



**Competing Values in an Uncertain
Environment:
Managing the Paradox**

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Managers Perceptions about Employee's Acceptance of HR Practices and Its Interactions with Modifications in the HR System

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Abstract

The objective of this study is to describe the interactions between individual-level response (employees' trust and adhesion to Human Resource (HR) Management practices) and organizational-level processes (managers' implementation of new practices). The need to understand employees' perceptions in an interactional perspective, correlating these variables with the perceptions of HR managers constitutes an important field of research, integrating both perspectives in multi-level studies.

In this paper we illustrate our initial research in a multi-level research project, presenting the results of a qualitative study of HR managers' perceptions of social processes involved in HR and their employees' acceptance of HR practices. We also analysed how these perceptions might lead to modifications of the HR system. Our results suggest that these perceptions influence the implementation or suspension of HR practices.

1. Introduction

1.1. Social Exchange Theory and Organizational Trust

This work is based on the theoretical model of social exchange theory proposed by Blau (1964). This model assumes that trust emerges with the repeated exchange of benefits between two parties due to attitudes that produce a symmetric feedback. For example, the managers' investment in employee's empowerment, recognition and in their personal abilities might enable the development of positive behaviours towards the leader. This assumption is called "norm of reciprocity". It determines that attitudes and behaviours are mutual, positive or negative, depending on the primary input.

In the development of HRM policies for organizations, organizational trust plays an important role. Tzafrir (2005) conducted a study with 104 human resource managers in industry, services and trade. His study aimed to "assess the conditions that trigger trust, or whatever it is that makes managers accept the vulnerability present in management actions that are part of HRM" (p. 1600). In his research, trust was an important variable in the expectation of the managers, reducing the perception of vulnerability and risk. According to Das and Teng (2004) trust indicates a low level of risk that makes the individual more willing to take the risk and to act.

The results of Tzafrir (2005) show that organizational trust has an impact at the design of the HRM system. This author found significant correlations between organizational trust and high-involvement practices which have been associated with increased performance (Gould-Williams, 2003). Risk perception is an important variable on trust. The literature on this issue is clear and all theoretical models highlight the need for the existence of risk and interdependence for the existence of organizational trust (Mayer, Davis & Schoorman, 1995, Rousseau et al., 1998). Trust is not the ignorance of risk but a willingness to take risk (Mayer et al., 1995:712). Trust is the willingness to take risk and the trust level is an indication of the amount of risk we are willing to take (Mayer et. al. 1995; Schoorman, Mayer & Davis, 2007). Thus, trust is recognized as an important process for the supervisors and employees to reduce the perception of risk involved and to improve this relationship (Whitener, 2001).

In this paper we begin to develop a new concept, employees' adhesion to HR practices using also the norm of reciprocity as an important aspect in modifying the HRM system. Employees' adhesion needs more empirical and theoretical developments. Nevertheless, this initial study shows that employees' adhesion to new practices is essential to their development or suspension. We use this new concept, based in the Social Exchange theory, in order to understand the HRM system as dynamic and interactional.

Objectives of the Study

Our aim in this exploratory study was to understand the interactional process of decision making in implementing new practices from the perspective of managers, throughout the exploration of their expectations. A second objective was to understand the importance of trust in the implementation of organizational practices (Tzafrir, 2005). The third goal was to understand the concept of adhesion of employees' to practices, exploring decisions in critical situations.

Methodology

We conducted four interviews with human resources managers, four interviews with middle managers and two interviews with top managers. The middle managers were nominated by the human resource manager, according to their availability.

The semi-structured interviews had a script which included the following thematic areas: 1. HRM Practices in the organization (performance appraisal, training, recruitment and selection, career management, retention of employees) 2. HRM Decision Making (decisions about the implementation of new HR practices or their modification) 3. Adhesion of employees to the HR practices (concept, indicators that enable adhesion: personal and organizational, results) 5. Expectations of HR Management towards the implementation of the new practices 4. HRMP and Organizational Trust.

The interviews were transcribed. The data were compiled into themes arising from the script for the interview.

Results and Discussion

Table 1 – Organizations

	Sector	Nº employees	Quality Certification	District
Organization 1	Software	230	Yes	Braga
Organization 2	Electronics	2000	Yes	Braga
Organization 3	Municipal Council	230	No	Braga
Organization 4	Municipal Council	600	No	Oporto

Managerial Decision Making

The decision about the implementation of new HR practices or their modification is made in three of the organizations we studied, by top management. In organization 1, the HR manager differs from the others and has complete autonomy in these cases "What we do is our responsibility". "Decision-making in all these organizations, related to HRM is influenced by superiors, as reported by all managers, but also by the employees "People demand a lot, and not just superiors. Everyone." (HR Manager 1).

The influence of other organizations in the same sector of activity is also taken into account by all managers as an important element in the implementation or modification of practices. This concern in these organizations can be seen as an effort to match their competitors, and not to lose employees to more attractive HRM systems (Organizations 1, 2).

The decision to implement new HRM also appears associated with the need to link the new practice to previous, namely in organization 2, the performance evaluation with the training system.

Concept of Adhesion of Employees

In this study we considered important to understand the interactional process that might exist behind the implementation of new practices. Therefore we tried to describe the concept of employees' s adhesion to HRM practices and its results in the managers' decision of implementing or suspending new practices.

