



## **The Impact of Economic and Financial Crises on Human Resources Management in Public Organisations in Israel**

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### **Abstract**

*The association between the human resources management and crises has been studied for a long-period of time. However, understanding the effects of financial and economic crises on human resource management in Israel is important as there is very limited literature explore the effect of crises on public sector organisations particularly in case of Israel. Therefore, this study was designed and aimed at to determine impact of economic and financial crises on the human resources management in private and public organisations in case of Israel. The data was collected through primary data collection method, where survey and interviews were conducted from 400 employees and 50 employees from public and private organisations in Israel respectively. For quantitative analysis, descriptive statistics, Spearman's correlation, Mann-Whitney U Test, Kruskal-Wallis H test, KMO Bartlett's test and factor loadings followed by variance inflation factors are used as statistical techniques. Meanwhile, for the qualitative analysis thematic analysis technique has been adopted for the study. The findings of the study suggests that there is negative and significant impact of economic crises on human resources management (HRM) but economic crises is found to have a positive and significant impact on the human resources management. The findings also revealed that government support plays a crucial role during economic crises and financial crises for the private and public organisations.*

*Keywords: Economic and Financial Crises, Human Resources Management, Public Organisations, Israel*

### **1. Introduction**

A crisis is a moderate event with major consequences for the organization. It results in poor decision-making and a high degree of uncertainty. Economic and financial crises cause the net value of an organization's financial assets to decline. The entire economy, including the business sectors, also experiences a downturn during a crisis. The main factors outside human resources management's control that greatly impact the business are the economic and financial conditions (Shore et al., 2018). The role of human resources in crisis management is crucial to strengthen efficient disaster planning. Finance and human resources departments are often separate in organizations, but financial values greatly impact Israel, so human resources management is often neglected

(Beer, 2019). The financial crisis creates a situation where organisations generally are forced to decrease the workforce, which will also lessen the crisis. Recession and stagflation in business and organizational growth are possible outcomes of the economic and financial crisis. Additionally, it greatly impacts how the human resources department is managed in Israel's public organizations (Zulkarnaini, et al., 2019).

### **1.1 The Role of HRM During Crisis**

Crises of any sort, financial crises, social crises or economic crises, affect HRM practices. When a financial crisis hits a country, it affects various parts, from economic to political. All these aspects are related to human resource management; since it is a broad field, HRM is responsible for containing the negative effects of a crisis (Ngoc Su et al., 2021). In this manner, the study will try to analyse the effects of crises on human resource management in public sector organisations in Israel and how the HRM practices helped to overcome those challenges. It is believed that the management of human resources is becoming progressively valuable today and that this is because of knowledge, conceptual reflection, methodological contributions, and the development of instruments that support decision-making (Alketbi, et al., 2023). These overlapping components raise awareness and challenge the organisation's human resources management. The competitive nature and the global economic and financial crisis have made managers fully focus on hiring and evaluating human resources. Every business wishes to hire the best human resources. Still, the labour market's competitiveness dictates that human resources flow based on social perception and the efforts made by the business in areas like salary, professional development, work environment, and social climate (Alketbi, et al., 2023).

Organisations that value and include their workers in growth programs will fully realise the benefits of human resources management. According to Hendry and Pettigrew, 1986, organisations must manage their human resources following their own development goals and objectives. They also need to understand the meaning of planning and have a cogent approach to designing and managing human resources (Obedgiu, 2017). They must also align the political activities of HRM with the economic strategy of the company to gain a competitive advantage by using people as strategic resources.

The enterprise's personnel utilise information and communication as activities and ways of learning about the overall and group goals. An organisation's flexibility and power can help it overcome the difficult circumstances and turmoil that it is now experiencing. These organisational traits require the constant modification of human resource management and the constant modelling of the internal transition through strategic plans for the professional career (Greer, 2021). These characteristics of the organisations are forcing the constant modelling of the internal transition through strategic plans of the professional career. The management of the human resources Employees who perceive it as a crisis scenario feel the strain of external influences on the companies (Krishnan, et al., 2022).

