

# A Comparative Study of Cognitive Schemas of HRM During Economic Crisis in Two Slovenian Sectors

ANA ARZENŠEK

*University of Primorska, Slovenia*

The main objective of this article is to present a qualitative study of HRM schemas in the recent economic crisis in Slovenia. Cognitive schemas influence perception and behavior and serve as powerful sense-making frameworks. In-depth interviews with 16 CEOs, HR executives and trade unionists from the production and service sectors and analyses of annual reports were conducted to find the content of their HRM schemas. In addition, a comparison between schemas from companies from both sectors was made. Results reveal that HRM schemas in companies from the financial sector include more 'HRM is bureaucratic' attributes, whereas in companies from the automotive sector 'HRM is strategic' attributes prevail. In companies' annual reports, the socially responsible role of HRM toward employees is only moderately present. While the crisis in 1990s was an influential factor for the sense-making and 'flexibility is crucial' attribution in companies in the automotive sector, the current HRM schema in selected companies from the financial sector was influenced by the occurrence of conjuncture.

*Key words:* social cognition, cognitive schema, HRM, economic crisis

## Theoretical Background

The main objective of the present article is to present a qualitative study of schemas of human resource management (HRM) at the time of the 2008 economic crisis. The majority of managerial literature cites managerial cognition as rational and fully controllable, whereas the present article is based on the assumption of bounded rationality by managers. An analysis of their cognitive schemas is thus equally important as the analysis of objective business indicators.

### SOCIAL COGNITION

In social psychology, cognition and mental processes have always had an important role. As the main interest of social psychology is in social context, it is common to use the term social cognition. This is based on the assumptions of social constructivism. Constructivism

has received a growing research interest (Grossenbacher 2008) and is based on two assumptions: (1) knowledge is the result of interaction between an active perceiver and the environment and is always a construct (Bečaj 2003); (2) a perfect fit between perception and the environment is not possible and objective reality as such is inexistent (Hala 1997; von Glasersfeld 1989). Therefore, perception is rather an active construction on the basis of individuals' beliefs, experiences, values, etc., which are stored in cognitive schemas.

While in social psychology all processes are more or less conscious, social cognition is mainly an automatic process with only minor conscious awareness. According to the definition, the center of social cognition is social context and its role in social behavior (Vaughan and Hogg 2008).

#### COGNITIVE SCHEMA

In general, schemas are viewed as everyday subjective theories about how the world operates, so they are important sense-making frameworks. Many kinds of schemas exist, e.g.: object schemas, trait schemas, self schemas, social role schemas (e.g., Vaughan and Hogg 2008) and event schemas or scripts (Gioia and Poole 1984; Poole, Gray and Gioia 1990). For example, one's 'department' schema would include the knowledge regarding typical attributes (e.g., colleagues, boss, office, break, work) and the relationships between those attributes (e.g., the boss allocates benefits to employees in a department) (e.g., Augoustinos, Walker and Donagheve 2006; Fiske and Taylor 1991).

Schema theories assume that people rapidly generalize their schemas, and with increased experience they become more abstract, complex, organized and compact. Because schemas represent general knowledge, no single example fits the schema perfectly, although most fit well enough (Fiske and Taylor 1991), but may omit irrelevant or unimportant features. People learn schemas from direct experience or from other people's communications (Hala 1997). Once they are established, they tend to endure and become resistant to change, even when disconfirming information is presented (Reger and Palmer 1996; Taylor and Crocker 1981). However, they can change over time, particularly if the information in the environment is dramatically altered (Bartunek 1984; Fiske 2000).

Schemas have several functions: they help the person to identify incoming stimuli by providing hypotheses about these stimuli; they help with interpreting the stimuli and with gathering further schema-related information (Bartunek 1984; Gioia and Poole 1984;

Lord and Foti 1986; Poole, Gioia and Gray 1989; Taylor and Crocker 1981). Schemas also guide subsequent behavior in response to that information (Harris 1994).

Past studies of cognitive schemas were oriented either to schema content or to schema structure (Grossenbacher 2008). In this article, the interest was firstly in the schema content and secondly in comparison between the schema contents in companies from two industries. The content encompasses the attributes of schema about particular stimuli, in our case the HRM department. HRM schemas are one type of schemas of organization attributes. In other words, cognitive schemas explain what participants think of HR, how they value HR, how they position it, what functions and roles HR should in their view have in the company, etc. For example, an HRM schema may include attributes that individuals use to represent the HR department such as activities and importance of HRM, regulations, role of HRM in a company, etc. However, HRM schemas may differ across participants from different companies and even more across different sectors because of different antecedents.

