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**The role of deferred action in demystifying the 'black box' of human resource management during economic crises**

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4 **The role of deferred action in demystifying the ‘black box’ of human resource**  
5 **management during economic crises**  
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9 **Abstract**  
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12 **Purpose:** This research investigates how and why HR adjustments are made during times of  
13 significant crisis and analyses choices HR managers make to enhance business performance  
14 during crises.  
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19 **Methodology:** Qualitative data (23 interviews and four years’ financial performance data) was  
20 gathered from multiple sources. Organisational documents were also used as secondary data.  
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22 Collective analysis was undertaken of the above Jordanian banks’ data on their performance  
23 especially those that survived the global financial crisis.  
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29 **Findings:** The findings reveal that before the crisis, the investigated banks had made HR policy  
30 choices that emphasised flexibility to respond to changes in the business environment during  
31 the crisis. We also unveil the role that cultural and economic pressures played in decisions  
32 about the deployment and adjustment of HR policies. Finally, HR departments played the role  
33 of business partners and employee champions during the crisis.  
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39 **Implications:** Findings confirm the relevance of HR as a business partner and an employee  
40 champion. We demonstrate how soft and hard HRM practices can be used to drive firm  
41 performance, especially as HR function tends to be viewed less as an organisational asset and  
42 more as an administrative cost.  
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48 **Novelty:** We uncovered the role of deferred HR action in organisations’ crisis response  
49 strategies, finding that a combination of soft and hard practices enhance performance under  
50 such conditions. We contribute to a new dimension of HR flexibility: policy flexibility and  
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3 highlight the role played by societal, cultural and economic pressures in the decisions these  
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5 firms made about their HR practices.  
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8 **Keywords:** Human resource management, organisation performance, HR deferred action,  
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10 financial crisis, strategic business partner  
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### 13 **1. Introduction**

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17 Over the last two decades, we have witnessed the emergence of several significant catastrophes,  
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19 including the global financial crisis of 2008 (Carnevale and Hatak, 2020; Cook *et al.*, 2016;  
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21 Johnstone, 2019; Malik, 2013, 2017; Malik *et al.*, 2019; Newman *et al.*, 2023) and the COVID-  
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23 19 pandemic, both of which had adverse impacts on people-management practices (Malik and  
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25 Sanders, 2021; Oseghale *et al.*, 2024). Studies have shown that a high level of uncertainty is  
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27 usually associated with such events and that this often leads to the unanticipated closures of  
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29 numerous organisations, particularly those that have a limited capacity to adjust and respond  
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31 quickly to crises (Carnevale and Hatak, 2020). For example, in the UK the global financial  
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33 crisis of 2008 led to the closure of around 800,000 businesses and about 3.5 million workers  
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35 being made redundant between 2008 and 2012, resulting in increased national unemployment  
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37 rates (Johnstone, 2019). At a global level, over 60 million jobs are estimated to have been lost  
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39 as a result of the crisis (Johnstone, 2024). Post-crisis, human resource (HR) professionals had  
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41 to manage the challenging task of filling jobs vacancies given the existing talent shortage  
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43 (Newman *et al.*, 2023). More recently, political conflicts such as the war between Russia and  
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45 Ukraine and tensions in the Middle East have demonstrated the existence of deeper structural  
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47 crises. In addition to the above, job displacement, especially in task areas vulnerable to the  
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49 technological disruption caused by artificial intelligence (AI) (Malik *et al.*, 2023) have been a  
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51 cause of concern for scholars and policymakers, and the longer-term effects of this ongoing  
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53 disruption remain uncertain.  
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Although we cannot predict the timing of future crises or the form that they will take, it is almost certain that they will continue to occur. While the theme of effective crisis preparation for organisations is a popular one in the literature, recent research estimates suggest that most firms are still not taking sufficient measures (Teng-Calleja *et al.*, 2024). Thus, examining the lessons learned from the employee management in previous crises can offer organisations valuable insights on how to ensure business sustainability and continuity in difficult times. Access to such knowledge can help firms prepare for the future and reduce rates of business failure in times of crisis (Cook *et al.*, 2016). Studies suggest that HRM departments can adjust and deploy a range of strategies, such as cost-cutting and capability development, to improve their overall chances of survival of adverse events (Cook *et al.*, 2016; Johnstone, 2019; Newman *et al.*, 2023). Here, good performance is regarded as an organisation's ability to sustain its operations, achieve a return on investment, and avoid closure during a crisis.

While we know that firms change their employment practices during a recession, few studies have examined exactly how firms maintain flexibility by adjusting their HR practices during recessionary periods (Johnstone, 2024; Dello Russo *et al.*, 2024). Dello Russo *et al.* (2024) contend that decisions to cut spending on and invest less in HR practices during a crisis are driven by a number of pressures to spend minimally and cautiously. These pressures are: strategic (the need to align HR's objectives with those of the organisation); normative (public opinion and the views of professional bodies); and coercive (government failure to provide subsidy for training). However, both Johnstone (2024) and Dello Russo *et al.* (2024) also call for more studies to be carried out in different research contexts to further explore how decisions are made around which HR practices to adjust and deploy during crises, and how these HR practices contribute to a firm's financial stability.

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3 To this end, this study draws on multiple sources of qualitative data (Sapegina and  
4 Weibel, 2017) from seven banks in Jordan to shed light on the HRM ‘black box’, exploring the  
5 reasons underlying the policy adjustments organisations make in order to achieve effective  
6 HRM and business sustainability during a crisis (Ezerdi *et al.*, 2022; Saridakis *et al.*, 2016).  
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8 Additionally, the study provides particular insight into what drives HR leaders’ decision-  
9 making process at such times. This study’s context is novel, as Jordan and its banking sector  
10 provide a unique empirical setting in several ways. Firstly, this is the first study of its kind to  
11 be conducted in Jordan (Budhwar *et al.*, 2019; Cook *et al.*, 2016). Secondly and most  
12 importantly, research estimates show that while most banks in many countries collapsed during  
13 the 2008 financial crisis, most of those in Jordan managed to survive (Al-Qadi, 2022; Budhwar  
14 *et al.*, 2019). It is therefore pertinent to explore this contextual setting to understand whether  
15 HRM practices in Jordanian banks played a role in sustaining high performance. If so, how did  
16 these banks achieve flexibility in adjusting their HR practices during crisis, and how did they  
17 make the relevant decisions regarding adjusting and adopting those practices? Finally, what are  
18 the implications of these choices for a firm’s financial stability? We analyse this by drawing  
19 on the key tenets of the theory of deferred action (Patel, 2006; Newman *et al.*, 2023).  
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41 Our study contributes to the extant body of literature on the linkages between HRM and  
42 crisis performance by shedding light on how planning HR policies in advance enables effective  
43 choice-making when a crisis occurs. It also looks at how and why HR leaders, in particular,  
44 make decisions about which approaches to **adjust and adopt or change** in those circumstances.  
45 Finally, the study draws on the theory of deferred action to unpack the HR adjustments that  
46 enhance firm performance during a crisis (Newman *et al.*, 2023). Thus, we validate the theory  
47 of deferred action by explaining the links between deferred HRM action, the reasons for firms’  
48 choice of HR practices (with specific reference to the role of societal and economic pressures)  
49 and firm performance. By so doing, we unveil a new strategic choice dimension – that of  
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3 deferred human resource action – which runs counter to the dominant economic perspective.  
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5 Previous work on deferred human resource action has drawn on principles of personnel  
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7 economics, thereby placing more emphasis on an economic perspective (Gunderson, 2001).  
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10 **With this, we identify a new dimension of HR flexibility (HR policy flexibility) and unpack**  
11 **how it influences the redesign and application of selected HR practices during a crisis.** Our  
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13 study also uncovers the utility and complementarity of the hard and soft HR practices that were  
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15 driven by economic, societal and cultural pressures during the crisis. At the same time, we  
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17 extend the literature that contends that such decisions are often also driven by normative and  
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19 coercive pressures. We also unveil the critical role and function of HR (Ulrich and Brockbank,  
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21 2005) not only as a strategic business partner, as suggested by Dello Russo *et al.* (2024) and  
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23 Gover and Duxbury (2018), but also as an employee champion to counteract cultural pressures  
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25 and address performance challenges during a crisis. In this way, we demonstrate the practical  
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27 relevance of the HR function, a field which, it could be argued, has been hampered by a lack  
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29 of respect and status for over four decades (Subramony *et al.*, 2021). According to Wach *et al.*  
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31 (2022), there is now a need to set the value of HRM as comparable to that of other  
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33 organisational functions and to validate its contribution and relevance. The European Central  
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35 Bank (2015) contends that investment in quality assets with better returns on investment was  
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37 the deciding factor in the survival of survivor banks during a crisis. We confirm the importance  
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39 of developing new business streams for commercial performance and sustainability during a  
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41 crisis, and we seek to unpack the critical role of HRM in this process.  
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50 The rest of the paper is organised as follows. In the following section, we outline the  
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52 theoretical underpinnings of the study. Next, we offer a detailed account of the banking sector  
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54 in Jordan and a justification of the methodological choices made in the study. This is followed  
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56 by a clear presentation of our study's findings, and a discussion of the theoretical and practical  
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58 implications thereof.  
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## Literature review and theoretical framework

### Human resource management during economic crises and firm performance

A significant body of research has examined the impact of financial crises (such as the financial crisis of 2008) on HRM and the effectiveness of different HRM approaches in driving firm performance (Carnevale and Hatak, 2020; Cook *et al.*, 2016; Ezerdi *et al.*, 2022; Johnstone, 2019; Newman *et al.*, 2023). When adopting a soft approach to HRM, organisations during a crisis tend to retain the ‘human’ aspects in HRM with the intention of driving performance through employee commitment (Cregan *et al.*, 2020). These organisations drive employee commitment by implementing practices such as increasing training provisions, performance-related pay and strategic staffing during crisis periods (Cook *et al.*, 2016). Such actions are consistent with tenets of a truly strategic HRM perspective, which emphasises the development of employee ability, motivation and engagement as important sources of competitive advantage and improved organisational performance (Dello Russo *et al.*, 2024).