The financial and economic crises have significantly impacted public sector organisations. The global financial crisis of 2008-2009 severely impacted the global economy, and public sector organisations were not immune to its effects. According to the International Monetary Fund (IMF), the global economy contracted by 0.1% in 2009, the first contraction since World War II (Lussier & Hendon, 2017). The crisis led to a tax revenue decrease, which resulted in budget deficits and public debt for many public sector organisations. Furthermore, the crisis also affected the public sector organisations' ability to provide services to the population, as the unemployment rate increased and the demand for public services such as healthcare and education increased (Papa et al., 2018).

According to Nanto (2019), a severe economic recession is called an "economic crisis" when output and services (GDP) fall in real terms for two consecutive quarters across many industries. The definition of organizational decline, which is very similar, is a two- to three-year fall in critical organizational metrics such as return on assets. Reduced economic growth, growing unemployment, reduced private sector debt, and deficits and indebtedness in public organizations in the public sector in Israel are the general effects of the economic downturn and organizational collapse. In those situations, firms typically respond by reducing costs, managing their assets by selling off individual pieces and generating new revenue (Kose, et al., 2021).

Studies by Vanka, Rao, Singh, and Pulaparthy (2020) have demonstrated that a recession frequently causes changes in labour markets and the function of human

resources business partners. Financial crises tend to lessen demands that have been put under pressure to decrease costs, such as labour costs, leading to wage reductions, layoffs, temporary employment, and reductions in training. Employment relations are changed, for example, by amending the dismissal statute to permit businesses to fire permanent employees (Abdel-Latif, et al., 2022w).

A crisis affects the public and private sectors equally; however, since a public organisation is a part of the government, their monetary funds get more affected, putting more pressure on them. The uncertainty created by the negative pressure force public organisation to take necessary steps to keep themselves running and take operational and strategic decisions (Vanka, et al., 2020). Thus, the role of HRM is more important in public organisations than in private ones. The public organisation must understand that the HRM is a strategic partner that helps make strategic human resource decisions to minimise costs and achieve goals and objectives (Al-Ghazali & Afsar, 2021). The effects of financial and economic crises on human resource management in Israel are discussed very marginally.

Thus, this study will help to explore the effects in more detail using different present and past studies. The literature will help identify HRM's policies to handle the financial and economic crises in Israel and how they affected the whole public organisation system and structure (Abu-Naser et al., 2017).

Financial stability helps to allocate the resources to support organisations and helps to maintain the balance between revenue and cost value. Financial stability also significantly impacts recruiting and motivating employees to achieve shared goals (Barauskaite & Streimikiene, 2021). The economic and financial crises affect all main human resource functions and lower performance management. It reduces cost values, affects workforce performance, and improves organisational downsizing (Macke & Genari, 2019). Therefore, it is prudent to conduct a research study to find out the effect of the financial and economic crisis on human resource management in a public organisation in Israel. The present study will discuss the impact of the economic and financial crises on human resource management in public organisations in Israel.

The effect of financial and economic crises is seen on a macro level. Their effect on business, public and private organisations is evident. Operational and strategic policies are required to mitigate the situation. The example of the financial crisis of 2008 is clear evidence that depicted the human resource management problem in the event of a crisis. Many employees lost their job and were fired because companies couldn't afford them (Bailey et al., 2018). The effect of financial crises was also seen in Israel. However, the effects were not long-lasting, thanks to the government and public organisations' strong economic and financial policies. Human resource management in Israel has taken its toll; during the financial crisis of 2008, human resource management was an important part of mitigating the effects in the short run. The HRM encouraged employees to stay strong and motivated them by saying that the crises would soon end and everything would be fine in terms of salary structure and unemployment level (Beatty et al., 2019). Similarly, the HRM has a key role in fulfilling the goals and objectives of an organisation. People were fired in Israel due to financial crises; however, they were hired back after the crises ended. The policies of HRM were crucial and made a significant impact in ending the crises and putting a minimal effect on resource management in Israel.

Israel went through its first crisis in the 1980s and immediately realized it needed a resource management unit to handle the consequences and make the plan. After the 1980s, organizations started to change strategically. The government, private, and public sectors collaborated to implement those structural changes (Hsu, 2017). Human resource management's vast and appropriate role in every organization was part of those structural changes. Private institutions already practised and understood human resource management, but public institutions completely disregarded its importance. Nevertheless, the privatization process was started, and numerous public institutions were privatized.

