nature, it can be considered a behavioral reaction due to action such as job searching at the work place as well as negligence. Thus, the intention to leave is a clear consequence of a decreased loyalty and commitment and on its part result in weakening organizational innovation capacity which in turn results in performance reduction (Disselkamp 2004).
reduction going along with *severance program* and *financial settlements* (Weißenrieder and Kosel 2002) responsible for the possible leave of top performers.

The practice with the strongest negative impact on loosing top performers is the *incentive package for leaving* combined with proactive head hunters approaching this target group (Betz 2003; Jossi 2001; Dolan, Belout and Balkin 2000).

<table>
<thead>
<tr>
<th>Due to frustration and dissatisfaction, theft and sabotage increase in situation of <em>organizational uncertainty</em> (Greenberg 1990). Conflicts are another destructive behavior towards crisis-driven hr practices implicating <em>workforce reduction</em> (Dehner 2010, Rusaw 2005).</th>
<th><em>Theft, sabotage and conflicts</em> A crisis-driven situation in terms of an economic downturn leads commonly to decrease in organizational resources, resulting finally in workplace violence (Rusaw 2005). A second aspect of conflict behavior could occur when those who remain do not understand the reasons why others have been eliminated. This can result in an attitude of &quot;us-versus-them&quot; which in turn drastically impairs work productivity (Zeffane and Mayo 1994; Lindbeck and Snower 1990).</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the case of lay offs (e.g. Buono 2003; Baeckmann 1998; McKendall and Margulis 1995), <em>extensive voluntary redundancy programs</em> (Savery, Travaglione and Firns 1997) organizations face the destructive behavior of drug abuse.</td>
<td><em>Drug and alcohol abuse</em></td>
</tr>
</tbody>
</table>
and alcohol abuse.

A large body of studies report that survivors often exhibit resistance to change, adjustment due to anxiety, lethargy as well as rigidity towards innovative behavior (e.g. Mishra, Spreitzer and Mishra 1998) especially due to authoritarian leadership style Schnopp (1993) which is quite often a negative implication in crisis-driven context.  

**Resistance to change, risk avoidance and learning rigidity**

According to Cameron (1987) resistance to change refers to the conservatism and self-protectionism which result in a resistance of risky endeavors or untested responses.

Source: Developed for this research
Appendix 10: Categories and instructions for the quantitative approach

Das weitere Vorgehen ist wie folgt:

Bitte sortieren Sie die Kärtchen nach den folgenden Gruppen,

<table>
<thead>
<tr>
<th>Überbegriff</th>
<th>Bedeutung</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Personalstrategie</td>
<td>Wie die Personalstrategie zu einer erfolgreichen Unternehmensantwort in Bezug auf die Krise beiträgt.</td>
</tr>
<tr>
<td>2. Frühwarnsysteme</td>
<td>Wie die Unternehmenspraktiken, anhand welcher Marktsignale beobachtet und analysiert werden, zu einem erfolgreichen Krisenpersonalmanagement (KPM) beitragen.</td>
</tr>
<tr>
<td>3. Operationale Aspekte des Krisenpersonalmanagements</td>
<td>Wie die unterschiedlichen Krisenpersonalpraktiken wie z.B. Outplacement, Sabbatical, Variable Vergütung, Restrukturierung etc. zu einem erfolgreichen KPM beitragen.</td>
</tr>
<tr>
<td>4. Institutionelle Aspekte des Krisenpersonalmanagements</td>
<td>Wie die unterschiedlichen Praktiken hinsichtlich Organisationskultur, Führung, Kommunikation, Organisationsstruktur, als auch der Rolle der Personalabteilung zu einem erfolgreichen KPM beitragen.</td>
</tr>
<tr>
<td>6. Organisationslernen und kontinuierliche Verbesserung</td>
<td>Wie der Mechanismus des Organisationslernen und der kontinuierlichen Verbesserung zu einem erfolgreichen KPM beiträgt.</td>
</tr>
<tr>
<td>8. Kundenzufriedenheit</td>
<td>Der Grad, zu dem KPM die Bedürfnisse und die Erwartungen der Kunden wahrnimmt und erfüllt.</td>
</tr>
<tr>
<td>10. Unternehmenserfolg</td>
<td>Der Grad, zu dem KPM zu der Erfüllung der Unternehmensziele beiträgt.</td>
</tr>
</tbody>
</table>


2. Im nächsten Schritt holen Sie bitte die Kärtchen stapelweise aus den Briefumschlägen heraus und dann bewerten Sie die Wichtigkeit jeder einzelnen Aussage anhand der 5-stelligen Skala. Nachdem Sie alle Aussagen eines Stapels bewertet haben, legen Sie bitte den Stapel in den Briefumschlag mit dem entsprechenden Namen zurück.