#### ANTECEDENTS OF COGNITIVE SCHEMAS

There are some important personal and organizational antecedents of cognitive schemas. Among the most common personal antecedents are personal history, background and personal beliefs (Poole, Gray and Gioia 1990), function in a company, as well as the degree to which a business situation is seen as threatening (Grossenbacher 2008). Among organizational factors are national culture, business context, industry (Grossenbacher 2008; Lau and Woodman 1995) and company success (Barr, Stimpert and Huff 1992). Grossenbacher (2008) also found research evidence for organizational membership and organizational scope influence schemas, where companies with international scope show broader and more complex cognitive schemas.

Furthermore, turbulences in the business environment can affect cognitive schemas (Bartunek 1984; Fahey and Narayanan 1989). Chattopadhyay et al. (1999) found crisis in the business environment as a factor that influences executives' beliefs about innovation, but not the beliefs about HRM, company reputation, quality, efficiency and performance levels. Furthermore, Reger and Palmer (1996) found that managers incorporate new information into their schemas in turbulent times only slowly. From this it may be concluded that the recent economic crisis that started to show in Slovenia in September 2008 may influence HRM schemas. Even though not

both sectors were at the same stage of decline at the time of interviewing (companies working in the automotive industry experienced its major decline in January 2009, whereas financial institutions experienced their major decline in April 2009).

#### TRADITIONAL ROLE OF HRM IN SLOVENIA

The strategic nature and role of the HR function have been emphasized since the 1980s. Research on strategic HRM focuses heavily on the integration between HRM and business strategy (Svetlik 2004), requiring HR departments to provide appropriate input into strategic decisions and HR managers' participation in strategic planning and decision-making processes. Moreover, it has been argued that the HR department's representation on the board of directors is becoming more necessary (Kelly and Gennard 1996). On the other hand, the strategic role of HR function can be evaluated by examining the existence and quality of HR strategies and policies and by examining whether HR departments' performance is being measured or not (Kramberger, Ilič and Kohont 2004; Özcelik and Aydınli 2006).

As a general observation, Slovenian HRM is sometimes seen as not strategic enough. However, it is not sufficient to evaluate the importance and role of the function without carrying out more detailed investigations. In the last few years, some research has been done to show the HRM role in Slovenian companies. Comparative analysis places Slovenia in a group of countries with weak and non-intensive HRM (Svetlik 2004). From this it may be concluded that there are many possibilities for the development of HRM.

Based on research by Lobnikar et al. (2002, in Merkač Skok 2005) in Slovenian SME, it can be seen that the majority of time and attention in the HRM department is allocated to administrative tasks. On the other hand, HR managers report they should spend less time on administration and more on strategic HR functions. Slovenian HR managers also report they should put more emphasis on work analysis, traits testing and a reward system. Upon this a broader picture of HRM schemas can be sketched.

On the basis of their data, Zupan (1998) and Zupan and Ograjšek (2004) claim that in general Slovenian companies have not been very successful in transforming their HRM function towards a more strategic partner role in the transition period. Their research has shown that in practice several models of HRM, which differ with regard to the complexity of the HR activities involved and the overall strategic orientation of the function, can be found in Slovenian HRM. Conservative or administrative models, as well as more professional

and strategic HRM models were found, with the latter mostly being seen in those companies mainly competing in international markets (Zupan and Ograjenšek, 2004).

### AIMS

The content of cognitive schemas by participants from two different sectors was searched for. Both selected sectors were severely concerned in the current economic crisis. A search was made for the meaning that participants from both sectors placed on the role of HRM during the economic crisis (see research question 1). In addition, a comparison was made between cognitive schema contents, held by participants from two sectors (see research question 2).

The study of HRM schemas is important because of their influence on HR function in the company. In turbulent times, cognitive schemas become more explicit (Poole, Gioia and Gray 1989). During such times, questions regarding the HRM role may arise, e.g.: 'Is it OK, what we are doing and the way we are doing it?' Consequently, crisis is the appropriate time for schema investigation.

On this basis, two research questions were proposed:

1. *What is the content of cognitive schemas of HRM in the selected companies in crisis?*

The main objective of assessing HRM schemas is to give an estimation of HRM schemas in the selected companies as mainly strategic or mainly non-strategic at a given time.