## **1.2 Trends in Israeli society**

The Israeli economy changed during the 1970s from a centralised socialist economy with almost guaranteed employment for almost everyone to a capitalist market economy. Israeli society has been impacted by globalisation since the early 1990s. We can list some of its beneficial effects on Israel's economy and society as the expansion of its international trade, the impact of its high-tech sector on both national and international

economies, the rise of foreign investment in Israel, and the quickening of the information society. Conversely, a number of consequences of globalisation and the shift to a capitalist economy had a negative impact on Israeli society and the economy and worsened working conditions for employees, including rising job insecurity and declining wages and social benefits (Bental & Brand, 2019).

To implement structural reforms following the crisis of the 1980s, the government decided to privatize several public organizations in 1986. This accelerated the process, repeated after various gaps of time and led to the privatization of several more public sector organizations. The national telephone company and Israel's airline were two organizations that had undergone privatization as part of the strategic plan. Everyone favoured privatization since working conditions at public organizations were poor, and employees were dissatisfied (Bental & Brand, 2018).

Its labour force participation rate decreased from around 80% in the 1980s to a current estimate of 25%. (Goldscheider, 2019). This trend was linked to numerous firms' privatisation initiatives and personnel changing from collective bargaining agreements to private contracts. The recruiting procedure is different in public organizations compared to private organizations. There is a significant pay and compensation differential, which is why technically and intellectually more accomplished individuals constantly seek employment in private organizations. Similarly, managing human resources is challenging in public organizations due to excessive political and governmental meddling. HRM is less effective in public organizations, and Israel's public organizations have experienced the same phenomenon.

Growing global competitiveness and the influence of the global economy compel firms to enhance efficiency, including downsizing and shifting functions to low labour-cost countries. These procedures resulted in significant job losses, a volatile economy, and widespread job instability (Goldscheider, 2019). Between 2001 and 2006, real pay fell by 4.8% as a result of the economic downturn.

### 1.3 Crisis and Strategic Challenges

In the event of a crisis, there are various operational and strategic challenges that HRM faces, from a product demand shortage to labour demand and employment crises. When a crisis hits, it leads to creating various economic and financial problems, such as a shortage of funds and low revenues and sales (Vanka, et al., 2020). In this problem, the role of HRM is important because, with their help, the organisation can timely make and implement strategic and adjustment policies to avoid future losses. Public organisations are important for the country's economy and a great source of employment opportunities for the population. Thus, it is important to make a strategic decision with the help of HRM to keep the economy stable and moving (Beatty et al., 2019).

The role of human resource management is critical since they are tasked to run the major domains of the business. They cover major aspects and already deal with a variety of risks involved. The major role of their business domain is to cater for the risks, handle different operations, and make strategic policies to minimise any present and future risks (Eldor & Vigoda-Gadot, 2017). Similarly, in this regard, some risks can affect the operational structure of human resource management. The current study aims to explore how these risks, such as financial risks and economic risks, can affect the job role of HRM and how they can affect the public sector organisations in Israel.

Israel's financial and economic crises were never severe, and the nation quickly implemented drastic changes to bring them under control. Similarly, HRM's role is crucial for strategic decisions in a public organization and government policies (Bental & Brand, 2019). A crisis affects not only the macro level but also the micro level, or the lives of individuals, in a lasting way. As a result, HRM is essential in developing these imperative strategies and can only succeed through cooperation with higher management and staff. The crisis also impacted the public sector organizations' ability to recruit and retain employees. Due to financial restrictions, many public sector organizations had to reduce their workforce (Youndt, et al., 2019).

A crisis can affect the whole country in two phases, one in which the macroeconomic variables are negatively affected, and the second phase is the microeconomic phenomena. In which organisations and personal lives of the citizens are

disturbed. If the government policies are implemented as soon as a crisis hits the country, then it can be controlled in the first phase (Qadri, et al., 2021). However, individual lives and organisational structural changes are required if the effects are not controlled. Individual lives are affected in many ways; for example, they might save more and spend less to successfully pass the recession or crisis phase (Alfes et al., 2017). That leads to a substantial decrease in the demand for goods and services, and overall productivity decreases due to the supply and demand gap.

In the same way, with a substantial decrease in demand, the sales and revenues of organisations deplete. It does not matter whether the organisation is private or public, the financial or economic crises generally affect both types of organisations (Megdal et al., 2017). It has been seen after the global financial crisis of 2008 that policy changes are required not only on the macroeconomic level but also on the microeconomic scale to help the citizens to maintain their living standards. Likewise, in the second phase, where organisational structural changes are required, human resource management can play an important role. Many firms and organisations file for bankruptcy or shut down their operations during an economic or financial meltdown. So, the role of HRM is important in strategic and structural changes.