Some studies have found a correlation between the use of soft HR strategies and firm performance. For example, in a study of British multinational companies and their European subsidiaries, Sheehan (2012) found that firms’ performance correlated with their provision of extensive training and alignment with developmental practices. The study uncovered that those subsidiaries that increased their investment in development of human capital experienced improved performance during turbulent times. Similarly, in Garavan’s (2012) sample of pharmaceutical firms, these organisations chose to invest in talent management activities (with the exception of actual talent acquisition), in the hope that such practices would address their people-management issues. Drawing on secondary data from Korean firms, Kim and Ployhart (2014) confirmed the findings of Sheehan (2012) and Garavan (2012). In particular, Kim and

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3 Ployhart (2014) found that investment in strategic staffing and internal training was beneficial  
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5 in terms of a firm's competitive advantage both pre- and post-crisis.  
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9 Conversely, however, using only soft HRM practices may not be a sustainable strategy  
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11 for avoiding organisational decline, as a company's long-standing policy of adherence to  
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13 commitment-based HRM may be derailed when a financial crisis presents it with the  
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15 opportunity to demand more from employees (Cook *et al.*, 2016). Different crisis situations  
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17 offer actors varying degrees of agency, and organisations might seek to reverse their high-  
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19 commitment practices and shift towards harder HRM practices during turbulent times (Dello  
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21 Russo *et al.*, 2024). Organisations might draw on these approaches by intensifying work  
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23 through a renegotiation of contracts (Cook *et al.*, 2016; Ezerdi *et al.*, 2022; Gunnigle *et al.*,  
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25 2013) to reduce operational costs and thus increase profits (Ezerdi *et al.*, 2022). In particular,  
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27 these organisations undertake practices such as reduced training, pay cuts, and pay and  
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29 recruitment freezes to drive performance (Gunnigle *et al.*, 2013; Marchington and Kynighou,  
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31 2012; Nijssen and Paauwe, 2012; Dello Russo *et al.*, 2024; Teague and Roche, 2014; Tsao *et*  
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33 *al.*, 2016).  
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40 Research suggests that employees' reaction to the use of hard and cost-cutting HRM  
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42 practices, such as layoffs, is not universal (Cregan *et al.*, 2020). While these practices may be  
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44 considered by employees as major negative events, when they are introduced in a soft HRM  
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46 context – for example, in a collaborative ethos and when managers clearly and carefully convey  
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48 the reasons behind their chosen practices – survivors react more favourably (Cregan *et al.*,  
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50 2020). However, critics have argued that HR usually abdicates its role as employee champion  
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52 and tends to side with managers and shareholders during critical times (Dello Russo *et al.*,  
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54 2024). As a strategic business partner, HR often functions with a pro-market ethos, pursuing  
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56 short-term profit to give returns to shareholders while also seeking legitimacy and approval  
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3 from those investors (Dundon and Rafferty, 2018). Such practices often reveal that HR's  
4 adoption of soft and humanistic approaches are mere rhetoric, and that it places its focus on  
5 achieving the goal of profit maximisation (Dello Russo *et al.*, 2024). While financial crises  
6 often tend to reduce employee expectations, using hard HRM alone may not be sustainable in  
7 the long term (Edvardsson and Durst, 2021).  
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15 The approach taken during a crisis to avoid organisational decline does not have to be either  
16 hard or soft; some organisations often combine these methods (Ererdi *et al.*, 2022). Typically,  
17 these businesses see this as an effective way to manage their workforce while driving  
18 commitment and reducing operational costs, thus enhancing performance during a crisis.  
19 However, achieving excellence in business is more than the mere accumulation of a range of  
20 hard and soft HRM practices (Briggs and Keogh, 2001). Strategic planning and careful  
21 implementation around such practices is critical (Caldwell, 2010; Lam and Schaubroeck,  
22 1998), particularly under adverse conditions. While we know that firms change their  
23 employment practices during a recession, few studies have made a detailed examination their  
24 connection with the underlying reasons guiding these adjustments, such as the recessionary  
25 economic environment (Johnstone, 2024; Dello Russo *et al.*, 2024). Further, we still know  
26 comparatively little about the role individual agency plays in the choice of specific HR  
27 practices and in how they are adjusted and deployed in order to enhance a firm's financial  
28 stability (Dello Russo *et al.*, 2024). This study therefore uses the theory of deferred action to  
29 provide insights into how organisations plan and implement their HRM functions and practices  
30 to enhance their performance during a crisis.  
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### 52 53 **Theory of deferred action**

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57 **The intricate challenge of grasping the sources of practice change (to new practice) or**  
58 **continuity (the use of old practice in a new form) within organisations remains a profound**  
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3 theoretical issue (Fligstein, 2013). As such, the theory of deferred action is used as a framework  
4 for understanding the underlying reasons for the adjustment (change or continuity) of HR  
5 practices/roles, for example, the recessionary environment; and the role individual agency  
6 plays in the decision-making around which practices to adopt or change; and how these  
7 practices contribute to a firm's financial stability. This theory was originally developed as an  
8 information systems theory. It sought to provide insights into how to design organisational  
9 systems through planned action (policies enacted regardless of reality) during normal times so  
10 as to better respond to organisational challenges during periods of 'emergence' (Fligstein,  
11 2013; Patel, 2009). Emergence, as a construct, refers to unpredictable events (Patel, 2006),  
12 such as the 2008 financial crisis. According to the theory of deferred action, organisational  
13 approaches to planned action are sufficient during periods of normality; however, organisations  
14 should develop flexible policies, allowing agents the leeway to exercise choice and freely  
15 adjust (continuity or change to new set of HR practices) their menu of practices during  
16 emergence (e.g., a crisis) (Marjonovic, 2005), if they are to effectively respond to a crisis  
17 environment. Thus, theory of deferred action provides insight into why things change or remain  
18 the same during a crisis. Although rational planning is necessary in organisations, it usually  
19 proves to be inadequate during a crisis.

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43 In the field of HR, to date only Gunderson (2001) has used the theory of deferred action  
44 to unpack how deferred compensation can create economic value for organisations. Relying on  
45 the key arguments of the theory of deferred action, Gunderson (2001) suggested that  
46 underpaying workers when they are young relative to their productivity can create economic  
47 value for the organisation. In return, these younger workers are overpaid when they get older,  
48 in the form of seniority-based pay. In this way, the long years of investment by both parties  
49 eventually pays off, creating a situation of mutual benefit. Following Gunderson (2001), HR  
50 managers during normal times could, therefore, develop HR policies and practices that are  
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3 flexible and can be adjusted during times of crisis. Such flexibility would provide a strong  
4 foundation on which HR could build to drive performance during crisis periods (Ulrich *et al.*,  
5 2024). Drawing on the tenets of deferred action, organisations' HR agents, by exercising their  
6 agency, leeway and choice, could alter HRM practices to accommodate changes to the business  
7 environment brought about by adverse events (Elliman and Eatock, 2005), and as a result  
8 enhance the firm's performance (Patel, 2006). According to Ulrich *et al.* (2024), careful  
9 adjustments can also enhance the development of the relevant human capabilities required  
10 during a crisis to sustain that performance.  
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23 Recent studies have shown that strategic, coercive and normative pressures in the  
24 business environment are the major factors/**forces** responsible for HR decisions to employ or  
25 adjust (**continuity or change**) a particular practice (Dello Russo *et al.*, 2024). From a strategic  
26 perspective, HR may be seeking to align its own methods with the organisation's objectives.  
27 Others (Oseghale *et al.*, 2022) have found that constructive alignment between HR practices  
28 can yield better HR outcomes. On the normative side, HR may be driven to reduce spending  
29 based on public opinion, for example, advice from professional bodies. They do this in the  
30 expectation that such moves will save costs and improve the performance of an organisation  
31 (Dello Russo *et al.*, 2024). Finally, government failure to subsidise learning and development  
32 or human capital formation can put pressure on or coerce HR managers to spend minimally  
33 and cautiously. With this in mind, our current study sheds light on how organisations, through  
34 HRM, can plan and develop effective and flexible HR policies pre-crisis to enable adaptation  
35 and change during the crisis itself, with the goal of enhancing performance (Gregor, 2006).  
36 Moreover, the study provides insight on why HR managers make the decisions they do in terms  
37 of which practice to adjust and adopt, and looks at how the chosen HR practices/**roles** contribute  
38 to a firm's financial stability (Dello Russo *et al.*, 2024). **As previously stated, thus, the theory  
39 of deferred action provides insight into why and how human resource practices change or  
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3 remain the same (Fligstein, 2013; Gunderson, 2001) and more importantly how these may  
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5 combine to form a new set of flexible HR practices/roles (system design) in response to the  
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7 financial crisis.  
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11 Therefore, the specific questions that drive the present research are: how did banks in  
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13 Jordan employ a set of specific HR actions during the financial crisis of 2008 to 2012 that  
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15 enabled flexibility in deploying HR practices? Moreover, what factors played a part in the  
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17 decision to adjust and adopt those particular practices, and what implications do these questions  
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19 have for firm performance?  
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### 22 23 **The 2008 financial crisis and the banking industry in Jordan** 24

