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Generation Y's expectations of their future employment relationships pose a challenge for their employers

Katarzyna Dziewanowska • Alison Pearce • Nada Zupan

ABSTRACT

Generation Y is starting to represent a significant proportion of the labor force and adds to the diversity challenges faced by companies, especially those operating in a global market. Although many characteristics of Generation Y with regard to work and employment have been identified through research, most comes from developed Western countries. We explored the employment expectations of business students in Poland, Slovenia, the UK and South Korea from the psychological contract perspective. We aimed to identify and explain differences between anticipated employee and employer obligations of future entrants to the labor market. Overall, students expect more relational and balanced dimensions of a psychological contract than transactional. However, there are significant differences in the elements, dimensions and types of psychological contract between countries. The Polish and Slovenian responses show more elements of a transactional contract than the UK and Korean. The differences can be explained by taking into account economic context and national culture characteristics. The implications of the results for employers' approach to managing young talent are also discussed.

KEY WORDS

anticipatory psychological contract, generation Y, employment relationship, economic context, national culture

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1 INTRODUCTION

Workforce diversity is a given for most organizations in an increasingly global business environment, with cultural and generational differences being among the most common sources. Understanding the young generation at work in different cultures is thus becoming an increasingly important topic for employers, as some research suggests that the so-called Generation Y is very demanding because of their high expectations (e.g. Fisk, 2010; De Hauw & De Vos, 2010). Companies report difficulties with attracting young talent, as well as managing them (Del Campo et al., 2011), mostly because of a lower work centrality (Twenge, 2010). However, most of the studies of Generation Y's work-related characteristics were conducted in Western developed countries. Whether or not there are differences between young people in different world regions due to specific cultural and economic contexts is yet to be answered. We aim to add to this knowledge by conducting exploratory research of Generation Y's expectations regarding their future employment relationships, using a sample of business students from four different countries: Poland, Slovenia, the UK and South Korea. While Poland and Slovenia are two of the transitional countries in Central and Eastern Europe, South Korea represents a growing economy of South-East Asia, and the UK is a traditional market economy in Western Europe. Our sample thus enables us to compare other regions to the already more researched Western developed country.

We adopted the psychological contract (PC) perspective to explore anticipated employment obligations. The psychological contract is an important framework for understanding employment relationships, employee behavior and work outcomes (Cullinane et al., 2006), especially with the changing nature of work due to workplace fragmentation and more flexible forms of employment (Guest, 2004). The psychological contract can be defined as "...individual beliefs, shaped by the organization, regarding the terms of an exchange agreement between individuals and their organization" (Rousseau, 1995:9). Research consistently shows that if a breach of the PC occurs, i.e. if employees perceive that organizations have failed to fulfill their promises or obligations, this leads to negative work

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outcomes (e.g. lower job satisfaction and commitment, and turnover intentions) (Zhao et al., 2007; Bal et al., 2008; Rigotti, 2009). Therefore, it is important for employers to understand how PCs are formed and what their content is in order to manage them effectively. However, despite extensive research on PCs and their breach over the last fifteen years, national culture and generational differences have both been neglected (Rousseau & Schalk, 2000; Hess & Jepsen, 2009; Lub et al., 2016). Recently, anticipatory psychological contracts (APC) have attracted the interest of researchers (De Vos et al., 2009; De Hauw & De Vos, 2010; Eilam-Shamir & Yaakobi, 2014). The APC refers to individuals' pre-employment beliefs about their future employment relationship, including promises they want to make to their future employers and inducements they expect to be offered in return (De Vos et al., 2009). APCs are important because they affect how novices at work form and perceive mutual obligations with their employers. We aim to show what kinds of PCs employers can expect from the young graduates they employ by answering three main research questions: 1) What are the typical characteristics of young business students' APCs? 2) What are the APC differences between countries? and 3) How can we explain the differences through country-specific economic and cultural context? By answering these questions, we add to the understanding of the expectations of future entrants to the labor market, thereby helping employers to manage young talent. Effectively attracting, managing and retaining young talent has become important all over the developed world due to unfavorable demographic trends and changing forms of employment relationships. These include more precarious forms of work and temporary work arrangements for young people (ILO, 2015).