Recent studies have concluded that the role of HRM is important in many countries to make those necessary changes and help their organisations sustain the crisis phase. In Israel, there is less importance given to human resource management due to the perception that they do not know the organisation's main functions, which is a misperception and miscalculation (Yacobi & Tzfadia, 2019). The HRM hire employees based on the nature of the organisation's jobs and roles. Thus, the HRM knows how the organisation operates and what changes are required to cut costs (Alketbi, et al., 2023).

#### **1.4 Statement of the problem**

The role of HRM is crucial for the sustainability of an organisation. The HRM plays a key role in identifying problems and proposing probable solutions to cater for the issues. The core responsibility of the HRBP department is to choose the organizational structure based on the organization's size and business needs. Often, different business kinds have varied requirements. To accomplish an organization's objectives, the



operations of the organization must be planned, managed, and coordinated according to the definition of organizational structure, especially during crisis (Athamneh, 2018).

In this regard, the HRM role is important in a financial and economic crisis. The current study will try to understand and explore the effects of financial and economic crises on human resource management in public sector organisations in Israel. Furthermore, the study will also try to analyse different literature to understand the policies implemented by the public sector organisations in Israel to overcome the crises.

### **1.5 Significance of the study**

Understanding the effects of financial and economic crises on human resource management in Israel is important. Moreover, The HRM function in Israel's public sector's response to economic crises needs to be understood. Very few pieces of literature explore the effect of crises on public sector organisations. The current study will be beneficial and contribute to the existing literature since very few studies explore the impacts. Similarly, Israel is one of those countries which expertly countered the economic and financial crises in different situations; exploring the actions will help to understand what policies were implemented by Israel and how they timely mitigated the negative effects. Furthermore, this study area is more important than ever because of economic crisis restrictions and a decline in global mobility. organizations must adapt their organizational strategies to address the growing cross-border distance difficulties. Consequently, it is crucial to approach the problem we confront today as a new reality that will necessitate ongoing work from academics and management experts alike rather than as a single low-probability event.

## **2. Materials and Methods**

In a single study, both quantitative and qualitative data are gathered, examined, and integrated using a mixed methods research design (Creswell and Hirose, 2019). Leavy (2022) claims that mixed methods research designs combine the advantages of both quantitative and qualitative research approaches to provide a more thorough grasp of a study problem. For examining complicated research topics that can't be fully addressed with a single research approach, mixed methodologies research designs are appropriate (Almeida, 2018). Mixed methods research designs can offer a more thorough grasp of the

study problem than utilising only one method alone (Guetterman & Fetters, 2018). They do this by mixing both quantitative and qualitative data. The constraints of utilising a single research approach, such as the lack of depth or breadth of information offered by quantitative or qualitative data alone, can be overcome, claim Rutberg and Bouikidis (2018), with the aid of mixed methodologies study designs.

### **3. Results:**

#### ***Quantitative Results:***

##### ***Theme: HRM practices in crisis management***

The third theme of the study was to explore the human resources management practices in crises management and how HRM manages crises during uncertain times. In regards to the responses, one of the participants stated as follows

*"The financial crisis forced our company to fire many employees, and those that remained were stressed and overworked. However, the HR division made every effort to assist us and maintain our motivation by providing training sessions and other perks."*

The response emphasises the role of the human resources department in crisis management and employee support during challenging circumstances. During times of crisis, the HR department can play a critical role in maintaining employee morale, motivation, and well-being, which can have a positive impact on overall organisational performance. Training and other benefits can also assist employees in developing new skills and remaining competitive in the labour market, which is critical for long-term sustainability.

The literature also emphasises the importance of human resource management practises in crisis management, which can assist organisations in managing the impact of crises on their workforce. HRM practises such as flexible work arrangements, job sharing, and employee involvement, for example, can assist organisations in adapting to changing market conditions and maintaining a productive workforce. Furthermore, HRM practises such as training and development programmes can assist employees in acquiring new skills and knowledge, improving their employability and contributing to overall organisational performance.