2. *How do HRM schemas in both sectors differ from each other?*

It is suggested that different business strategies (Thomas and McDaniel 1990), different history (Daft and Weick 1984) and business scopes (Calori, Johnson and Sarnin 1994) influence schemas. Research shows, that the schemas in the same industry are more homogeneous in comparison with schemas from other industries (Porac, Thomas and Baden-Fuller 1989; Daniels, Johnson and de Chernatony 2002). Furthermore, Horvat (2009) found differences in reporting social responsibility in annual reports between companies in Slovenian service and production sectors. More precisely, she found that financial institutions report on social responsibility to a significantly lesser degree than companies from the production industry.

## Method

### PARTICIPANTS

Altogether 16 in-depth interviews were conducted with participants from six Slovenian companies (see table 1), and 12 interviews were

TABLE 1 Participants structure in accordance with the sector and position in the company

Sector	Company	CEO	HR executive	Trade unionist
Automotive	A	+	+	+
	K	+	+	+
	M	+	+	+
Financial	B	+	+	+
	P	+	+	
	L	+	+	

conducted with CEOs and Executives in the HR department. Isabella (1990) showed that managers are at the centre of cognitive shifts during the times of crisis. Furthermore, individuals with higher rank exert influence over schemas of their subordinates, which means their schemas are of immense importance for the company's future (Calori, Johnson and Sarnin 1994; Chattopadhyay et al. 1999). HR executives are directly involved in HR functioning, therefore their HRM schemas are rich and broad. Four additional interviews were conducted with trade unionists. Interviews with trade unionists served as a data source from a different perspective. The average age of the participants was 50 years, with three participants deviating significantly above or under this age. The relationship between men and women is not equal (ratio between M and W: 10:6).

Both industries have relatively long traditions in Slovenia. Selected companies that work in the automotive industry (in this text, shortened to the automotive industry) operate internationally. Two of three financial institutions were banks and one was a securities brokerage. We found companies that cooperate with the automotive industry and companies from the financial sector to be an appropriate choice for schema investigation, because the functioning of both sectors was stunted in crisis. From the social-cognitive point of view, this was a fruitful basis for schema investigation, because crisis can serve as a trigger for schema modification. Intentionally, production sector and service sector were chosen for comparison, in order to assess the degree of overlapping between them. From that, a conclusion can be made about emphases in cognitive schema contents by participants in each sector.

Because of the initial troubles regarding access to the highest managerial positions during the crisis, a convenience sample was used within each sector. That is, from the preselected companies from both sectors, only those were included who were willing to participate in the study. In spite of this, we consider all selected com-

panies as appropriate representatives of their industry, according to the content of their work. That is, they all operate in one of selected sectors (either producing for the automotive industry, or rendering services within the financial sector). All companies are originally Slovenian, are renowned and among the biggest in terms of number of employees in their branch. The number of employees ranges from 37 to 2700.

#### INSTRUMENTS

An in-depth interview was chosen as the most appropriate methodology for assessing a cognitive schema. Even though schemas can be accessed via different methods, less structured interviews are preferred by managers (Bartunek 1984; Isabella 1990). The in-depth interview was divided into three main parts: (1) crisis in company (perception; if the crisis is present and how it is manipulated); the most central point – (2) crisis in HRM (perception of HRM function in the crisis, its role in the present and in the past); and (3) crisis in broader business and social environments. Interview transcripts were coded and analyzed by the computer program for qualitative data analysis ATLAS.ti. Transcripts of interviews were uploaded into the program and each of them was coded in accordance with codes that had been created preliminarily and stem from the research question(s). During analysis new codes emerged and all interviews were coded once more for all new codes at the end of the coding procedure. Words, sentences or messages of other type were coded with one or more codes. At the end, the program gave an output of all existing codes and of coded material. Secondary analysis with searching for a connection between codes was made and in-depth meaning was searched for.

With the help of this program, the researcher is flexible. Furthermore, research consistency and internal reliability can be increased, compared to analysis made without use of the program (Hannes, Janssens and Wets 2009).

In addition, the comparative analysis of annual reports from the selected companies was made in order to provide triangulation. A checklist was constructed and adapted from GRI (*Global Reporting Initiative*) to compare several indicators of social responsibility (SR) reporting. The whole framework consists of seven SR dimensions, of which only one was used in order to analyze the degree of SR in HR practices. The dimension *Labor practices and decent work* consists of seven indicators as seen in table 3. On this basis it was possible to assess the degree, to which HR strive for SR. It may be concluded

from Horvat (2009) that in recent time many companies in Slovenia mainly report on ecological issues regarding their SR, but to a lesser degree on other factors of SR.

The checklist was filled in accordance with the degree of information provided in annual reports (table 3). There were three degrees of reporting on the specific SR indicator: complete information is provided, partial information is provided or no information is provided. In addition, comparison from year 2007 (before crisis) and 2008 (in crisis) was made.