2 LITERATURE REVIEW

The revival of the psychological contract's conceptualization and empirical research emerged in the 1990s and is mostly related to the work of Rousseau (1989, 1995). The term was first used by Argyris in the 1960's (Argyris, 1960) when he proposed that perceptions are important in evaluating employment relationships. Theoretical grounds for the concept stem from the social exchange theory (Blau, 1964); employment relationships can be viewed as a series of interactions between employees and employers with mutual obligations occurring over time. Based on the norm of reciprocity (Cropanzano & Mitchell, 2005), they form the basis of a psychological contract (Coyle-Shapiro & Kessler, 2002). As psychological contracts can be viewed as employee beliefs about their employment relationships (Rousseau, 1995), they are actually idiosyncratic mental models or schema (Rousseau, 2001) through which employees evaluate informal elements of employment relationship (Conway & Briner, 2005). Psychological contracts are implicit (not in a written form) (Kotter, 1978) and dynamic, since they change over time due to employees' continuous evaluation of employer's behavior (Schalk & Roe, 2007). Repeated research has shown that the fulfilment of mutual obligations has a positive effect on work outcomes such as commitment and organizational citizenship behavior; a breach has negative effects on the same and also increases intentions to quit (Zhao et al., 2007; Cappelli, 2000; Dulac et al., 2008; Blomme et al., 2010). When a breach of the PC occurs, employees lower their input to the social exchange to restore the balance as they perceive it (Taylor & Tekleab, 2004).

According to Rousseau (1995), PCs can be classified either as 'transactional' (short-term with a mostly materialistic focus) or 'relational' (long-term and not restricted to economic exchange). Later on she added the 'balanced' type: dynamic and open-ended employment arrangements that include both the economic success of the firm and employee opportunities to develop career advantages. The usual transactional-relational continuum was not sufficient to accommodate changes in employment relationships due to flexibilization, new forms of work, the knowledge economy, globalization etc. (Rousseau, 2004). Research has shown that relational PCs are positively related to work outcomes such as commitment and organizational citizenship behavior while transactional contracts have a negative impact and increase intentions to quit (e.g. Millward & Hopkins, 1998; McDonald & Makin, 2000; Rousseau, 2004). Thus, the contracts preferred by employers would be the relational type. We could not find any empirical research testing the effects of balanced PCs on work-related outcomes and attitudes.

When we consider the characteristics of Generation Y related to work and employment (Lyons & Kuron, 2014), there is an obvious question regarding how these characteristics would be reflected in their PCs. Generation Y (also called Millennials, Generation Me, Nexters) is usually defined as a demographic cohort following Generation X and refers to those born between 1982 and 2002 (Parry & Urwin, 2011). Both the popular press and academic research have explored how this generation differs from previous ones and how this would affect their behavior, attitudes and performance at work. Lyons and Kuron (2014) reviewed research on generational differences at work and reported that it seems consistently to show that Generation Y has rather high expectations regarding the returns from work, such as salaries, benefits, promotion, development, work-life balance and interesting work. This review also confirms the claim by Twenge (2010) that work centrality is decreasing for the young generation and loyalty to an employer is not of great importance to them. Instead, Generation Y is willing to switch jobs frequently in order to get what they want (D'Amato & Herzfeldt, 2008; Lub et al., 2012). Generation Y is described as self-centered, high in self-esteem, ambitious and eager to learn, but also suffering increased anxiety and depression (Lyons & Kuron,

2014). Some authors even talk about a sense of entitlement or deservingness being present among the young (Fisk, 2010). On the other hand, current economic and labor market conditions are having a negative effect, especially on the young generation. Relatively high levels of youth unemployment, difficulties in finding a job, temporary work assignments and general uncertainty have lowered their expectations (De Hauw & De Vos, 2010; Smithson & Lewis, 2000). Negative experiences, either while working or just observing events in the surrounding environment, such as lay-offs, reduced salaries and loss of status, can also affect the formation of PCs by reducing expectation and making PCs more transactional (Eilam-Shamir & Yaakobi, 2014).

There has not been much research on the content of PCs for Generation Y. Some authors suggest that while the young in the past were known to focus on relational contracts, especially the developmental component, a more transactional view would seem to prevail recently (Bal & Kooij, 2008). Lub et al. (2016) report results of a comparative study in which they could not confirm that overall Generation Y had higher expectations regarding employer obligations, but the relational obligations were rated higher than other generations. Also, they reported differences regarding the type of the PC: the transactional type seemed to have the same importance as the relational type for the Generation Y. On the other hand, for Generation X, the relational type was much more important than transactional. The only hint regarding the increased importance of the balanced PC comes from implications of the protean career where the focus is on opportunities for growth and development (Hess & Jepsen, 2009), which are associated with Rousseau's (2004) balanced type of PC. Further understanding of Generation Y's PC is important not only for attracting and retaining talent, but also to prevent a breach. PC breaches could be more problematic for the young generation because, according to life span control theory (Heckhausen et al., 2010), young novice employees do not have well-developed emotional control and thus might react more negatively to perceived unfair treatment or being undervalued or unrecognized in the work environment (Bal & Smit, 2012).