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26 In Jordan, the banking industry contributes significantly to the economy. The industry is  
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28 consistently vibrant, despite regional volatility (Al-Qadi, 2022). Reportedly, the banking  
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30 industry in Jordan fared well during the 2008 financial crisis, a time when banks worldwide  
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32 were struggling to survive (Al-Qadi, 2022). During this period, it was reported that Jordanian  
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34 banks managed to maintain a high level of performance (Al-Qadi, 2022). Previous studies on  
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36 the connection between HRM and performance undertaken by Ezerdi *et al.* (2022) note that  
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38 HRM is instrumental in the success of any organisation.  
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44 Consistent with Hofstede's (1980) research, the institutional and cultural environment  
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46 influences HRM policies and practices in Jordan (Budhwar *et al.*, 2019). In line with Hofstede's  
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48 cultural dimension of collectivism (Oseghale *et al.*, 2022), hiring activities and compensation,  
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50 among other activities, are based on relationships – *wasta* (a word used to connote relationships  
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52 among individuals) (Budhwar *et al.*, 2019). Jordanian banks tend to recruit and develop  
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54 employees in a manner that conforms to the legal regulations aiming to reduce the number of  
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56 expatriates in the country (Budhwar *et al.*, 2019). Due to the country's collectivist culture, in  
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58 general, the type of HRM that is practised in Jordanian banks is soft HRM (Al-Qadi, 2022),  
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3 which aims to drive employee commitment and thus firm performance. While some studies  
4 have suggested that many Asian countries moved from high-commitment HR to hard HRM  
5 during the 2008 crisis, there have been no studies undertaken on how Jordanian banks  
6 responded to the crisis to maintain performance (Edvardsson and Durst, 2021). Extant studies  
7 have therefore identified a need for more research on HRM in Jordan (Budhwar *et al.*, 2019).  
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## 14 15 **Methodology**

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19 The present research employed a data triangulation strategy using qualitative methods to  
20 answer the study's research questions. We note that qualitative research is best suited to  
21 collecting rich contextual data (Bell *et al.*, 2019; Hughes *et al.*, 2022); this method was chosen  
22 as a means of unpacking how firms exercised choices that aligned with deferred HR action,  
23 pre-crisis, to sustain the performance of Jordanian banks during the 2008 financial crisis and  
24 the period that followed. We further highlight that a qualitative approach was best suited to  
25 interpreting the rich data we collected to validate and support further theory development  
26 (Oseghale *et al.*, 2022). The qualitative study is based on an analysis of secondary data  
27 alongside 23 semi-structured interviews we conducted with bank personnel working at seven  
28 carefully selected banks in Jordan (Table 1).  
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53 The Jordanian banking industry was selected for this study because of the success of  
54 Jordanian banks during the 2008–2012 financial crisis. We selected the participant banks by  
55 means of a purposive sampling strategy, deployed with the help of gatekeepers, who used the  
56 following criteria: successful operation and financial performance during the 2008 financial  
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3 crisis, as well as the use of the flexible HR policies that responded to the changing business  
4 environment during the crisis. We initially used the purposive sampling technique to select  
5 participants with an adequate knowledge of how HR practices were designed and deployed as  
6 well as their implications for performance before and during the crisis; this knowledge had  
7 been gathered through the participants' involvement in the design and implementation of such  
8 HR practices (Oseghale *et al.*, 2022). The participants selected were employees occupying  
9 senior management positions in critical functional areas, with adequate knowledge of the topic  
10 under study. Thus, those selected for interview included HR managers, risk managers, directors  
11 of strategic planning and directors of finance. Following Gover and Duxbury (2018), managers  
12 in the other functional areas were selected; their perspectives were used to validate the positive  
13 statements of HR managers and reduce the influence of self-interest or functional and  
14 retrospective bias. All the managers had at least a Bachelor of Science in terms of their level  
15 of education, and all had accumulated over nine years of experience with their banks. Although  
16 data collection took place after the global financial crisis (in 2019), all the participants  
17 interviewed had worked with the case study banks during that time. At the time of data  
18 collection, four of the 23 participants were occupying different roles due to promotion. The  
19 first author ensured that they were interviewed on the basis of their roles during the 2008–2012  
20 financial crisis. Seven of the participants had since moved to different companies (banks) due  
21 to career progression; they were approached in their new companies through a snowballing  
22 approach and interviewed on the basis of their experiences with the case study banks during  
23 period in question.

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Following Gover and Duxbury (2018), to address any bias associated with the collection  
of retrospective data, data collection and analysis took place in two stages (interviews and  
secondary data) to facilitate triangulation and validation. First, semi-structured interviews were  
conducted with the 23 participants who had witnessed the financial crisis in the case study

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3 organisations during the crisis. The semi-structured interview method was deployed to allow  
4 some consistency across interviews, but also to allow for the pursuance of interesting issues  
5 that might arise during the interviews (Oseghale *et al.*, 2022). The interview questions were  
6 designed to gather data on the behaviour and decisions of managers in relation to HR practices  
7 and policies pre- and post-2008 to uncover the actions and behaviours associated with the tenets  
8 of deferred action. Following Gover and Duxbury (2018), to address retrospective bias, the  
9 participants were asked questions such as the following: before and during the global financial  
10 crises, in what ways did strategic planning of HR policies and practices inform flexibility to  
11 adjust HR during the crisis? Why did you decide to adjust and adopt certain HR practices during  
12 the crisis in 2008? How did these changes at the time in 2008 to 2012 impact performance?  
13 We stopped interviewing after the twenty-third interview, as at this point data saturation (the  
14 stage in the interview process at which additional interviews no longer provided any new  
15 information) had been achieved (Oseghale *et al.*, 2022). Guest *et al.* (2006) concluded that only  
16 incremental knowledge emerges after 12 interviews have been undertaken, with a Cronbach  
17 alpha score difference of 0.09. The interviews lasted between 45 and 60 minutes, and were  
18 audio-recorded. We also took interview notes and obtained ethical approval for the study from  
19 a UK university before data collection began.

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Second, we retrieved the banks' annual return-on-investment data for the four-year  
period from 2008-2012 from publicly accessible sources, and we also collected information on  
the banks' net income and total assets to validate the self-reported performance data we had  
collected through the interviews. Gover and Duxbury (2018) contend that to avoid retrospective  
bias in a study, researchers should draw upon multiple data sources, including documents and  
interviews. By comparing the documentary data and self-reported interview data (Gover and  
Duxbury, 2018), we were able to confirm the respondents' self-reported claims about  
performance across the investigated banks. We also obtained documentary data on the

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3 participant banks' HRM policies and practices to ascertain how they had supported HR  
4 flexibility before the crisis. With this data, we were able to confirm self-reported claims around  
5 how HR had been designed in such a way as to give it the flexibility to adjust its policies in  
6 response to the changing business environment in the period from 2008 to 2012.  
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13 We began the data analysis by transcribing the recorded interviews verbatim. The initial  
14 analysis involved repeatedly alternating between financial documents, figures and interview  
15 transcripts to immerse ourselves in the data and decipher the emergent themes (Flick, 2014;  
16 Hughes *et al.*, 2022). Thus, we identified a number of first-order codes (planned action,  
17 emergence, deferred action, cultural pressures, economic pressures, HR activities and  
18 performance) in a three-phase coding process (Gioia *et al.*, 2013). Next, aggregate themes were  
19 developed from first-order code after a critical review of text segments from the first-order  
20 codes for differences and similarities. The themes that emerged from this stage include planned  
21 action, emergence, deferred action, training and development, compensation, HR as business  
22 partner, soft and hard HRM and lay-off. In the third stage, these themes were merged so that  
23 they were broad enough to capture recurrent issues emerging from the data. Themes that  
24 emerged at this stage include deferred HR action prior to the 2008 crisis, the role of HR as a  
25 strategic business partner, and soft and hard HRM and firm performance, among others. All  
26 authors were involved in the data analysis, and codes/themes were developed independently  
27 by each author before we met to agree on codes/themes. Disagreements between authors were  
28 resolved by seeking a third opinion in order to find a consensus.  
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## 51 Findings