#### PROCEDURE

In-depth interviews were conducted from April and August 2009. Prior to conducting an interview, the participants were informed about the objectives of the study. In introduction, they were asked to explain their own perceptions and beliefs. Interviews were tape-recorded. Transcripts were further followed by additional comments.

Interviews lasted from 35 to 80 minutes, on average 55 minutes. They were followed by transcription, coding and analysis in the ATLAS.ti program. When no appropriate code existed, a new code was introduced and all prior interviews were analyzed once more for the additional code. The important codes were included in the further analysis of searching for their characteristics and interconnections. Description of actual schemas of HRM in the selected companies at the time of crisis followed.

In order to avoid subjectivity when conducting in-depth interviews, the following precautions were taken: enough time was allocated for the discussion part in order to get additional information. Prior to the coding process, a coding protocol with most of the important codes was made. An additional researcher, uninformed about the research aims but experienced in coding, independently coded a sample of the interview material. We considered 88% of material being allocated to the same codes as adequate compliance. This was considered as the minimum condition of scientific research, by which it was still possible to get research autonomy while at the same time retaining participants' own expressions, which was emphasized as a *sine qua non* in cognitive schema research (Diplock 1999).

We were conscious that annual reports are limited in content and in space, therefore only the comparative analysis for two years was made. Differences and similarities in the dimension *Labor practices and decent work* were searched for and noticed on the checklist. It was suggested that the differences between reports indicate the actual differences in HRM schemas.

TABLE 2 Significant codes for HRM schemas in both industries with commentary

Code name	Industry		Commentary
	Automotive	Financial	
Bureaucratic role of HRM (past & present)	-	+	Significantly more reports about the bureaucratic role of HRM in the financial institutions
Strategic role of HRM (past & present)	+	±	The strategic role of HRM in the automotive industry; less in the financial sector
Role of crisis in HRM activities	+	+	Several HRM activities are altered in both, automotive and financial sector because of the crisis
Role of crisis in HRM schema	-	±	No influence of the crisis in schemas in the automotive sector and minor influence in the financial sector
Role of other factors in the HRM schema	+	+	Several heterogeneous factors influence HRM schemas in both industries
Role of previous economic crisis in HRM	+	-	Several comparisons of HRM with the previous crisis in the automotive industry; none in the financial sector
Role of conjuncture in HRM	-	+	Several comparisons with economic conjuncture in the financial sector; only few in the automotive industry

## Results

The results are divided into several parts, according to the content. The first part includes the presentation of interview results. In the second part, the comparative analysis of annual reports is presented.

### INTERVIEWS

Interviews were analyzed with ATLAS.ti. Altogether, 42 codes and 1129 citations emerged.

Interview results with the actual HRM schemas are summarized in table 2. Similar codes are joined for the purposes of clarity, and codes with similar meaning are placed closer together. Only significant codes for HRM schemas are included. The comparison between the automotive and financial companies shows there are some common points in how the participants from both industries perceive HRM. However, there are some differences too. Given in brackets A and F are abbreviations for the financial and automotive industry. The first number is an interview number and the second number stands for the consecutive quotations number of the interview.

There were some reports about the bureaucratic role of HRM in

the past and in the present in financial institutions. However, the bureaucratic role was not significant for the companies that work for the automotive industry. Below is an example of a CEO's answer (Q: What is the main role of HRM in your company?):

To assure a systematically settled environment, infrastructure, rule books and contracts, to assure the mode of operations, various procedures, processes, advantages. [F2:7]

The strategic role of HRM in the past and in the present is significantly present in the automotive industry. Further analysis of citations shows that a large part of perceptions relates to the following attributes: 'education in the company is important,' 'strategic employee selection,' 'holistic treatment and respect toward employees,' 'strategic role of HRM by layoffs' and 'importance of CEO in HRM.'

On the other hand, the HRM role in the financial institutions was in the past less strategic. However, there are indicators that the participants perceive it as more strategic in the present time. Further analysis of citations shows that a large part of perceptions in the present relates to the following attributes: 'important role of HRM in communication within the company,' 'important role of HRM in individual work with managers' and 'role of HRM in devising a new business strategy.'