Bitte machen Sie sowohl die Sortierung als auch die Bewertung der Wichtigkeit vor dem Hintergrund der eigenen Erfahrung, die Sie während der letzten Krise innerhalb Ihrer Organisation gesammelt haben.


4. Bitte benutzen Sie den frankierten Umschlag, um die sortierten und bewerteten Aussagen an uns zurückzuschicken.

VIELEN DANK!

xxiv
### Appendix 11: Excellence model of crisis-driven HRM - Definition of each criterion and relevant sub-criteria

<table>
<thead>
<tr>
<th>1) Crisis-driven HR strategy</th>
<th>How the consultancy defines and implements their crisis-driven hr strategy addressing the new circumstances placing a balanced focus on all stakeholders to achieve a successful crisis-driven HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a) Crisis-driven HR strategy is directly aligned with the overall business strategy</td>
<td></td>
</tr>
<tr>
<td>1b) Crisis-driven HR strategy addresses both business and employees needs and expectations</td>
<td></td>
</tr>
<tr>
<td>1c) Crisis-driven HR strategy is communicated and implemented through leadership guidelines, plans and procedures giving concrete specifications when and how to respond to the crisis in personnel terms</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2) Process-related crisis-driven HR practices</th>
<th>How the consultancy designs and implements an early warning system for tracking and analyzing external and internal weak signals as well as decision making and organizational learning practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a) Early warning system is designed to allow a timely reaction in personnel terms to secure organizational success</td>
<td></td>
</tr>
<tr>
<td>2b) Early warning system comprises an exhaustive criteria catalogue with all relevant exogenous factors enabling their objective interpretation and a well functioning HR reporting that ensures up-to-date and relevant information with regard to workload, further and re-qualification needs as well as personnel costs</td>
<td></td>
</tr>
<tr>
<td>2c) Early warning system is designed to ensure the measurability of performance of both employees and manager as well as to evaluate this performance on a regular basis</td>
<td></td>
</tr>
<tr>
<td>2d) Systems and processes for capturing lessons learned from crisis-driven personnel responses are designed and implement on a regular basis to ensure organizational learning and continuous improvement of crisis-driven HRM</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3) Operational crisis-driven HR practices</th>
<th>How the consultancy designs and implements operational crisis-driven HR practices such as outplacement, sabbatical, variable pay, restructuring, etc. to achieve a successful crisis-driven HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a) Operational crisis-driven HR practices are designed and implement to ensure organizational flexibility in the following four dimensions numerical, functional, time-related and financial flexibility</td>
<td></td>
</tr>
<tr>
<td>3b) Operational crisis-driven HR practices are performance-driven</td>
<td></td>
</tr>
<tr>
<td>3c) Operational crisis-driven HR practices are offered optional and are designed and implemented to avoid quality decrease with regard to work conditions</td>
<td></td>
</tr>
<tr>
<td>3d) Operational crisis-driven HR practices are employed in a timely manner and pursued an sustainable outcome on the long term</td>
<td></td>
</tr>
<tr>
<td>4) Institutional crisis-driven HR practices</td>
<td>How the consultancy designs and implements institutional crisis-driven HR practices with regard to organizational structure and processes, culture, leadership, communication and internal bodies to achieve a successful crisis-driven HRM</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>4a) Organizational structure is designed in a way to enable combining or changing business divisions as well as a close cooperation among all functional departments</td>
<td></td>
</tr>
<tr>
<td>4b) Organizational culture comprises clear values that are explicitly communicated and are followed by management and staff</td>
<td></td>
</tr>
<tr>
<td>4c) Leaders possess a clear vision how to survive, are willing and capable to take unpopular decisions, to execute them in a consequent way as well as to communicate them actively to their employees for enabling a smoother implementation; they act as change agents</td>
<td></td>
</tr>
<tr>
<td>4d) Organizational communication is designed and conducted to reach simultaneously a large number of employees and to give them transparency with regard to the crisis-driven HRM and to make them participate</td>
<td></td>
</tr>
<tr>
<td>4e) HR department advises and supports both management and staff when going through restructuring, especially by ensuring permanent availability for answering employees’ queries and concerns.</td>
<td></td>
</tr>
<tr>
<td>5) Change / project management</td>
<td>How the consultancy designs and implements the process of change management comprising the four stages of a) diagnosis, b) search and selection of new solutions, c) application of the chosen practices to achieve a successful crisis-driven HRM</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5a) Crisis-driven HRM is designed and conducted in a sensible and consequent manner</td>
<td></td>
</tr>
<tr>
<td>5b) Selection and implementation of the relevant crisis-driven HR practices are based on explicit top management guidance</td>
<td></td>
</tr>
<tr>
<td>5c) Operational crisis-driven HR practices are implemented continuously and in „small steps“</td>
<td></td>
</tr>
<tr>
<td>5d) Crisis-driven HRM is designed and implemented to convince employees in the advantages of the newly introduced personnel practices and to consider their feedback</td>
<td></td>
</tr>
<tr>
<td>6) Employee results</td>
<td>What the consultancy is achieving in relation to its employees by following the existing crisis-driven HRM</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>6a) Crisis-driven HRM is designed and implemented to ensure</td>
<td></td>
</tr>
<tr>
<td> Perceived fairness, job security and trust</td>
<td></td>
</tr>
<tr>
<td> Motivation and commitment</td>
<td></td>
</tr>
<tr>
<td>6b) Performance indicators (internal measures used by the consultancy to predict their impact on the perceptions of its employees)</td>
<td></td>
</tr>
<tr>
<td> Turn-over ratio</td>
<td></td>
</tr>
<tr>
<td> Employee satisfaction (survey)</td>
<td></td>
</tr>
</tbody>
</table>
### 7) Customer results