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54 Based on our analysis of the data, we propose a framework for understanding HR actions and  
55 policy choices in the changed crisis environment. Figure 1 presents the three dimensions of HR  
56 policy action choices that operate in any given context. Firms need to actively deal with new  
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3 environmental challenges and undertake additional actions in response to the crisis. We classify  
4 these as follows. First there is the status quo option, where businesses simply resort to their  
5 normal HR routines and business as usual. However, some firms may be a bit more proactive  
6 and explore anticipatory HR policy actions choices in order to actively respond to the new and  
7 disruptive crisis environment. Finally, another HR action from the policy choice menu is to  
8 engage in deferred HR actions to manage the environmental pressures. Overall, we uncovered  
9 that the decisions to adjust and adopt certain HR practices were largely driven by cultural and  
10 economic pressures.  
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23 <<Insert Figure 1 about here>>  
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25 These themes are discussed in the following section. We illustrate our findings with archival  
26 data and participant quotes.  
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### 29 ***HR policy flexibility pre-crisis as an enabler of HR adjustment during crisis***

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33 ***HR policy flexibility pre-crisis:*** Our data suggests that HR planning for the crisis started with  
34 HR policy development pre-crisis. Prior to the 2008 financial crisis, HR managers in the banks  
35 investigated and encouraged the development of policies on the management of people. In  
36 developing these HR policy choices, provisions were made to enable HR departments to adjust  
37 their practices to reflect and respond to changing business environments in the case of a crisis.  
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44 As the participants recalled:  
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48 *Before the financial crisis of 2008, we had HR policies on recruitment, training,*  
49 *development, and compensation in place, and they were designed in such a way*  
50 *that we had room to adapt our HR practices under emergency conditions. This*  
51 *singular act made it possible for us to make all the relevant adjustments during*  
52 *the financial crisis. (ABC-HR)*  
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3       *We developed our HR policies pre-crisis [by] analysing our internal and*  
4       *external environments. We analysed the external environment with a specific*  
5       *focus on legislation and future geopolitical risks, while we analysed the internal*  
6       *environment for strengths and weaknesses. Accordingly, we developed our HR*  
7       *policies to enable us to easily adjust our HR practices to respond to emergencies*  
8       *(like the financial crisis) when they happen in future. (DEF-HR)*  
9

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12       *We have approximately one month's salary for every employee, which equals 8%*  
13       *of the expenditure for each employee, and these funds are allocated to training*  
14       *and development. This policy, however, also allows managers to interfere with*  
15       *the extent and percentage of funds allocated to training in line with changing*  
16       *business needs during uncertain times. (JKL-HR)*  
17

18       *For example, our recruitment policy explicitly allows us to source internal or*  
19       *external candidates for open positions, depending on current business demands.*  
20       *This policy is meant to leverage the cost-effectiveness and speed of hiring*  
21       *internally or externally in line with changing conditions. (STU-HR)*  
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39       These accounts indicate that the managers envisaged crises in their HR planning prior to  
40 the 2008 crisis. Thus, flexible HR policies were created to provide for a smooth adjustment of  
41 the predominantly soft HRM practices (consistent with Jordanian culture) that were in  
42 operation at the banks before and during the crisis. The results also indicate that no clear action  
43 plan was put in place concerning exactly what changes would be made to these HR practices  
44 during a crisis. Leeway was only provided to allow HR professionals to respond to the crisis  
45 flexibly, and to meet the challenge of the 2008 financial crisis and the impact thereof on  
46 businesses. The secondary data collected from bank documents across the case study  
47 companies corroborates our interview data, suggesting that HR policies in the concerned banks  
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3 were designed in such a way as to easily support their adjustment in line with a changing  
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5 business environment during any future crisis.  
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### 8 9 **HR adjustment during the crisis**

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12 It emerged that the financial market and economy in which the banks operated changed  
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14 fundamentally and unexpectedly during the global financial crisis, but Jordanian banks were  
15  
16 able to make the relevant adjustments to HR practices, because the changing context was  
17  
18 reflected in the HR planning that had taken place pre-crisis. Our data suggests that HR  
19  
20 adjustments happened simultaneously with the development of new businesses, as many  
21  
22 existing businesses were no longer profitable in the industry.  
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27 ***Business development during the crisis:*** Prior to the 2008 crisis, the financial performance of  
28  
29 the participating banks was strong. Table 2 below shows the data from secondary sources on  
30  
31 the banks' 2007 return on investment and net income.  
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35 <<Insert Table 2 here>>  
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39 As is evident from Table 2 above, in 2007, the return on investment was good across the  
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41 seven banks, and forecasts suggested that this upward trajectory would continue in 2008.  
42  
43 Unsurprisingly, the challenges experienced by US and European organisations started creating  
44  
45 a stir in the Jordanian media. Towards the end of 2008, however, the banks suddenly realised  
46  
47 that access to market funding had begun to decrease. Upon reflection, the participant managers  
48  
49 noted that it would be dangerous to try to sustain market funding by increasing the deposit rate,  
50  
51 as this would have adverse consequences on banking profitability. At this point, it dawned on  
52  
53 these bank managers that they needed to refocus their businesses. According to a risk manager:  
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57 *Customers faltered, and we could not continue the business as usual. There was*  
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59 *a recession in real estate and the economy in general – there was no work, and*  
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3 *financing stopped. The Amman Stock Exchange market had gone down. (GHI-*  
4  
5 *RM)*

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9 A finance director added:

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12 *Some economic sectors, such as the tourism sector and the real-estate sector,*  
13  
14 *were affected. These sectors affected the banks, because we were greatly*  
15  
16 *expanding in real estate in the financing field. They affected our financing and*  
17  
18 *our customer [retention], because the biggest [customers] stumbled. Deposits*  
19  
20 *were no longer coming, and these [issues] were all threatening to affect the*  
21  
22 *bank's profitability. (JKL-DF)*  
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27 Similarly, a risk manager at one of the participant banks noted:

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30 *The crisis spread to some sectors that affected financing from the Gulf. There*  
31  
32 *were projects in the country, and those projects were getting funding from the*  
33  
34 *Gulf. Because the Gulf was affected by the crisis to some extent, the big projects*  
35  
36 *had to stop. (MNO-RM)*  
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40 In order to respond to the turbulent changes driven by the global financial crisis of 2008,  
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42 there was a need to develop new streams of business and revenue to sustain operations. One of  
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44 the risk managers we interviewed recalled:

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48 *We immediately reviewed/assessed our operations and business streams. Where*  
49  
50 *possible, corporate allocations were stopped and [were] re-directed to retail*  
51  
52 *customers ... (STU-RM)*  
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56 According to a finance director:  
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3 *I sat with my assistant to assess what people were doing during the crisis. There*  
4 *was [a] need [for] lending to business customers. We had to focus [on] this*  
5 *business area. (ABC-DF)*  
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11 Similarly, a risk manager added:  
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14 *We immediately started thinking about retail or small [businesses], but we*  
15 *succeeded in retail more than small [businesses]. (MNO-RM)*  
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20 Unsurprisingly, it was not possible for these new businesses to thrive without HR playing an  
21 important role through allocation of staff within the banks to deal with the new businesses.  
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25 ***HR adjustment during crisis:*** Our analysis suggests that the flexible HR policies in place pre-  
26 crisis allowed a smooth HR adjustment process during the crisis to enable the new businesses  
27 that had been developed to thrive during the crisis.  
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33 An HR manager commented:  
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37 *This kind of situation requires a smart response based on learning and adapting*  
38 *quickly. So, we needed to act flexibly on the existing action plan, and our HR*  
39 *policies allowed us to do this and achieve significant [results]. (JKL-HR)*  
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45 With new business streams, some job roles and tasks within these had to change. With flexible  
46 HR policies in place, it was easy to adjust the hiring policy pre-crisis to support the  
47 reassignment (rather than fresh employment) of employees from one function to another during  
48 the crisis.  
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55 One of the interviewed finance directors stated:  
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3 *With a new focus on business customers, we had to reassign people immediately*  
4 *to manage business customer relationships. It was now critical to keep very*  
5 *close contact with the business customers. (STU-DF)*  
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11 Another finance director added:  
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14 *It took work for the re-assignees to perform as customer relationship managers.*  
15 *They were used to calculating loan amounts and the risks involved. I asked HR*  
16 *to provide them with training. (PQR-DF)*  
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22 Upon reassigning employees to new roles, there was a need to train these employees to enable  
23 them to develop the new capabilities they required to do their new job. Thanks to the flexible  
24 HR policies that had been put in place pre-crisis, it was easy to adjust training practices to  
25 ensure there was an element of training the trainer. This practice involved a member of staff  
26 who had received training on a certain task returning to train their colleagues to also do that  
27 task.  
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37 According to one of the HR managers:  
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40 *We studied the situation in the company and then provided training to suit*  
41 *current needs and our HR policy allowed that. (MNO-HR)*  
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46 To motivate employees during the crisis, managers had to introduce a new salary structure. An  
47 HR manager shared the following details:  
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51 *In 2009, we adopted a new salary scale for employees. The bank was on an old one,*  
52 *and we established a salary scale with new grades to keep our people motivated*  
53 *because the system before the crisis was stagnant. A flexible HR policy in place*  
54 *before the crisis made this achievable. (STU-HR)*  
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3 Another added:  
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6 *For instance, in our reward programme, we reward employees, but not with the*  
7 *usual bonus points, so we changed from paying bonuses to pay increment. (GHI-*  
8 *HR)*  
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14 While these were predominantly soft HR practices in line with Jordan's collectivist culture,  
15 certain hard HRM practices were also implemented, as it was difficult to reassign all the  
16 employees. During the crisis, some job roles were no longer required. Thus, hard HRM  
17 practices, such as job termination, were deployed. The flexible HR policies designed pre-crisis  
18 allowed for such adjustments to be made during the crisis. An employee noted:  
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26 *Yes, there was an administrative restructuring ... Some employees' contracts were*  
27 *terminated, and only the most qualified were kept. We took action to keep the*  
28 *competent staff. (JKL-HR)*  
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34 Ironically, this view meant that the investigated banks made the decision to reduce costs by  
35 focusing on retaining only critical staff. Our next set of findings identify the reasons why HR  
36 decided to adjust and adopt certain HR practices.  
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### 41 ***Cultural and economic pressures, decision to use of soft and hard HRM and financial*** 42 ***performance during a crisis*** 43 44 45