By the end of the 90's we've created a model of activity, based on psychology, on the model of one's inner motivation. And all we tried was [...] the leaders to understand, that relationship, and all we can expect from our employees depends upon how much we will invest in it. [A1:20]

This year we [...] organized a workshop for all leaders to the lowest management level [...] We have presented it with this purpose, because perhaps in recent years – and I am a part of this system for a long time – actually I grew from a referee to the highest leading working posts, and actually I do not remember as an employee to have felt the strategy that a system has. And I find this very important, knowing what the system or the society wants. [F3:3]

Table 2 shows that activities in HRM are altered in both industries because of the crisis. Many reports from the automotive sector show layoffs and redeployments as well as a shortened work week (not in all companies studied). On the other hand, only one financial company reported layoffs and redeployments, which can be ascribed to different cycles of decline in both sectors in crisis. Reports about increased cost cuts in HRM existed, so there are alterations in activities

such as training and education, the reward and motivation system, etc. On the other hand, the participants report an increased amount of education within the company.

Earlier we were occupied with education, contracts, annexes, the payment system and reward system, support to newly formed companies, qualifying and searching for new workers. But now all is limited due to the crisis, funding especially. Perhaps even greater emphasis is on motivating key workers to stay and on individual work with the leaders. [F1:15]

Even though it is difficult and sometimes even impossible to differentiate between HRM activities and HRM schemas (activities mostly arise from schemas), we tried to distinguish between citations that included reports about activities held in HR department and some thoughts from which HRM schemas could be deduced. Sometimes a citation was allocated to both, *HRM activity in the crisis* and *the HRM schema alteration in the crisis*. It can be concluded from table 2 that the crisis has no significant influence on HRM schemas in the automotive sector and only a minor influence on schemas in the financial sector.

My opinion is, in essence, no. We do not panic from crisis to crisis, no. I think that the essence is this orientation of ours. [A3:72]

Further analysis of the code *Influence of the crisis on the HRM schema* shows that the crisis is in both sectors perceived also as an opportunity for improvements, for innovation or for reflection. In addition, the participants from the automotive sector believe that the crisis induced more caution and rationality by layoffs and employment. On the other hand, the participants from the financial institutions perceive crisis as an opportunity for changes in HRM. Some other codes that are only indirectly connected with HRM schemas confirm this statement.

Occurrence of the code *Influence of other factors on the HRM schema* shows that in both industries several factors influence HRM schemas. Further analysis of citations shows that the HRM schema is influenced not only by one major other factor, but also by several fragmented users. Among the most perceived factors in the automotive sector are: 'lack of a proper work force in the labor market,' 'employee and management personality' and 'incompatibility with CEO.' Among the most perceived influences in the financial sector are 'employee and management personality,' as well as 'historical and local specialties.'

Management in Slovenia is, in my opinion, on a certain level [...] managers think they don't need the expertise of HR experts. They think: I work with people for 20 years and I know it better, I don't need knowledge of HRM. But of course this is not the case. It is quite common in our society to think one is able to do/know everything. It is probably linked to us being close to the Balkans [laugh]. [F1:29]

Comparisons with the previous economic crisis were made by the participants within the automotive sector. They were ascribed to the codes *Strategic role of HRM in the former crisis*, *Influence of the former crisis on HRM*, *Comparison of the actual crisis with former crisis* and *Bureaucratic role of HRM in the former crisis*.

[...] so we have learned from that crisis to be independent, to be recognizable so others would want to cooperate with us on the basis of good development of parts, rather than only because we can produce quality parts. That we have the knowledge to surprise the customer and offer him a better solution he had not expected from us, he had not known, but it is better than his. [A3:110]

On the other hand, no significant crisis was reported by the participants from the financial sector. The situation is reversed by the next significant code: whereas the participants from the financial institutions reported a role of economic conjuncture in their HRM, this is not common in the case of the automotive industry.

On many occasions [...], also in times of prosperity, we have met the profile of young managers eager to quickly earn plenty with relatively small investment. [F3:6]

At the end of this section we present some exemplar citations from managers and trade unionists that show their HRM schemas. Their citations were ascribed to the somehow dispersed and not unified code HRM *schema*. Additional codes analysis for the automotive industry shows the most common attributes of this particular schema: 'social responsibility,' 'management greediness is not OK,' 'employees layoffs are not OK,' 'the importance of the relationship between HR manager and employees,' 'HRM should be strategic.'