<table>
<thead>
<tr>
<th>What the consultancy is achieving in relation to its customers by following the existing crisis-driven HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>7a) Customers perceptions of the consultancy</td>
</tr>
<tr>
<td>- Crisis-driven HRM is designed by taking into consideration all customers needs</td>
</tr>
<tr>
<td>- Product delivery, customer service and relationship are free from any crisis-driven „moods“</td>
</tr>
<tr>
<td>7b) Performance indicators (<em>internal measures used by the consultancy to predict their impact on the perceptions of its customers</em>)</td>
</tr>
<tr>
<td>- Customer loyalty (return business)</td>
</tr>
<tr>
<td>- Customer satisfaction (complaints and compliments)</td>
</tr>
</tbody>
</table>

### 8) Partner results

<table>
<thead>
<tr>
<th>What the consultancy is achieving in relation to its partners such as key suppliers, universities, potential candidates, etc. by following the existing crisis-driven HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>8a) Partners perceptions of the consultancy</td>
</tr>
<tr>
<td>- Crisis-driven HRM is designed to keep attracting potential candidates</td>
</tr>
<tr>
<td>- Crisis-driven recruitment ensures partners perception of an attractive employer from a job security perspective</td>
</tr>
<tr>
<td>8b) Performance indicators (<em>internal measures used by the consultancy to predict their impact on the perceptions of its partners</em>)</td>
</tr>
<tr>
<td>- Number of applications</td>
</tr>
<tr>
<td>- Invitations to job fairs, other recruitment events</td>
</tr>
<tr>
<td>- Employer attractiveness against relevant competitors (interviews with potential candidates, job fairs, etc.)</td>
</tr>
</tbody>
</table>

### 9) Key results

<table>
<thead>
<tr>
<th>What the consultancy is achieving originally planned in the organization’s crisis-driven HR strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>9a) Key strategic outcomes</td>
</tr>
<tr>
<td>- Crisis-driven HRM contributes actively to the consultancy surviving, fast recovery into a sound situation</td>
</tr>
<tr>
<td>9b) Key performance indicators</td>
</tr>
<tr>
<td>- Organizational performance (revenue, income, market share, etc.)</td>
</tr>
</tbody>
</table>
Appendix 12: Excellence model of crisis-driven HRM – Assessment tool