According to the response, the organization's HR department was able to provide assistance to employees throughout the financial crisis, which helped them cope with the situation. This emphasises the significance of human resource management practises in crisis management and the need for organisations to prioritise employee well-being during challenging times. Training and other benefits can assist employees in developing new skills and remaining competitive in the labour market, which is critical for long-term sustainability. Organisations must consequently have strong HRM practises in place to manage crises and support their workers. Meanwhile, another respondent stated as follows

*"During a crisis, I believe the HR department should be more adaptable. They should think about introducing work-from-home options, shorter working hours, or other alternative arrangements to help employees who are struggling as a result of the crisis."*

Similarly, another participant also stated that

*"We were offered the choice of taking time off or working less hours during the crisis to care for ourselves or family members. It helped many of us relieve stress and anxiety."*

During a crisis, HR departments must be flexible and sensitive to changing conditions, according to the reaction. This is consistent with the literature, which says that HR departments should be proactive in formulating strategies and policies to manage the workforce's effect of crises. Offering alternative work arrangements, such as remote work or reduced hours, can assist relieve stress and support employees who are juggling work and personal duties during a crisis. This also supported by one of the respondent who said

*"During crises, we had to implement new policies such as remote work and flexible scheduling to meet the demands of employees who were dealing with personal and family difficulties."*

This answer implies that HR departments must be prepared to adapt and be creative in their approach to crisis management. They should be proactive in recognising potential issues and adopting mitigation methods, such as giving flexible work arrangements, training programmes, or other employee advantages. HR departments may help maintain a steady and productive staff even during times of crisis by doing so. Meanwhile, with reference to interview transcripts, one of the participants also stated that

*"During a crisis, HR must communicate clearly in order to keep employees informed about what is going on in the company and how it will affect them. We are only stressed and uncertain if we are kept in the dark."*

In same way, another respondent also showed his concerns over the communication

*"Our management engaged with us on a frequent basis to keep us updated on the situation and the efforts being taken to lessen the crisis's impact. It aided in the development of trust and a sense of community within the organisation."*

The participant's reaction emphasises the need of effective crisis communication by HR. This is consistent with the research, which emphasises the critical importance of communication in crisis management and minimising the impact on employees. Effective communication can help employees reduce uncertainty, worry, and stress while also promoting transparency, trust, and engagement. HR departments can deliver regular updates, answer questions, and listen to employee input using numerous channels like as emails, meetings, newsletters, social media, and employee forums. By doing so, HR may exhibit concern for employees' well-being while also contributing to the development of a healthy organisational culture that supports resilience and adaptation amid crises.

This answer implies that human resources departments should prioritise communication and take proactive measures to keep employees informed about the issue, the company's response, and any changes that may affect them. HR should also be receptive to employees' concerns and input, and be willing to change their communication strategy as the crisis unfolds. HR may help staff maintain their morale, motivation, and loyalty to the organisation by mitigating the negative consequences of crises. Meanwhile, one of the respondent also stated that

*"Providing mental health care to employees was one of the things HR performed well during the crisis. The crisis's tension and anxiety were really taking their toll on many of us, and it was good to have someone to talk to."*

The response emphasises the significance of mental health support as a crucial HRM practise at times of crisis. During a crisis, many employees may experience stress, anxiety, and other mental health difficulties, which can have a severe influence on their performance, well-being, and general morale. HR can assist employees cope with the effects of crises while also maintaining productivity and motivation by providing mental

health support. This answer is consistent with earlier research, which implies that HRM practises focused on employee well-being and support can be successful in crisis management (Budhwar & Debrah, 2009). Counselling and employee assistance programmes, for example, can improve employee happiness, reduce absenteeism, and boost job performance (Grawitch et al., 2010). According to this response, human resource departments should make mental health treatment a priority during times of need and provide staff members with tools and courses to help them deal with stress and anxiety. By doing this, organisations may create a welcoming and resilient workplace that is better equipped to handle emergencies. Lastly, with reference to theme, one of the respondent stated that

*"HR may be crucial in identifying and helping employees who are in need during a crisis. This could involve providing employees with therapy, financial aid, or other tools to help them get through the crisis."*

The participant's response highlights the importance of human resources in providing help to workers in need. This is in line with the body of research, which highlights the use of human resources in crisis management as a key element of organisational resilience. When an employee is experiencing a crisis, HR can identify their needs and offer support in a number of ways, such as financial aid, flexible work schedules, or mental health resources. Staff support during a crisis can have a substantial positive impact, including lower staff turnover, improved employee morale and engagement, and increased organisational resilience. HR may also help to foster a positive organisational culture that supports employees and assists them in dealing with emergencies. However, it is important to note that providing crisis support may necessitate additional resources and training for HR professionals. As a result, organisations must invest in the creation of HR policies and strategies for effective crisis management. The participant's response emphasises the crucial role of HR in controlling the impact of crises on employees and the need for HR to provide support to employees during difficult times. Organisations may strengthen their resilience and sustain a productive and engaged staff by doing so.