46 We advance our theory by revealing how HR managers' roles were influenced by cultural and  
47 economic pressures in terms of the choices they made about which HR practices to adjust and  
48 use during the crisis.  
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55 **Cultural pressures:** The interviewees made a valid evaluation of how Jordanian culture was  
56 closely related to the ethos behind their banks' HRM policies. Our interview findings and  
57 secondary data elucidated how the care and support for individuals in the Jordanian culture was  
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3 captured in the HR practices and policies of the Jordanian banks studied. Moreover, this human-  
4 centred philosophy also accounts for the soft flexible approach that was taken to HRM during the  
5 crisis. A human resource director expressed this culture:  
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10 *Our tribe is essential, and we have crucial lessons from it for human resource*  
11 *management. First, we learn to treat each other well and keep good relations with*  
12 *other tribes. Second, we provide support for individuals when they need it. This is*  
13 *precisely human resource management! (DEF-HR)*  
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19 Another added:

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22 *HRM generally in this part of the world is guided by wasta. Our choice of HR*  
23 *practices during the crisis was informed by wasta. For example, we were still*  
24 *offering training and increasing salaries at the time. (STU-HR)*  
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30 While *wasta* was important in the decisions managers made on which HR practices to use,  
31 economic pressures also played an important role.  
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35 **Economic pressures:** HR teams in banks saw a need to save costs as well as provide training  
36 opportunities. To do so, the train-the-trainer approach was deployed by managers to reduce  
37 outlay and improve financial performance. One of the HR managers explained:  
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44 *We still provided training and development during the crisis. But we had to focus*  
45 *on a different training approach to provide [that] training and development. We*  
46 *got some trainers from other banks to train one employee, and that one person can*  
47 *teach many. We changed our plan and stopped sending one or two team members*  
48 *to a training course that might cost a lot of money per person. We started*  
49 *developing training programmes and focusing on internal more than external.*  
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57 *(MNO-HR)*  
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60 Another HR manager noted:

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3 *We wanted to take care of our people, but we also wanted to be in business at*  
4 *the time ... So one of the key reasons for some of the HR decisions was to save*  
5 *cost but it was a very difficult decision to let some people who we couldn't*  
6 *reassign go. (ABC-HR)*  
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13 These views meant that although the Jordanian banks primarily took a soft HRM approach  
14 prior to the 2008 crisis, there was also a need to save costs for business sustainability. Thus,  
15 terminating jobs during the crisis was quite challenging but became a necessary evil.  
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21 **HR practices and performance:** The most striking result that emerges from the collected data  
22 is that HR managers in the banks deployed a combination of hard and soft HRM practices  
23 during the 2008 crisis (compared with the mostly soft HRM practices that were in operation  
24 before the crisis) in order to sustain business performance. Although there were no clear  
25 policies on reassigning jobs and tasks before the 2008 crisis, due to HR policy flexibility, HR  
26 managers carefully selected and reassigned long-standing employees to new roles. Our data  
27 analysis also shows that with training provided and increments tied to their salaries, the  
28 employees worked hard to increase their company's performance. One of the HR managers  
29 noted:  
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43 *Our careful choice of HR practices during the crisis helped to drive*  
44 *performance. With the training-the-trainer approach to training, we were able*  
45 *to save cost but at the same time we developed the skills of reassigned employees*  
46 *to fulfil their job responsibility. (PRQ-HR)*  
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53 Another confirmed:  
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3 *We did not only develop skills. We also increased salaries at a very difficult*  
4 *period, and this meant so much for the employees as we clearly communicated*  
5 *these efforts. The outcome was overall performance. (ABC-HR)*  
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11 Our findings thus extend the literature by highlighting how the choice of HR practices  
12 enhanced performance. Despite the small number of positions that were terminated, those who  
13 survived that process gave their best, as they understood that termination of their colleagues'  
14 was driven by the current business environment. This implied that the employees did not lose  
15 the sense that their company's HRM was predominantly soft. These views are represented in  
16 the quotes below.  
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26 *Despite [the] terminations, we worked together well – we always have ... (DEF-*  
27 *HR)*  
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31 *People just worked harder and more quickly. There was an improvement in their*  
32 *attitude. An increase in people's work led to overall performance throughout*  
33 *the period. (GHI-HR)*  
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40 Table 3 (from our secondary data) below shows the overall return on investment and net  
41 income of the participant banks from 2007 to 2010. This data confirms managers' views about  
42 their banks performance. The figures shown in the table are interesting, because they  
43 demonstrate the return on investment of the seven participant banks as evidenced by their  
44 performance during and immediately after the crisis.  
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52 <<Insert Table 3 here>>  
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55 ***The role of HR during crisis***  
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3 The banks' performance was not driven solely by the chosen HRM practices. Rather, high  
4 performance was made possible through HR's taking the roles of both strategic business partner  
5 and employee champion by deploying both soft and hard HRM practices. During the crisis, the  
6 HR function, through its employees, partnered with the domains of other functional managers  
7 – such as finance, sales, and operations – to identify and address business needs through people-  
8 management practices. Some of the interviewed HR managers commented:  
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18 *We worked in partnership with the different functional heads to identify and*  
19 *select people for job roles and develop and train them to achieve positive*  
20 *outcomes. (STU-HR)*  
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26 *By working closely with other functional managers in identifying the best hands*  
27 *and helping them to acquire the skills they need, we were able to improve*  
28 *performance at the individual and thus [organisational] level. (JKL-HR)*  
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34 Contrary to findings in the extant literature by Dello Russo *et al.* (2024) and Dundon and  
35 Rafferty (2018), our findings show that while HR departments functioned as strategic partners,  
36 they did not abdicate their role as employee champion by siding with managers and  
37 shareholders as business partners to obtain legitimacy and approval (Dundon and  
38 Rafferty, 2018). While working with other departmental managers to respond to the crisis, HR  
39 kept championing the cause of employees in a manner that was consistent with the collectivist  
40 culture in Jordan. According to an HR manager:  
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51 *At the time, we worked well with our people too. We are close to each other*  
52 *because it is important to us to help them achieve their personal goals and match*  
53 *the bank's goals. We know their ambition is vital to them, so we fulfil them while*  
54 *ensuring that they align with meeting the needs of the bank. (SIB-HR7)*  
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## Discussion

In this study, we explain the underlying reasons for the adjustment of HR practices during a crisis (Ezerdi *et al.*, 2022; Saridakis *et al.*, 2016). Additionally, we also explore the reasons why HR managers decided to adjust and deploy certain practices in the way they did and the implications of these HR practices for firm performance. First, **anticipating a crisis**, our findings suggest that HR managers in the investigated banks in Jordan developed flexible HR policies pre-crisis, a course of action which is consistent with the core arguments advanced by the theory of deferred action. This practice enabled easy adjustment (**change and continuity**) of HR practices during the crisis in response to the changing environment. With such flexible HR policies in place, managers in these banks were able to adjust and deploy hiring (in the form of job reassignment), external training (in the new form of training the trainer) and reward practices (in the new form of salary increments instead of bonuses) to respond to the dynamic situation during the crisis. Where job reassignment was not possible, the managers relied on principles of hard HRM in the form of job termination (**change**), consistent with the findings in the extant literature (Dello Russo *et al.*, 2024). This culminated in the use of both hard and soft HRM (**system design**) in the quest to respond to the 2008 financial crisis. This finding is consistent with those of extant studies such as that of Ezerdi *et al.* (2022), who argued that organisations rely on neither soft nor hard HRM alone during periods of crisis.