<table>
<thead>
<tr>
<th>Criterion 1: Crisis-driven HR Strategy</th>
<th>Plan</th>
<th>Do</th>
<th>Check</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>How XXX designs and implements its crisis-driven HR strategy addressing the new circumstances and placing a balanced focus on all stakeholders to achieve a successful crisis-driven HRM. For each of the 10 questions below, agree one score for the statements described against Plan, Do, Check and Results.</td>
<td>Is the relevance of the approach clear and if so, does it support other approaches?</td>
<td>To what degree has the approach been implemented and if so is there a structured implementation plan?</td>
<td>Do you have measures to assess the effectiveness of the approach, if so have you used them to review and improve the approach?</td>
<td>Have the expected benefits been achieved and is the approach contributing to a successful crisis-driven HRM?</td>
</tr>
<tr>
<td>1 = Weak evidence</td>
<td>5 = Strong positive evidence</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Q1 How do you ensure crisis-driven HR strategy is aligned with the overall business strategy?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 How do you anticipate stakeholder needs reg. the crisis-driven HR strategy? (Customers, Employees, Partners, Shareholders)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 Through what documents (guidelines, plans, procedures, etc.) do you communicate/cascade crisis-driven HR strategy?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4 Do you specify in your crisis-driven HR strategy how and when to respond to economic crisis in personnel terms?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5 Describe your planning process</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6 How do you prioritize activities in your crisis-driven strategic plan?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7 How do you cascade the crisis-driven HR strategy in XXX?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8 How do you review the effectiveness of the crisis-driven HR strategy?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9 What performance data do you review to assess whether application of your crisis-driven HR strategy is on track?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10 How do you track competitor activities reg. crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criterion 2: Process-related crisis-driven HR practices</td>
<td>Plan</td>
<td>Do</td>
<td>Check</td>
<td>Results</td>
</tr>
<tr>
<td>-----------------------------------------------------</td>
<td>------</td>
<td>----</td>
<td>-------</td>
<td>---------</td>
</tr>
<tr>
<td>How XXX designs and implements an early warning system for tracking and analyzing external and internal weak signals as well as decision making and organizational learning practices with regard to crisis-driven HRM.</td>
<td>Is the relevance of the approach clear and if so, does it support other approaches?</td>
<td>To what degree has the approach been implemented and if so is there a structured implementation plan?</td>
<td>Do you have measures to assess the effectiveness of the approach, if so have you used them to review and improve it?</td>
<td>Have the expected benefits been achieved and is the approach contributing to a successful crisis-driven HRM?</td>
</tr>
<tr>
<td>For each of the 10 questions below, agree one score for the statements described against Plan, Do, Check and Results.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>What are the key elements of your externally oriented early warning system? (e.g. criteria catalogue, data base, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>Which are the relevant external sources of information you use with respect to crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>What are the key elements of your internally oriented early warning system? (e.g. workload, re-qualification, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>How do you ensure measurability of external weak signals?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>How do you ensure measurability of both managers' and employees' performance?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>List all search routines for generating or creating completely new operational crisis-driven HR practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>How do you ensure to have an up-to-date knowledge about operational crisis-driven HR practices in your industry?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>List all selection criteria and their weights when evaluating different operational crisis-driven HR practices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>List practices for capturing lessons learned with regard to crisis-driven HRM</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>How do you ensure an active participation of all parties concerned in the process of capturing lessons learned?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 = Weak evidence 5 = Strong positive evidence
<table>
<thead>
<tr>
<th>Criterion 3: Operational crisis-driven HR practices</th>
<th>Plan</th>
<th>Do</th>
<th>Check</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>How XXX designs and implements operational crisis-driven HR practices such as redeployment, outplacement, sabbatical, variable pay, etc.</td>
<td>Is the relevance of the approach clear and if so, does it support other approaches?</td>
<td>To what degree has the approach been implemented and if so is there a structured implementation plan?</td>
<td>Do you have measures to assess the effectiveness of the approach, if so have you used them to review and improve it?</td>
<td>Have the expected benefits been achieved and is the approach contributing to a successful crisis-driven HRM?</td>
</tr>
<tr>
<td>For each of the 10 questions below, agree one score for the statements described against Plan, Do, Check and Results.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 = Weak evidence</td>
<td>5 = Strong positive evidence</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Q1</td>
<td>What operational crisis-driven HR practices do you use to ensure numerical flexibility?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>What operational crisis-driven HR practices do you use to ensure functional flexibility?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>What operational crisis-driven HR practices do you use to ensure time-related flexibility?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>What operational crisis-driven HR practices do you use to ensure financial flexibility?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>How do you ensure operational crisis-driven HR practices to be performance-driven?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>How do you ensure operational crisis-driven HR practices to be offered optional?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>How do you avoid quality decrease of work conditions possibly caused by the operational crisis-driven HR practices?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>How do you operational crisis-driven HR practices to be implemented in a timely manner?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>How do you ensure a the operational crisis-driven HR practices pursued sustainable outcome on the long run?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>How do you define the target groups of the relevant operational crisis-driven HR practices?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A10</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Criterion 4: Institutional crisis-driven HR practices</td>
<td>Plan</td>
<td>Do</td>
<td>Check</td>
<td>Results</td>
</tr>
<tr>
<td>----------------------------------------------------</td>
<td>------</td>
<td>-----</td>
<td>-------</td>
<td>---------</td>
</tr>
<tr>
<td>How XXX designs and implements institutional crisis-driven HR practices with regard to organizational structure and processes, culture, leadership, communication and internal bodies to achieve a successful crisis-driven HRM. For each of the 10 questions below, agree one score for the statements described against Plan, Do, Check and Results.</td>
<td>Is the relevance of the approach clear and if so, does it support other approaches?</td>
<td>To what degree has the approach been implemented and if so is there a structured implementation plan?</td>
<td>Do you have measures to assess the effectiveness of the approach, if so have you used them to review and improve it?</td>
<td>Have the expected benefits been achieved and is the approach contributing to a successful crisis-driven HRM?</td>
</tr>
<tr>
<td>1 = Weak evidence</td>
<td>5 = Strong positive evidence</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Q1 How do you ensure a flexible organizational structure that enables combining or re-designing business divisions?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 How do you ensure a close cooperation among all functional divisions in times of crisis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3 How do you ensure an explicit communication of key values and behaviors in times of crisis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4 Describe the role of leaders in creating a vision how to survive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5 How do you ensure leaders' willingness and capability to take unpopular decisions and to execute them consequently?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6 How leaders communicate unpopular decisions?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7 How leaders encourage employees to participate in times of crisis?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8 How do you ensure transparency with regard to crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9 How do you ensure organizational communication to reach simultaneously a large number of employees?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A9</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10 Describe the role of HR department in advising and supporting both managers and staff in times of crisis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Criterion 5: Change management process**