The purpose of a company is to operate in the best interests of the owners and other components: environment, employees, management and creditors. [A14:46]

In the financial institutions the most common attributes were: 'crisis as an opportunity for HRM,' 'crisis as an opportunity for reconstruction,' 'crisis as a business opportunity,' 'crisis as an opportunity

TABLE 3 Comparison of annual reports for the dimension ‘Labor practices and decent work’

Company label	Automotive						Financial					
	2007			2008			2007			2008		
	A	K	M	A	K	M	B	P	L	B	P	L
<i>Employment</i>												
Total number and rate of employee turnover by age group, gender and region	-	-	-	-	-	-	±	-	-	±	-	±
<i>Occupational Health &amp; Safety</i>												
Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region	±	-	-	±	-	±	-	-	-	-	-	-
Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases	+	±	±	±	+	+	±	-	-	-	-	-
<i>Training &amp; Education</i>												
Average hours of training per year per employee by category	±	±	±	±	+	±	±	-	-	-	-	-

for value change’ and ‘in crisis HRM needs fast and insistent measures.’ From this it can be concluded how much influence crisis has or will have on HRM in financial institutions.

Perhaps the crisis could be the triggering moment for the department to pass from being a support administrative to strategic department. So that HRM is not just in service of the management. I hope that after the crisis [...] will come the awareness of the importance of collaboration of HRM in strategic decisions. This would mean HRM taking a part in vision planning, in developmental strategies and in annual reports and operations. [F1:35]

ANNUAL REPORTS

In table 3 only those indicators of SR are presented, by which differences occurred. On all other indicators either no information about the indicator was given or else the indicator was only partly reported. It can be seen that companies reported their *Labor practices and decent work* SR in annual reports only to a moderate degree in 2007 and in 2008. Companies in the automotive sector are reporting slightly

more SR contents in comparison with the financial institutions. Only minor changes can be observed from 2007 to 2008.

## Discussion

The present article aimed at presenting one part of a broader longitudinal research. Because of economic, technologic and social shifts, changes in expectations toward employees and HR function in general occur (Özcelik and Aydınli 2006). Furthermore, Slovenian accession to the EU and international commerce put demands on Slovenian companies to follow the changing role of HRM. An insight into HRM schemas of the participants is needed to assess their present dilemmas and ideas, and what HRM actually means for them.

Our data, as well as other research reports from Slovenia (Horvat 2009) show the bureaucratic role of HRM in the selected companies from the financial sector. On the other hand, the participants from the automotive industry reported significantly more cases of a strategic role of the HRM department. It can be concluded that HRM schemas by the participants from the financial sector include more 'HRM is bureaucratic' attributes, whereas 'HRM is strategic' attributes prevail in the automotive sector. However, there are signs that the participants from the financial sector perceive it as more strategic at present as well. One reason for this may be the occurrence of the current crisis. One of the participating CEOs said: 'As I see it, crisis is a factor that makes changes, it de facto changes you' [F3:40]. Prior to the crisis, only a minor need for strategic HRM was expressed in a large part of the financial sector, while it was perceived as not necessary in times of conjuncture. But in turbulent times, the need for a strategic HRM arises because of adjustments in business strategy.

However, at the time of interviewing, the crisis had only a moderate influence on the selected companies from the financial sector and no significant influence on HRM schemas in companies in the automotive sector. Even though the crisis affected the activities of HR departments to different degrees at the time of interviewing (e.g. layoffs and redeployments, cost cuts, less training and education, changes in the reward and motivation system), there are only few reports about HRM being different than prior to the crisis. This is in accordance with other research findings that showed crisis does not influence executives' beliefs about HRM (Chattopadhyay et al. 1999). However, it will be interesting to observe whether this is going to change over a longer period of time, especially with the participants from the financial institutions, who perceive crisis also as an opportunity for changes in HRM. In the future, crisis may also

serve as a changing factor for HRM schemas in the financial sector.

Comparisons with the previous economic crisis were made by the participants within the automotive sector. At the beginning of the 1990s a large part of Slovenian industry experienced a major economic crisis. Yugoslavia had fallen apart and suddenly a big part of the market had been closed. Afterwards, business relationships with Western markets were created. On the other hand, the participants from the financial institutions compared HRM in economic conjuncture with time of crisis. In the period from 2003 until early 2008, economic conjuncture was advantageous for both, the automotive and the financial industry. It can be concluded that in selected financial institutions, conjuncture fostered the attitude 'the times are good, why bother with HRM?' in their HRM schema.

[I]f you function in times when every day things get better and better, it's fine, but people become a little leisurely [laugh] you forget, you put in less effort, because everything you do succeeds somehow. [F3:9]

This was not, however, the case for the companies that work for automotive industry. Even though the conjuncture was felt in this industry as well, the participants rarely apply their experiences to this time. We conclude that the conjuncture was only a minor factor influencing the cognitive schema for HRM in selected companies. On the other hand, the former crisis had a significantly bigger effect on their HRM schema.