Second, our study identifies cultural and economic pressures as key reasons why managers interviewed in the case studies decided to select the adjusted and adopted HR practices. At one level, the HR managers' initial decision was to reduce costs where possible. To achieve this, some employees (who later offered similar training to their colleagues) were retrained after selective reassignment in fresh roles following the bank's development of new business ventures. A substantial body of theoretical literature argues that organisations find it

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3 difficult to meet the indirect and direct costs of employee training, particularly during crises  
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5 (Martins, 2021). This obstacle usually leads to a suboptimal level of human capital investment  
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7 at such times (Martins, 2021), precisely when the change environment requires employees to  
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9 acquire new skillsets and knowledge (Teng-Calleja *et al.*, 2024). Our study uncovered that the  
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11 managers also settled for hard HRM practices such as job termination where it was not possible  
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13 to reassign jobs. At another level, influenced by the *wasta* culture that operates in Jordan and  
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15 that is driven by a collectivist culture, the HR managers in the investigated banks also opted  
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17 for soft HRM practices to drive performance. Due to this collectivist culture which placed  
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19 importance on caring for one another, the managers decided to provide training and increase  
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21 salary for employees at a time when many other organisations would have settled for  
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23 suboptimal levels of human capital investment. The managers were of the view that they had  
24  
25 been trained to care for one another. As a result, HR practices were carefully crafted to support  
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27 these societal values. According to Aitken-Fox *et al.* (2023), the role of HR managers is critical  
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29 in leveraging the cultural environment to avoid counterproductive behaviour during a crisis.  
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31 These findings extend the study by Dello Russo *et al.* (2024), who identified strategic,  
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33 normative and coercive pressures as reasons why HR managers often choose to spend  
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35 minimally and cautiously, opting for cost-reducing HR practices during crises.  
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43 Further, the decision to adjust and adopt both soft and hard HRM approaches led to  
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45 improved performance in the case study banks. According to Oseghale *et al.* (2022), HRM  
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47 should be adapted to its cultural environment for optimal performance. Consistent with this,  
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49 the use of soft HR practices during a crisis meant that the employees were encouraged to work  
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51 hard, and this bolstered increased performance across the banks. Studies have suggested that  
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53 the performance of bank's that weathered the 2008 crisis was driven by careful investment in  
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55 quality assets (European Central Bank, 2015). Based on the present study's findings, we  
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57 challenge this view, contending that we have uncovered that HRM plays a central role in  
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3 driving business performance during a financial crisis. A key finding of the present study is  
4 that business development efforts will fail without the careful selection and training of the  
5 reassigned employees who manage the new business ventures developed during the crisis  
6 period. All the employees who went through this process gave their best to ensure business  
7 success – despite the use of hard HRM practices in soft HRM contexts. The employees did not  
8 give their best performance because of the constrained labour market, as envisaged by Cregan  
9 *et al.* (2020) or because of the opportunities provided by these HR practices only, as suggested  
10 by Ogbonnaya and Messersmith (2018). Rather, they performed highly because of the trust  
11 they had in the system HR had designed, which had crafted practices and messages that were  
12 consistent with the collectivist culture operating in Jordan.  
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27 Finally, previous studies by Dello Russo *et al.* (2024) and Dundon and Rafferty (2018)  
28 contend that HR departments will tend to abandon their responsibility to employees in order to  
29 seek a more pro-market role as business partners during a crisis, pursuing short-term profits to  
30 please shareholders while seeking legitimacy and approval. In our case studies in Jordan,  
31 however, we found something different. Conversely, our findings revealed that because of  
32 Jordan's collectivist culture, while the role of HR did change to that of a strategic business  
33 partner during periods of crisis to enhance performance, it nonetheless did not abdicate its  
34 responsibility to employees. Central to the role of HR as a business partner is the ability of its  
35 agents to work closely with line managers to identify and respond to business issues emanating  
36 from a crisis and thereby sustain performance (Ulrich., 20054). The different functional  
37 managers in the study worked very closely with line managers and HR managers/supervisors  
38 to brainstorm on how to fill positions and develop capabilities to drive performance. During  
39 the crisis, all seven banks structured their HR department to take the form of a strategic partner,  
40 which had not been the case before the crisis. While this development meant that HR  
41 departments do indeed respond to calls to act as business partners, particularly during  
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3 challenging times (Teng-Calleja *et al.*, 2024), in the investigated banks, HR practices that  
4 involved caring for others did not stop. Although cost-cutting was considered important during  
5 the crisis, HR identified the needs of employees and responded accordingly through salary  
6 increments and training. Taken together, these findings confirm an existing view in the  
7 literature by demonstrating that HR is better equipped to drive firm performance when HR  
8 professionals carry out their day-to-day activities in partnership with their line managers as  
9 business partners (Wach *et al.*, 2022). However, we contend that this can only be the case if  
10 HR does not abdicate its role of employee champion in the process. According to Aitken-Fox  
11 *et al.* (2023), HR as a profession requires understanding the diverse needs of employees and  
12 responding to them accordingly.  
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### 27 **Implications for theory and practice**

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30 The findings of the study have both theoretical and practical implications. To the best of the  
31 authors' knowledge, to date there have been no other studies using the theory of deferred action  
32 in the context of HR to explain the connection between HRM and performance.. Thus, we  
33 respond to broader scholarly interest in finding a theoretical basis for effective people  
34 management during a crisis (Ezerdi *et al.*, 2022; Saridakis *et al.*, 2016), as strategic planning  
35 should not only be about aligning HRM with the organisation's vision and mission (Briggs and  
36 Keogh, 2001), nor should it exclusively focus on operational planning, or focus on present and  
37 near-term control (Lam and Schaubroeck, 1998). In so doing, we have introduced the theory  
38 of deferred action to the debate on the connection between HRM and performance. The existing  
39 work on deferred action in people management has unveiled the economic dimension of the  
40 theory by unpacking how to drive economic performance through deferred compensation and  
41 hiring (Gunderson, 2001). We extend the theory by unveiling its strategic dimension,  
42 demonstrating how to design HR policies pre-crisis (driven by the recession) to allow the  
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3 flexibility for continued use of soft HRM practices as well as change to a harder version of  
4 HRM practices (hybrid human resource practices) to ensure a firm's survival when the crisis  
5 takes place. With this, we make a significant contribution to the HRM literature by identifying  
6 HR policy flexibility as a new dimension of HR flexibility (previous dimensions are  
7 behavioural flexibility, skills flexibility and HR practices flexibility – see Ketkar and Sett,  
8 2009) and how HR policy flexibility influences the redesign and application of HR practices  
9 such as train the trainer, bonuses and in house hiring during a crisis.  
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21 Regarding HR's role, our findings confirm an existing view in the literature by  
22 demonstrating that HR's chances of driving firm performance increase when HR professionals  
23 carry out their day-to-day activities in partnership with line managers as business partners  
24 (Dello Russo *et al.*, 2024; Wach *et al.*, 2022). In contrast to the findings of the research carried  
25 out by Dello Russo *et al.* (2024) and Gover and Duxbury (2018), we found in our case studies  
26 that HR did not abdicate their employee champion role while acting as business partners during  
27 the crisis. We extend the literature by noting that HR's adoption of this champion role helps  
28 motivate employees and bolster performance, that the use of such practices can elicit positive  
29 feelings about and responses to change among employees (Alfes *et al.*, 2020), and that the  
30 champion role is necessary during a crisis and should not be abdicated. Thus, we also contribute  
31 to the debate on the connection between HRM and performance by revealing the importance  
32 of HR's role as both business partner and employee champion in driving firm performance  
33 during a crisis. Drawing on theory of deferred action, employee champion represent continuity  
34 whilst strategic business partner model represent change allowed by flexible HRM policies  
35 pre-crisis driven by recession. Thus, at a macro level, the financial crisis represents the driving  
36 force for the continuity and change of HR practices and roles.  
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Moreover, this study also contributes to the literature by shedding light on the reasons why HR managers decide to adjust and adopt (or change) certain HR practices/roles during crisis. Based on our unique data sets, at the meso level, we identified two distinct kinds of context-specific (cultural and economic) pressure/force that lie behind the decision to use certain HR practices/roles during a crisis, and thus become the forces for continuity and change following the development of flexible policies pre-crisis. Our findings extend the *coercive*, *strategic* and *normative* pressures identified by Dello Russo *et al.* (2024), which are specific to the European context. Building on Dello Russo *et al.*'s. (2024) work, economic pressures/forces were responsible for the decision to adopt HR cost-cutting practices and the need to work together between HR and line management function as business partners during the financial crisis. Furthermore, cultural forces/pressures allowed for the continued use of the soft HRM version and the employee champion HR role during the crisis. As the role of cultural pressures/forces was identified in our study, we can once again confirm the effectiveness and efficiency of localisation of human resource management policies and practices (Oseghale *et al.*, 2022) and their impact in building employee trust to advance economic and social goals.