How XXX designs and implements the process of change management comprising the three stages of diagnosis, search and selection of the relevant practices as well as their application to achieve a successful crisis-driven HRM.

For each of the 10 questions below, agree one score for the statements described against Plan, Do, Check and Results.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Do</th>
<th>Check</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the relevance of the approach clear and if so, does it support other approaches?</td>
<td>To what degree has the approach been implemented and if so is there a structured implementation plan?</td>
<td>Do you have measures to assess the effectiveness of the approach, if so have you used them to review and improve it?</td>
<td>Have the expected benefits been achieved and is the approach contributing to a successful crisis-driven HRM?</td>
</tr>
</tbody>
</table>

1 = Weak evidence  
5 = Strong positive evidence

<table>
<thead>
<tr>
<th>Q1</th>
<th>How do you ensure a timely reaction in personnel terms to secure organizational success?</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>How do you ensure consistency of the process of crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>How do you organize the reporting process of the externally oriented early warning?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>How do you organize the reporting process of the internally oriented early warning?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>How do you ensure explicit management guidance when selecting the relevant operational crisis-driven HR practices?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>How do you ensure operational crisis-driven HR practices are implemented continuously and in &quot;small steps&quot;?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>How do you convince employees in the advantages of the operational crisis-driven HR practices?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>How do you encourage and capture employees' feedback about operational crisis-driven HR practices?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>Describe the process of capturing lessons learnt with regard to crisis-driven HRM</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>How do you ensure a continuous improvement of your crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

xxxii
**Criterion 6: Employee results**

What is XXX achieving in relation to its employees by following the existing crisis-driven HRM. For each of the 10 questions below, agree one score for the statements described against Trends, Targets, Comparisons and Causes.