Calori, Johnson and Sarnin (1994) propose that when the business environment is similar to the past environment, automatic and controlled processing provide compatible maps and functioning becomes faster and easier. When schemas are operational, there is no need to alter them. Furthermore, the international business environment, occurrence of strong competition and need for technical improvements in the automotive industry serve as important factors for the attribute 'flexibility is crucial' in their HRM schema. From this it can be concluded that the former crisis serves as an influential factor for sense-making in the 2008 crisis.

What can be concluded from annual reports analysis? Companies that work within the automotive sector are reporting slightly more SR contents on the *Labor practices and decent work* dimension in comparison with the financial institutions. As a whole, in the automotive sector the strategic role of HRM is less obvious than it was in interviews. This observation is in accordance with Horvat (2009), who found that many annual reports include mainly ecological is-

sues regarding its SR, whereas other factors of SR are less present. The differences in reporting the socially responsible role of HRM in both data sources could be as well attributed to the tendency in interviewees to give socially desired answers. Even though precaution was taken, some of the answers may still reflect a more positive attitude toward HRM than there actually is. Thirdly, possibly the differences stemmed from not entirely overlapping data sources: even though strategic HRM should incorporate SR toward employees, that is not the *only* thing it covers.

Only minor positive or negative changes are observed from 2007 to 2008. This was expected, as it is in accordance with the notion of slow schema change. Even though the average reader is interested in different kinds of data in annual reports, reporting responsibility toward employees in the SR report is as important as everything else. In some sections of SR reports it can be seen that the copy-paste function was used. To conclude, reporting SR in annual reports tends to be change-resistant, especially in a short time of observation. In order to test this assumption, more annual reports will be taken into account in the future research.

Some further limitations of this study should be mentioned at the end. First of all, the design of the study and the short research period do not allow for making generalizations to cognitive HRM schemas, held by participants from the sector as a whole. Including more participants would mean also a bigger chance of envisaging about HRM schema in each of the two selected sectors held at present. Secondly, for the purposes of this article the cross sectional approach has been used. For future research, a longitudinal approach is planned for analysis of the cognitive schemas, because of the very nature of cognitive schemas. Thirdly, our sample was to a certain extent auto-selected. Some methodological reservations are connected with this, namely only managers that do not experience major existential problems within the company are willing to participate. In spite of this, we consider companies in each sector to be eligible representatives of their field of operation, either because of their size, or because of their position in the Slovenian market.

## References

- Augoustinos, M., I. Walker, and N. Donagheve. 2006. *Social Cognition: An Integrated Introduction*. 2nd ed. London: Sage.
- Barr, P. S., L. J. Stimpert and A. S. Huff. 1992. 'Cognitive Change, Strategic Action, and Organizational Renewal.' *Strategic Management Journal* 13 (5): 15-36.

- Bartunek, J. M. 1984. 'Changing Interpretive Schemes and Organizational Restructuring: The Example of a Religious Order.' *Administrative Science Quarterly* 29 (3): 355-72.
- Bečaj, J. 2003. '(Socialni) konstrukcionizem in socialna psihologija.' *Psihološka obzorja* 12 (3): 43-64.
- Calori, R., G. Johnson, and P. Sarnin. 1994. 'CEO's Cognitive Maps and the Scope of the Organization.' *Strategic Management Journal* 15 (6): 437-57.
- Chattopadhyay, P., W. H. Glick, C. C. Miller, and G. P. Huber. 1999. 'Determinants of Executive Beliefs: Comparing Functional Conditioning and Social Influence.' *Strategic Management Journal* 20 (8): 763-89.
- Daft, R. L., and K. E. Weick. 1984. 'Toward a Model of Organizations as Interpretation Systems.' *Academy of Management Review* 9 (2): 284-95.
- Daniels, K., G. Johnson, and L. de Chernatony. 2002. 'Task and Institutional Influences on Managers' Mental Models of Competition.' *Organizational Studies* 23 (1): 73-81.
- Diplock, P. C. 1999. 'Organizational Change Schemas: An Empirical Investigation of How Health Care Managers Make Sense of Organizational Change.' Electronic Doctoral Dissertations for UMass Amherst AA19920596. <http://scholarworks.umass.edu/dissertations/AA19920596>
- Fahey, L., and V. K. Narayanan. 1989. 'Linking Changes in Revealed Causal Maps and Environmental Change: An Empirical Study.' *Journal of Management Studies* 26 (4): 361-78.
- Fiske, S. 2000. 'Schema.' In *Encyclopedia of Psychology*, ed. A. E. Kazdin, 158-60. Washington: American Psychological Association.
- Fiske, S., and S. E. Taylor. 1991. *Social Cognition*. 2nd ed. New York: McGraw Hill.
- Gioia, D. A., and P. P. Poole. 1984. 'Scripts in Organizational Behavior.' *Academy of Management Review* 9 (3): 449-59.
- Grossenbacher, S. 2008. *Inside the Mind of Decision Makers: Antecedents and Consequences of Managers' Mental Models*. Hamburg: Kovač.
- Hala, S., ed. 1997. *The Development of Social Cognition*. Hove: Psychology Press.
- Hannes, E., D. Janssens, and G. Wets. 2009. 'Does Space Matter? Travel Mode Scripts in Daily Activity Travel.' *Environment and Behavior* 41 (1): 75-100.
- Harris, G. S. 1994. 'Organizational Culture and Individual Sensemaking: A Schema-Based Perspective.' *Organization Science* 5 (3): 309-21.
- Horvat, T. 2009. 'Reporting on Corporate Social Responsibility: The Case of Slovenian Annual Reports,' 435-29. Paper presented at MOTSP conference, 10-12 June, Šibenik.
- Isabella, L. A. 1990. 'Evolving Interpretations as a Change Unfolds: How