Our findings have practical implications for managers seeking to enhance employee performance during a crisis. One measure suggested by our research is that of developing HR policies before a crisis starts that will give agents the flexibility to adjust (change and continuity) their practices to respond to adverse circumstances. That flexibility will allow them to carefully select the HR methods/roles that are most useful in developing the talent required to effectively respond to such crises (Ulrich *et al.*, 2024). Moreover, organisations – through their managers – should consider economic and cultural factors/forces when deciding which HR practices to adjust and deploy during a crisis. This is preferable to relying only on coercive and normative pressures from the environment, which are rarely strategic, and tend to be context based. The study's findings suggests that the adaptation of choice HRM practices to

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3 local beliefs, values and systems is important in driving the employee commitment and trust  
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5 that is essential to achieving positive organisation outcomes.  
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9 While the use of some hard HRM practices is inevitable, another reflection point for  
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11 managers is that when using such approaches, it is beneficial to craft messages carefully to gain  
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13 employee trust during times of crisis. Our findings supports the idea that creating employee  
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15 trust enables managers to secure employee commitment and support in the form of individuals'  
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17 performance, which is required for good firm performance during such periods. To effectively  
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19 support other business units in enhancing overall firm success during a crisis, it is advisable  
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21 for organisations to arrange their HR department to function as both a business partner and an  
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23 employee champion simultaneously. An important challenge that arises from this approach is  
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25 the need for HR professionals to embrace cross-functional managerial competences that go  
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27 beyond their traditional expertise (Ulrich and Brockbank, 2005). Therefore, effective  
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29 development programmes should be implemented to prepare HR professionals for such roles.  
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### 35 **Limitations**

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38 Despite this study's practical and theoretical contribution, questions remain. First, the current  
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40 study focuses on the 2008 financial crisis: future studies should consider using other types of  
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42 emergency, such as political or health crises, to confirm or refute the findings of the current  
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44 study. This is an important issue for future research, as we cannot generalise our findings  
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46 beyond the relevant context of the 2008 financial crisis. According to Ezerdi *et al.* (2022), no  
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48 two crises are the same. Second, it emerged that all employees had worked very hard during  
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50 the crisis to ensure that they retained their jobs. However, the current study did not explore  
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52 individuals' job behaviour and performance. Thus, we recommend that future studies should  
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54 explore the impact of employee job behaviour during a crisis. Finally, while we uncovered how  
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56 HR played an important role in driving firm performance during the 2008 financial crisis as a  
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3 business partner, we did not explore how HR specialists and generalists coped with the  
4 challenges of performing in that role. Future studies should address this.  
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## 8 9 **Conclusion**

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12 In conclusion, this study considers how banks in Jordan responded to the dynamic business  
13 environment created by the 2008 recession by drawing on both hard and soft HRM practices  
14 to sustain performance. The study unveils the strategic role of deferred action as a policy option  
15 in HR, and contributes to theory by shedding light on how to deploy the tenets of the deferred  
16 action theory to boost performance during a crisis. Additionally, the study contributes to the  
17 theory in this field by unpacking the role of cultural and economic pressures in the choice of  
18 which HR practices to adjust and adopt **or change**. Through these theoretical insights, we  
19 provide a toolbox of activities for organisations to help them identify which HR practices are  
20 important, **as well as why** and how to organise their departments so that they can respond to  
21 crises effectively and sustain performance following job reassignment/business development.  
22 We encourage HR managers to build elements of deferred action into their HR policies in  
23 preparation for the next crisis. To the best of our knowledge, this is the first study to shed light  
24 on the strategic dimension of the theory of deferred action. Bearing in mind the study's  
25 limitations, we therefore call for more studies to delve more deeply into the subject and provide  
26 more insight.  
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Personnel Review

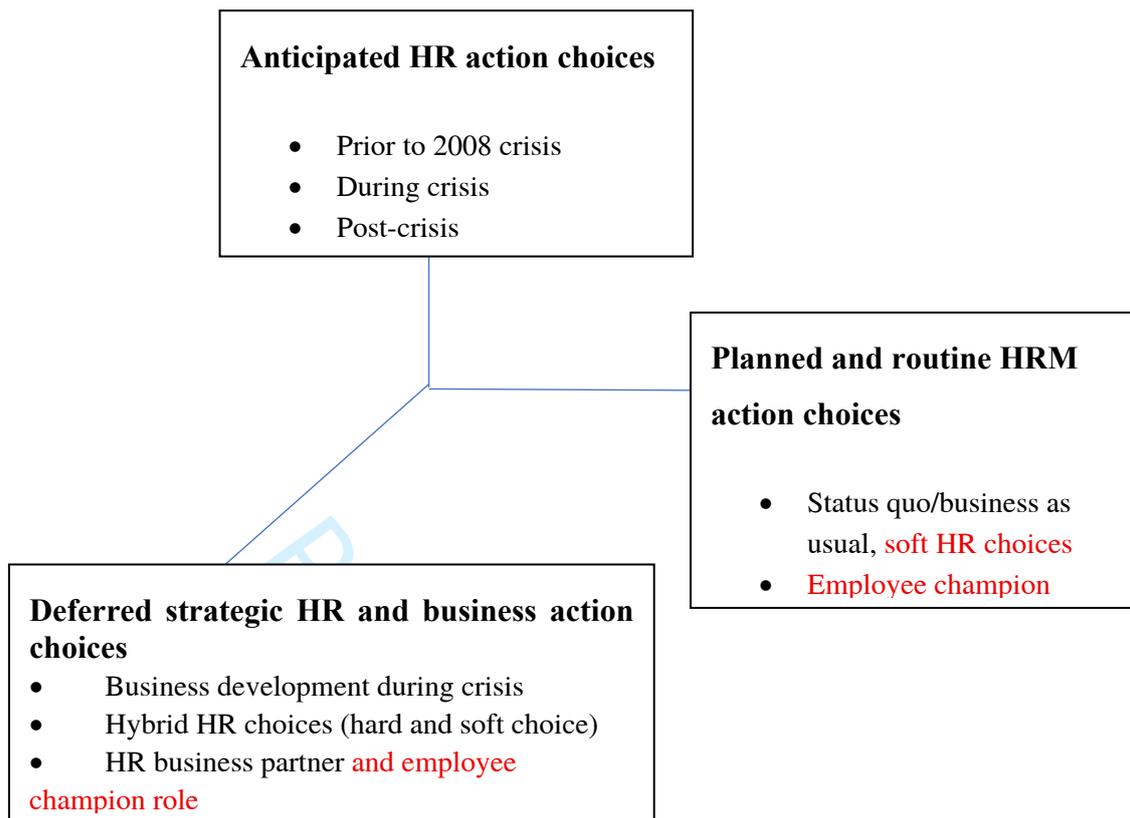


Figure 1: HR Policy Choices: Deferred, Planned and Anticipated HR Policy Choices

Table 1. Participants' Information

S. No	Organisation	Role of participants	Number of participants
1	ABC Bank	HR manager (1), director of planning (1), risk manager (1), and director of finance (1)	4
2	DEF Bank	HR manager (1), director of planning (1), and director of finance (1)	3
3	GHI Bank	HR manager (1), director of planning (1), and risk manager (1)	3
4	JKL Bank	HR manager (1), director of planning (1), and director of finance (1)	3
5	MNO Bank	HR manager (1), director of planning (1), risk manager (1), and director of finance (1)	4
6	PQR Bank	HR manager (1), director of planning (1), and director of finance (1)	3
7	STU Bank	HR manager (1), director of planning (1), and director of finance (1)	3

**Table 2. The Participant Banks' Net Income and Return on Investment in 2007**

S. No.	Bank	Net income and return on investment data for 2007
1	ABC Bank	(NI: 24 384 386) (RoI: 1.675)
2	DEF Bank	(NI: 12 420 154) (RoI: 2.216)
3	GHI Bank	(NI: 45 396 662) (RoI: 2.251)
4	JKL Bank	(NI: 10 810 145) (RoI: 0.547)
5	MNO Bank	(NI: 111 463 294) (RoI: 2.220)
6	PQR Bank	(NI: na) (RoI: na)
7	STU Bank	(NI: 5 439 406) (RoI: 4.195)

\*Net income = NI; \*return on investment = RoI. Figures are presented in ratio.