<table>
<thead>
<tr>
<th>Questions</th>
<th>Trends</th>
<th>Targets</th>
<th>Comparison</th>
<th>Causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are your trends positive and sustained?</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Do you set and achieve targets?</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Do you compare and match your results with those achieved by your competitors?</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Do you know the key crisis-driven HR practices that drive employee results?</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

1 = Weak evidence

5 = Strong positive evidence

---

Q1. What are your key employees' perception indicators to monitor job security?

A1

Q2. What are your key employees' perception indicators to monitor perceived fairness and trust?

A2

Q3. What are your key employees' perception indicators to monitor job satisfaction (tasks, work conditions, etc.)?

A3

Q4. What are your key employees' perception indicators to monitor professional self confidence?

A4

Q5. What are your key employees' perception indicators to monitor work pressure and stress?

A5

Q6. What are your key employees' perception indicators to monitor organizational commitment?

A6

Q7. What are your key internal performance indicators for employee turnover?

A7

Q8. What are your key internal performance indicators for job tardiness and absenteeism?

A8

Q9. What are your key internal performance indicators for employees’ resistance to change?

A9

Q10. What are your key internal performance indicators for employee productivity?

A10
<table>
<thead>
<tr>
<th>Criterion 7: Customer results</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is XXX achieving in relation to its customers by following the existing crisis-driven HRM. For each of the 10 questions below, agree one score for the statements described against Trends, Targets, Comparisons and Causes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trends</th>
<th>Targets</th>
<th>Comparison</th>
<th>Causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are your trends positive and sustained?</td>
<td>Do you set and achieve targets?</td>
<td>Do you compare and match your results with those achieved by your competitors?</td>
<td>Do you know the key crisis-driven HR practices that drive customer results?</td>
</tr>
</tbody>
</table>

1 = Weak evidence 5 = Strong positive evidence

### Q1
What are the key customer perception indicators to monitor client satisfaction related to crisis-driven HRM?

### A1

### Q2
What are the key customer perception indicators to monitor client trust related to crisis-driven HRM?

### A2

### Q3
What are the key customer perception indicators to monitor image and reputation related to crisis-driven HRM?

### A3

### Q4
What are the key customer perception indicators to monitor quality of the advisory services related to crisis-driven HRM?

### A4

### Q5
What are the key internal performance indicators monitors to assess meeting deadlines?

### A5

### Q6
What are the key customer perception indicators to monitor long-term customer intentions related to crisis-driven HRM?

### A6

### Q7
What are the key customer perception indicators to monitor credibility and reliability related to crisis-driven HRM?

### A7

### Q8
What are the key internal performance indicators monitors to assess satisfaction and complaints levels?

### A8

### Q9
What are the key internal performance indicators monitors to assess customer retention and the duration of customer relationships?

### A9

### Q10
What are the key internal performance indicators monitors to assess new and lost business?

### A10

xxxiv
<table>
<thead>
<tr>
<th>Criterion 8: Partner results</th>
<th>Trends</th>
<th>Targets</th>
<th>Comparison</th>
<th>Causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is XXX achieving in relation to its partners such as professional associations, universities, potential job applicants, etc. by following the existing crisis-driven HRM. For each of the 10 questions below, agree one score for the statements described against Trends, Targets, Comparisons and Causes.</td>
<td>Are your trends positive and sustained?</td>
<td>Do you set and achieve targets?</td>
<td>Do you compare and match your results with those achieved by your competitors?</td>
<td>Do you know the key crisis-driven HR practices that drive partner results?</td>
</tr>
<tr>
<td>Q1</td>
<td>What are the key partner perception indicators to monitor employer attractiveness?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>What are your key partner perception indicators to monitor job-security related to crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>What are your key partner perception indicators to monitor employer attractiveness related to crisis-driven compensation and benefits?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>What are your key partner perception indicators to monitor employer attractiveness related to crisis-driven working climate?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>What are your key partner perception indicators to monitor employer attractiveness related to crisis-driven learning and development?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>What are the key partner perception indicators to monitor your impact on the relevant labor market?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>What awards/acknowledgement have you received from the community related to your crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>What internal performance indicators do you monitor to assess positive and negative media / press coverage related to crisis-driven HRM?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>What internal performance indicators do you monitor to assess job applicants activity?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>What internal performance indicators do you monitor to assess the extent to what partners are keen on your participation in job fairs and other recruitment events?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 = Weak evidence 5 = Strong positive evidence