- Managers Construe Key Organizational Events.' *Academy of Management Journal* 33 (1): 7–41.
- Kelly, J., and J. Gennard. 1996. 'The Role of Personnel Directors on the Board of Directors.' *Personnel Review* 25 (1): 7–24.
- Kramberger, A., B. Ilič, and A. Kohont. 2004. 'S strateško naravnanim menedžmentom do rasti in uspešnosti organizacije.' In *Razpoke v zgodbi o uspehu*, edited by I. Svetlik and B. Ilič, 66–110. Ljubljana: Sophia.
- Lau, C. M., and R. W. Woodman. 1995. 'Understanding Organizational Change: A Schematic Perspective.' *The Academy of Management Journal* 38 (2): 537–54.
- Lord, R. G., and R. J. Foti. 1986. 'Schema Theories, Information Processing, and Organizational Behavior.' In *The Thinking Organization: Dynamics of Organizational Social Cognition*, edited by H. P. Jr. Sims, and D. A. Gioia, 20–48. San Francisco: Jossey-Bass.
- Merkač Skok, M. 2005. *Osnove managementa zaposlenih*. Koper: Fakulteta za management.
- Özcelik O. A., and F. Aydinli. 2006. 'Strategic Role of HRM in Turkey: A Three-Country Comparative Analysis.' *Journal of European Industrial Training* 30 (4): 310–27.
- Poole, P. P., D. A. Gioia, and B. Gray. 1989. 'Influence Modes, Schema Change, and Organizational Transformation.' *Journal of Applied Behavioral Science* 25 (3): 271–89.
- . 1990. 'Organizational Script Development Through Interactive Accommodation.' *Group and Organization Studies* 15 (2): 212–33.
- Porac, J. F., H. Thomas, and C. Baden-Fuller. 1989. 'Competitive Groups as Cognitive Communities: The Case of Scottish Knitwear Manufacturers.' *Journal of Management Studies* 26 (4): 397–416.
- Reger, R. H., and T. B. Palmer. 1996. 'Managerial Categorization of Competitors: Using Old Maps to Navigate New Environments.' *Organization Science* 7 (1): 22–39.
- Svetlik, I. 2004. 'Uvod: Razpoke v zgodbi o uspehu.' In *Razpoke v zgodbi o uspehu*, edited by I. Svetlik and B. Ilič, 1–12. Ljubljana: Sophia.
- Taylor, S. E., and J. Crocker. 1981. 'Schematic Bases of Social Information Processing.' In *Social Cognition: The Ontario Symposium on Personality and Social Psychology*, edited by T. E. Higgins, C. A. Harman, and M. P. Zanna, 89–134. Hillsdale, NJ: Erlbaum.
- Thomas, J. B., and R. R. McDaniel. 1990. 'Interpreting Strategic Issues: Effects of Strategy and the Information-Processing Structure of Top Management Teams.' *Academy of Management Journal* 33 (2): 286–306.
- Vaughan, M. G., and M. A. Hogg. 2008. *Social Psychology*. 5th ed. Harlow: Pearson Education.
- Von Glasersfeld, E. 1989. 'Cognition, Construction of Knowledge, and Teaching.' *Synthese* 80 (1): 121–40.

- Zupan, N. 1998. 'Human Resource Management in Slovenia.' *Journal of Human Resource Management* 1 (1): 13-32.
- Zupan, N., and Ograjenšek, I. 2004. 'The Link between Human Resource Management and Company Performance.' *Journal of East-West Business* 10 (1): 105-19.