**Table 3. Net Income (NI) and Return on Investment (RoI) of the Banks in 2007–2010**

S/no	Banks	2007 (NI & RoI)	2008 (NI & RoI)	2009 (NI & RoI)	2010 (NI & RoI)
1	ABC Bank	(NI: 24 384 386) (RoI: 1.675)	(NI: 32 858 476) (RoI: 1.949)	(NI: 25 369 137) (RoI: 1.330)	(NI: 32 115 410) (RoI: 1.630)
2	DEF Bank	(NI: 12 420 154) (RoI: 2.216)	(NI: 9 338 221) (RoI: 1.487)	(NI: 51 560 856) (RoI: 0.883)	(NI: 4 376 420) (RoI: 0.574)
3	GHI Bank	(NI: 45 396 662) (RoI: 2.251)	(NI: 49 075 991) (RoI: 2.379)	(NI: 44 871 942) (RoI: 2.098)	(NI: 52 213 883) (RoI: 2.506)
4	JKL Bank	(NI: 10 810 145) (RoI: 0.547)	(NI: 17 396 197) (RoI: 0.826)	(NI: 18 691 993) (RoI: 0.829)	(NI: 23 007 044) (RoI: 0.913)
5	MNO Bank	(NI: 111 463 294) (RoI: 2.220)	(NI: 101 322 745) (RoI: 1.866)	(NI: 66 562 510) (RoI: 1.093)	(NI: 88 437 238) (RoI: 1.324)
6	PQR Bank	(NI: na) (RoI: na)	(NI: na) (RoI: na)	(NI: na) (RoI: na)	(NI: na) (RoI: na)
7	STU Bank	(NI: 5 439 406) (RoI: 4.195)	(NI: 3 144 032) (RoI: 2.758)	(NI: 1 814 811) (RoI: 1.310)	(NI: -3 457 542) (RoI: -1.290)

\*Net income = NI; \*return on investment = RoI. Figures are presented as a ratio.

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2 **Dated 6<sup>th</sup> October 2025**  
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6 Dear Professor Garavan,  
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8 Many thanks for your email dated 22nd September offering us the opportunity to submit a revised and  
9 much improved copy of our manuscript. We are extremely grateful to you and the reviewer for their  
10 valuable feedback and comments to further improve the manuscript.  
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15 **Manuscript ID PR-11-2024-0999**  
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18 **Title: The role of deferred action in demystifying the ‘black box’ of human resource management**  
19 **during economic crises**  
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22 Dear Prof. Malik, Manuscript ID PR-11-2024-0999.R1 entitled “The role of human resource deferred  
23 action in demystifying the human resource management ‘black box’ during economic crises” which  
24 you submitted to Personnel Review, has been reviewed. The comments of the reviewer(s) are included  
25 at the bottom of this letter.  
26

27 The reviewer(s) have recommended some minor revisions to your manuscript. Therefore, I invite you  
28 to respond to the reviewer(s)’ comments and revise your manuscript.  
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31 You will be unable to make your revisions on the originally submitted version of the  
32 manuscript. Instead, revise your manuscript using a word processing program and save it on your  
33 computer. Please also highlight the changes to your manuscript within the document by using the track  
34 changes mode in MS Word or by using bold or coloured text.  
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37 Once again, thank you for submitting your manuscript to Personnel Review and I look forward to  
38 receiving your revision.  
39

40 Yours sincerely  
41 Prof. Thomas Garavan  
42 Associate Editor, Personnel Review  
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45 We provide in the table below our response in ‘blue’ to every comment and feedback in a systematic  
46 manner. We hope the revised manuscript is to your and the reviewer’s liking.  
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48 Sincerely,  
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50 The Authors  
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## Response to Reviewer's Comments

Dear Reviewer

Many thanks for offering us your valuable feedback and comments to further improve our manuscript. We have taken your comments seriously and gone back to the literature and our data to a much improved manuscript. We have provided in the table below our response in 'blue' to every comment and feedback in a systematic manner. These responses are highlighted in red in the revised paper. We hope the revised manuscript is to your liking.

Review comment	Author proposed response
Reviewer 1	
The suggested corrections above require minor and straight forward reframing of ToDA in the literature review, a more explicit and theoretically sophisticated presentation of your contributions using ToDA, to explain continuity and change in HRM during a crisis, and more detail in the presentation of the findings relating to how flexibility was in-built into HRM practices/system pre-crisis. Please only undertake suggested corrections you think will improve the paper as you do not need to make all the changes I have suggested, in some cases you may prefer not to make changes and justify your rationale for doing so. I hope you find my comments helpful, and I look forward to seeing this paper published. I wish you well in the future.	Thank you for summarising your review comments and valuable feedback on how to improve the quality of our manuscript further. We greatly appreciate your suggestions on how to reframe ToDA (pp. 9-11), theoretically present the study's contribution using ToDA (pp. 27-32), and provide more detail in the presentation of findings relating to how flexibility was built into HR practices pre-crisis (p. 17). We have endeavoured to improve the manuscript in all these areas. See our response to each of these comments below. These are highlighted in the revised manuscript in red.

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1, I found it interesting, and it brings a novel theoretical lens to look at established HRM issues. This paper contains new and significant information in terms of shedding light on HRM processes during a crisis through the use of the Theory of Deferred Action (ToDA). This explains why some HRM practices remain the same and some change despite the shock of a major crisis to the organisation. It also contributes these insights in the Jordanian/MENA context where these issues have not previously been researched, by building on existing studies on the wasta culture to show how cultural forces are resilient in the way they shape HRM practices despite a major crisis.

Your contribution implicitly recognises how and why the status quo (planned action) and emergent crisis shape the final “design” of HRM practices, but these need to be made explicit in a theoretically sophisticated manner. Consider making what is implicit more explicit in the way you present your contributions, i.e. how does ToDA explain continuity and change in HRM during a crisis? (What are the forces for change and stability? How does the tension between

Thank you for your interest in our research and for your positive remarks about our contribution to the literature.

Thank you for your valuable comments here. We have taken this on board to revise our theoretical contribution section, where we have explained that, driven by the recession, flexible HRM policies designed pre-crisis informed the design and use of both soft HRM practices/employee champion role (continuity) and hard HRM practices/HR as business partner (change) to drive performance during the crisis. We described the soft HRM/employee champion role as continuity, and the hard HRM and HR as business partner role as change.

We explained that this amounts to a new and significant contribution as we identify a new dimension of HR flexibility – HR policy flexibility (previous dimensions are behavioural flexibility, skills flexibility and HR practices flexibility – see Ketkar and Sett, 2009) and how HR policy flexibility influences the redesign and application of HR practices such as train the trainer, bonuses and in house hiring during a crisis.

Finally, we explain how the recession drives change and continuity in HR practices and roles at the Macro level, and how culture and economic forces/pressures drive change at the meso level. See pp. 27 - 32.

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<p>the status quo and emergence get resolved? How is this a new and significant contribution to the HRM literature on the HRM practices you focus on?). This requires fairly minor and straightforward adjustments to the discussion of contributions.</p>	
<p>2) The paper cites the major sources on ToDA and the HRM phenomena studied (hard vs soft HRM, strategic business partner vs employee champion HR roles etc). The paper demonstrates a solid understanding of the issues discussed.</p> <p>However, consider improving the literature review to make it clearer that ToDA, part of the family of complexity theory, provides insight into how and why things change or remain the same during a crisis (rather than the current framing as merely a shift from rational planning to emergence (see page 7 of the manuscript). This also requires the use of ToDA in the discussion section to explain continuity and change in your findings around hard/soft HRM, strategic partner/employee champion which is currently missing and easily rectified. ToDA can then be a lens to unpack why things stay the same or change in your data, and more</p>	<p>We have considered your valuable comments in revising our manuscript and explaining how ToDA provides insight into why HR practices change or remain the same (continuity) during a crisis. See pp. 9-11.</p> <p>We also relied on ToDA to discuss how anticipation of emergence in the form of the recession led to the development of flexible policies pre-crisis that led to the change (in the form of HR as business partner and hard HRM practices use) and continuity (in the form of employee champion and soft HR practices use) of HR practices/roles (new system) during the crisis to enhance the performance of the investigated banks. Further, we explained how this has advanced the HRM literature. We also explained how cultural and economic pressure serves as a meso-level force driving change and continuity. See pp. 27 to 32.</p>

<p>1 2 3 4 5 6</p> <p>importantly how these may combine in a final outcome (“system design”).</p>	
<p>7 8 9 10 11 12 13 14</p> <p>3) The methodology is appropriate and well explained, and supports the findings presented. The issue of retrospective bias has been well addressed.</p>	<p>Thank you for the positive remark.</p>
<p>15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36</p> <p>4) The results are generally well presented and show rigour in analysis. However, the findings relating to “HR policy flexibility pre-crisis” (see pages 16-17 of the manuscript) provide only high-level assertions and discussions of HRM policies being designed to be flexible and easily adjusted during a crisis without specific examples. Consider including some more detail around how exactly HRM policies had flexibility in-built pre-crisis.</p>	<p>Thank you for this valuable comment. We have added two interviewee quotes from our data that explicitly demonstrate how HRM policies had flexibility built in before the crisis. See p.17</p>
<p>37 38 39 40 41 42 43 44 45</p> <p>5) Implications for practice and directions for future research are clearly stated and show that this study has significant implications for practitioners and future researchers.</p>	<p>Thank you.</p>
<p>46 47 48 49 50 51 52</p> <p>6, This manuscript reads clearly and demonstrates high quality communication</p>	<p>We thank you for this positive remark.</p>

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We take this opportunity to thank you once again for your excellent feedback and comments.

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Sincerely,

The Authors

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