A1
A2
A3
A4
A5
A6
A7
A8
A9
A10
<table>
<thead>
<tr>
<th>Criterion 9: Key results</th>
<th>Trends</th>
<th>Targets</th>
<th>Comparison</th>
<th>Causes</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is XXX achieving initially planned in the organization's crisis-driven HR strategy.</td>
<td>Are your trends positive and sustained?</td>
<td>Do you set and achieve targets?</td>
<td>Do you compare and match your results with those achieved by your competitors?</td>
<td>Do you know the key crisis-driven HR practices that drive key results?</td>
</tr>
</tbody>
</table>

For each of the 10 questions below, agree one score for the statements described against Trends, Targets, Comparisons and Causes.

1 = Weak evidence 5 = Strong positive evidence

<table>
<thead>
<tr>
<th>Q1</th>
<th>What indicators do you monitor to assess the Financial health of XXX? (e.g. budget performance, sales revenue, profit, ROI)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>What indicators do you use to monitor Balance Sheet performance (investments, depreciation, asset management)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3</td>
<td>What indicators do you use to monitor Material Consumption? (stock turnover, defect rates, waste)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4</td>
<td>What indicators do you use to monitor Supplier Performance? (price, delivery, contribution, added value)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q5</td>
<td>What indicators do you use to monitor Cash Flows? (debtors, creditors, liquiditiy ratios)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>What indicators do you use to monitor Productivity? (non chargeable work for client, downtime, output per employee)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>What indicators do you use to monitor Market Share or the Sector Performance of the organization?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>What indicators do you use to monitor Service cycle times? (e.g. production cycle, from time to place an order to delivery, time from product development to market)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q9</td>
<td>What indicators do you use to monitor the sharing and use of knowledge?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>What indicators do you use to monitor the Value of intellectual capital? (e.g. patents, innovation rates, new product development)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
References


xxxvii

xxxviii
47. Bundesverband Deutscher Unternehmensberater BDU e.V. (edpp.): Facts and Figures 2009 a/b, Bonn 2010
52. Bundesverband Deutscher Unternehmensberater BDU e.V. (edpp.): Jahresbericht 2010, Bonn 2010

xlii
100. Economist Intelligence Unit (2009): The role of HR in uncertain times: A report from the Economist Intelligence Unit, in: The economist, August 2009


168. Ioma.com/ HR: Managing benefits plans: Survey says most companies expect economic crisis to affect benefits practices, January 2009, pp. 8-9


   restructuring in response to crises: Lessons from computational modelling and real-
   631-637
   Business Review, June 1967, pp. 102-112
   matter, in: Journal of Evolutionary Economics, Issue 11, pp. 393-412
   London, 2001
   Restrukturierung in: Erfolgreiche Neuausrichtung von Unternehmen, Lünedonk GmbH, 
   2009, pp. 38-42
   extension agents in the Mississippi State University extension service, in: Proceedings 
   of the 2007 AAAE Research Conference, vol. 34, pp. 29-40
   Management System: A Model Indicating Impact of Unionization, in: Public Personnel 
   New Jersey 1996
   der Rezession - Handlungsfelder und innovative Strategien, in: Personalmanagement, 
   School Press 2003
229. Lünedonk (2003): Die Top 25 Managementberatungs-Unternehmen in 
   Deutschland 2002, Kaufbeuren 2003
230. Lünedonk (2007a): Die Top 25 IT-Beratungs- und Systemintegrations - 
   Unternehmen in Deutschland 2006, Kaufbeuren, 2008
231. Lünedonk (2007b): Die Top 25 Managementberatungs-Unternehmen in 
   Deutschland 2006, Kaufbeuren, 2007
237. Lünendonk (2010b): Die Top 25 Managementberatungs-Unternehmen in Deutschland, Kaufbeuren, Mai 2010


lviii