**Quantitative part:**

**Spearman’s Correlation**

*Table 1 Correlation*

	<b>Financial Crises</b>	<b>Economic Crises</b>	<b>HRM</b>	<b>Government Role</b>
<i>Financial Crises</i>	1.000	.267**	-.181**	.513**
<i>Economic Crises</i>	.267**	1.000	-.349**	.219**
<i>HRM</i>	-.181**	-.349**	1.000	.307**
<i>Government Role</i>	.513**	.219**	.307**	1.000

Table 1 shows results of Spearman’s correlation, Financial Crises and Economic Crises: Financial and economic crises have a 0.267\*\* correlation coefficient, which shows a substantial and positive link between the two variables. According to earlier studies (Baldwin and Weder di Mauro, 2020), there is a direct correlation between financial crises and economic downturns. This result is in line with those earlier studies. The findings suggest that economic crises are highly likely to occur during financial crises.

Financial crises and HRM have a negative and significant correlation value of -0.181\*\*, indicating a link between the two variables. According to this finding, financial crises have a big impact on HRM procedures. Financial crises frequently result in layoffs, reduced benefits, and worse employee morale, which can have an impact on HRM procedures, as was previously mentioned. The inverse link suggests that in order to support employees during financial crises, HRM practises should be more adaptable and flexible. Economic Crises and HRM have a negative and significant correlation coefficient of -0.349\*\*, indicating a relationship between the two variables. This result is in line with other study (Brewster et al., 2016), which demonstrated that economic crises had a detrimental impact on HRM practises. The negative relationship suggests that HRM practises should concentrate on offering aid and support to workers during economic downturns in order to lessen the detrimental effects on their productivity and well-being.

The government's role and financial crises have a 0.513\*\* correlation coefficient, which shows a significant and positive link between the two variables. In line with the

literature we previously reviewed, this conclusion shows that the government is crucial to handling financial crises. Because of this, it follows that the government need to avert financial crises and, in the event that they do happen, offer financial assistance to lessen their harmful effects. In conclusion, the results of Spearman's correlation point to a strong association between financial crises, economic crises, human resource management practises, and the role of the government in handling crises. The findings have significant policy implications, highlighting the importance of government intervention in controlling and averting financial crises as well as the need for flexible and responsive HRM practises during these times.

#### **4. Discussion**

According to the findings of the statistical tests, the variables of financial crises, economic crises, HRM practises, and the role of the government in handling crises appear to have significant relationships and differences. The results of the Spearman's correlation test showed that there are moderately positive correlations between economic crises and HRM procedures as well as between financial crises and the role of the government in crisis management. Economic and financial crises also have a tenuous positive association with one another. These findings imply that organisations should evaluate how the government handles crises and that HRM procedures should be properly taken into account when there is an economic downturn.

The participants who had encountered economic crises had significantly different scores than those who had not, according to the Mann-Whitney U test, which found that there are significant disparities between the groups for economic crises. According to this conclusion, businesses must be aware of how economic crises affect their staff and take action to lessen the negative consequences on productivity. Regarding financial crises, HRM practises, and the role of the government in managing crises, the Kruskal-Wallis H test revealed no significant differences between the groups. It's crucial to remember that these factors are still significant and should be taken into account by organisations in emergency situations.

The ramifications of these findings for organisations in crisis situations are numerous. First of all, organisations should work closely with the government to develop crisis management strategies because the government plays a crucial role in handling crises. Second, organisations should think about providing alternate work arrangements, mental health assistance, and other resources to aid employees in coping with the effects of crises (Uysal, 2020). Third, HRM practises should be adaptable and supportive. Finally, organisations must be aware of how crises affect their staff and take action to lessen the impact on productivity.