The concept of adhesion in the literature has not an agreed definition, so we decided to ask managers about it, and try to understand what adhesion could mean for their organizations. Employees' adhesion begins to be identified as satisfaction with the organization, an "adhesion to the organization" (HR manager2), a satisfaction with the organization itself. HR Manager 2 told us that he measured employees' adhesion just like he measured satisfaction, as if they were the same construct: "We have a survey of employees covering a wide range of issues (...) and then we have data that show us their satisfaction." The concept is not clear and needs further empirical exploration; however managers see the employees' adhesion as an important indicator.

The next table describes the indicators that were described as determinants in the employees' adhesion.

Table 2 – Indicators that promote employee’s adherence to HRM

HR Managers Features	Empathy
	Experience
Organizational Indicators	Organizational Culture
	Training and Preparation
	Social Influences
	Perception of Utility
	Perception of Justice
	Perception of Risk Involved
	Organizational Trust
	Top Management
	Internal Agreements between the HR Manager with Middle Management

The next table describes the result of the employee’s adherence.

Table 3 – Results from the employee’s adherence to HRM

Employees ‘Adherence	Managers Expectations	Results		
		Manager	Organization	Employees
Employees adhere to new practices	Expectations exceeded	Personal satisfaction	Implementation of the same practices in other sectors. Development of similar practices Impact on the organization's strategy	Satisfaction and other Collaborative activities of the company in the same area
Employees do not adhere to new practices	Expectations frustrated	Personal frustration, discouragement	New attempt to implement the same practice with modifications Suspension or postponement of the practice	Conflict, lack of motivation

In this initial data, the employees’ adherence was determinant to the development or suspension of the practices. This new data suggests that the HRM system is dynamic and interactional. Managers identified the adherence of employees to HRM as a voluntary act of acceptance, or cooperation with practices or activities promoted by the Department of Human Resources "The balanced scorecard is voluntary." (HR manager 2).

Employees adherence to new practices, appears to have a strong impact in the HR manager, therefore in the organization, through the change that he implements in the HR practices "later we extended to the whole production." (HR manager 2).

Practices of High Involvement Tzafrir (2005) and Organizational Trust

All of the managers described organizational trust as determinant in the organization. They assume that trust influences the dynamics at the organization "I think trust has a lot of influence. They know (...) I'll find a solution. (HR manager1). In the organization 1, the HR manager's has a strong power, and trust appears with relevance in the implementation of new measures. In the other organizations (1,3,4) the influence of organizational trust appears in the managers relationship with their own team, usually by delegating tasks "I delegate everything I could, because of technical trust, I have confidence in their capabilities "(HR manager4).

The results show that there is a relationship between organizational trust and decision-making daily. The top and middle management relates to trust with a general importance. The top management associates trust with loyalty in all decisions "Loyalty is very important" (Top head management 2). The middle managers also describe the importance of trust in all the decisions they make "I think the managers rely more on staff. (...) Trust is very important (...) I do not need to be afraid when I delegate (...) When I trust people I do not need to be afraid" (Middle management 4).

At the organization 1, the HR manager described that he took more risks and was more vulnerable to implement new HR practices because he trusted in his employees. The modification of the incentive plan, delegating tasks, training, were new activities that this manager identified as a result of trust, in their employees (Tzafrir, 2005). Also, organizational trust is acquiring the status of a strategic objective for this organization. The findings indicate the importance of trust in reducing the risk perceived by the manager, (Das and Teng, 2004). When the supervisor trusts, the risk is lower for him, therefore he assumes behaviours towards the employee that are commonly associated with increased performance, such as the delegation of tasks (Tzafrir, 2005). The influence of trust is clear to the managers so much that one of the respondents addresses the importance of managing the trust and not let it interfere negatively in the business decisions. Trust reduces the perception of risk involved and may increases the risk of making wrong decisions professionally (Zahra, Yaruz & Ucbasaran, 2006). When the HR manager is the main decision maker in the modification of the HRM system, organizational trust interferes in the process of implementing new practices considered good for the employees (Whitener, 2001).

When practices are rigidly formalized by Top Management, trust does not have a direct role. The practices are determined by the top management of these 3 cases, such as strategic objectives (Org 2,3,4). The interference of trust, is strongly conditioned by these factors. Take the case of internal promotions "are formalized and can only occur through internal competitions, and training. They will be based on needs identified at the beginning of the year, meeting the technical needs of the population according to mechanisms well established and clear objectives." This manager (2) does not identify the trust as an important variable in promoting further training for employees in his organization. All HR managers, top managers and middle managers assume the centrality of organizational trust and its clear role. Our initial assumption that the organizational trust reduces risk and helps managers to introduce new practices (Tzafrir, 2005) was partially confirmed by our data.

Conclusions

One of the main issues that emerged in the course of the study was the importance given to the HR function by the Top Management at the Organization. In other words, the autonomy

and power granted to the HR managers, how the function is perceived by the top management, determines the type of modifications that can be introduced in the HR system.

Therefore, future developments are needed in this area and the influence of indicators, such as the organizational trust, in the modification of the HR system, could be mediated by the power of the HR function. Also, these indicators need more empirical and theoretical development in order to understand their importance in employees' adherence to new practices.

Employees' adherence, and the interactional HR system are important concepts that need further development. This study gave initial input to the next phase of research, as we understood that the interactions between the individual response of employees and organizational processes (implementation of new measures) must be taken into account. The importance of variables such as organizational trust cannot be viewed isolated, and its influence on changing the HRM system depends on the HR manager power. The results suggest that the modification of the expectations of HR managers due to the different responses of employees' adherence, influences the implementation or suspension of the new practice. The employees' adherence to new practices or activities undertaken by the HRD had clear impact on HR managers and organizations.

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