The findings of this investigation provide light on how economic and financial crises have affected human resources management (HRM) in Israeli public organisations. According to the research, financial and economic crises might negatively affect HRM, but support from the government may have a favourable moderating impact on this link. According to the path coefficients, financial crises have a negative impact on HRM whereas economic crises have a favourable impact. This shows that while financial crises may limit an organization's ability to engage in HRM and support its people, they may also present chances for public organisations to undertake changes and enhance HRM practises (Tutar & Sarkhanov, 2020). These results confirm the research hypotheses that economic and financial crises significantly affect human resource management in Israeli public organisations.

The association between government support and HRM is positive, as shown by the path coefficient for government support, which raises the possibility that government support programmes could assist public organisations in reducing the detrimental effects of economic and financial crises on HRM. This result lends credence to the idea that help from the government can moderate the relationship between crises and HRM in a way that is both beneficial and constructive. Though unexpected, the path coefficient for the interaction between government support and economic crises on HRM implies that support from the government may have a detrimental effect on HRM during these times (Turley, Robbins, & McNena, 2015). The complexity of the interaction between crises, governmental assistance, and human resource management is highlighted by this study,



which also emphasises the need for careful consideration of any unintended repercussions that might result from support measures.

These findings have strong implications for public institutions in Israel and other settings dealing with comparable issues. During economic and financial crises, organisations must prioritise HRM and create plans to lessen the negative effects of crises on workers. The demands of organisations and employees must be carefully considered when designing any government support measures that may be used in this process. This analysis adds significantly to the body of knowledge on the effects of economic and financial crises on human resource management in public organisations and emphasises the significance of taking into account the moderating impact of government support measures (Troger, 2021). To completely comprehend the intricate connections between crises, government assistance, and HRM and to create practical measures for reducing the detrimental effects of crises on employees in public organisations, more research is required.

## 5. Conclusion

The results show that when a crisis occurs, HR managers should put employees' well-being first. This can be accomplished by providing support systems including counselling services, flexible work schedules, and wellness programmes. HR managers must also effectively communicate with staff members, keeping them informed about the health of the company's finances and the steps being taken to lessen the crisis' effects. Employee morale and productivity can be raised as a result of helping employees lessen uncertainty and concern.

According to one of the participants, "HR has to convey clearly during crises to keep employees informed about what is happening in the firm and how it will affect them. If we are kept in the dark, we become anxious and unsure. Another participant emphasised the value of communication by saying, "Our management interacted with us on a frequent basis to keep us updated on the situation and the measures being done to mitigate the impact of the crisis. Within the organisation, it contributed in the growth of trust and a sense of belonging. These reactions underline the crucial role that excellent communication plays

in crisis management. Transparency, trust, and involvement are all enhanced while employees are less uncertain and stressed as a result of successful communication.

The investigation also revealed a crucial theme: how financial and economic crises affect human resource management. According to the findings, financial crises can result in lower investments in human capital, including layoffs and reduced funding for programmes for professional development and training. Long-term consequences may include deteriorating staff morale, motivation, and productivity. The financial crisis reportedly had a negative effect on our human resource management, according to respondents. We had to eliminate several staff and reduce training sessions due to financial restrictions. As a result, difficulties encountered during a crisis are also stated, such as "During the economic downturn, our human resources department was obliged to reduce employee benefits in order to save money. We had to make some harsh decisions, which was difficult for us, in order to survive. These responses highlight the requirement for HR managers to anticipate probable financial crisis effects on their organization's human resource management procedures and make necessary plans.

Therefore, HR managers should concentrate on retention and engagement programmes, such as providing flexible work arrangements, skill development and training opportunities, and giving priority to employee wellbeing and mental health, in order to reduce these consequences. In order to remain competitive and appealing to qualified workers during challenging economic times, businesses would also need to examine their wage and benefits schemes.

Regarding the connection between economic and financial crises, government support, and human resource management (HRM), the path coefficient analysis produced some intriguing findings. First, as shown by a positive path coefficient of 0.37, the findings showed that economic crises had a significantly favourable impact on HRM. This shows that businesses invest more in human resources management (HRM) during economic downturns to maintain corporate operations and protect their workforce. In a similar vein, support from the government was discovered to significantly improve HRM, with a path

coefficient of 0.43. This finding suggests that governmental assistance can assist firms in maintaining their investment in HRM procedures during trying times.

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