This might be the reason why APCs are beginning to attract researcher interest (De Vos et al., 2009; de Hauw & De Vos, 2010; Eilam-Shamir & Yaakobi, 2014). As a concept, the APC does not differ much from the PC, with the exception that it encompasses pre-employment beliefs about mutual obligations (Rousseau, 2001). The APC therefore is not necessarily linked to a particular employer, but refers to an individual's general belief about an exchange relationship between employee and employer obligations. The APC is private to the individual, highly subjective and based on incomplete information. It represents a naïve schema with which a potential employment relationship is interpreted by the individual (Dulac et al., 2006; Sherman & Morley, 2015). Through their pre-employment experiences, the young form perceptions about trust in employers and these perceptions have a strong impact on their orientation towards a relational rather than transactional PC (Conway & Briner, 2005).

It is widely accepted that PCs are subjective in nature and thus affected by individual characteristics, such as values, attitudes and demographics, including age and gender (Atkinson & Cutberth, 2006). Following Markus and Kitayama's (1991) argument that culture shapes psychological processes, national culture has also been incorporated into the research on PC. Such studies are scarce however and limited to Western countries, thus creating the opportunity for more cross-cultural research, the aim of our study. The effects of cultural individualism versus collectivism on PCs have been studied (Thomas et al., 2010), with collectivism being related to more relational PCs and individualism to more transactional PCs. Overall, one of the main criticisms of the PC field is its disregard for contextual factors pertaining to a wider socio-economic context (Cullinane & Dundon, 2006; Guest, 2004). To address this issue is of particular importance in studying APCs, because pre-employment beliefs are largely affected by various social events (Rousseau, 2001) and experiences related to economic conditions (De Hauw & De Vos, 2010, Eilam-Shamir & Yaakobi, 2014).

3 METHODOLOGY

We conducted a survey of business students from five universities, partners within the KEUDOS¹ (Korean and European Double Degree Opportunities for Students) Project funded by EU and Korean government. Participating universities come from South Korea, Poland, Slovenia and the UK. The design of a double-degree scheme at undergraduate level within the KEUDOS Project required matched content of programs and high quality of delivery. Therefore, by focusing on these five universities, we assured comparable levels of study experiences in students. In Poland, the questionnaire was administered at the University of Warsaw, in Slovenia at the University of Ljubljana, and in the UK at the Northumbria University, Newcastle. In South Korea, the questionnaire was administered at Chonnam National University, Gwangju, and Kyungpook National University, Daegu.

We used the psychological contract inventory (PCI) developed by Rousseau (2008). It measures expectations regarding employee and employer obligations. These are grouped in seven dimensions of a PC and three types of PCs: transactional (short-term and narrow dimensions), relational (loyalty and stability dimensions) and balanced (development, performance and external marketability dimensions). Each dimension is tested with four items. Data were collected between April and September 2015. For the UK and Slovenian students, only an on-line questionnaire

was used, while the on-line version was supplemented by a paper version for Korean students, and only the paper version was used for Polish students. The decision to use different means for collecting data was based on the experiences of the local researchers in terms of gathering students' responses. Student participation was voluntary and anonymous. The survey instrument was prepared in the local native language after a translation - back translation procedure for Korean, Polish and Slovenian. The survey produced acceptable levels of internal reliability, with the corresponding Cronbach alpha being marginally higher for employer obligations than employee obligations. The highest score was for the balanced PC (0.78 for employee obligations and 0.90 for employer obligations), followed by the relational (0.60 employee, 0.84 employer), and the transactional (0.67 employee, 0.70 employer).

The sample consisted of a total of 814 students (221 Polish, 249 Slovenian, 253 South Korean, and 91 British). Control was used for both the educational background of the respondents (undergraduate business students in their final two years of study) and age (most were aged between 20 and 23; born between 1992 and 1995). The sample included more female students (overall: 61%; Poland 71%, Slovenia 64%, UK 56%, and Korea 50%) which corresponds to a higher proportion of female business students at universities in our sample. For the analysis, we first used descriptive statistics and paired-samples t-tests to compare employee and employer obligations. Then we conducted analyses of variance regarding the types of PC to identify country differences using a paired-sample t-test and MANOVAs (using the general linear model procedure in SPSS), for which first the three types of PC were entered as dependent variables while controlling for gender and then also the seven dimensions of PC types. The mean differences were also examined through a series of univariate ANOVAs with post-hoc tests. Finally, to achieve more detailed information, we also performed a descriptive analysis and rank-ordering of individual survey items, singling out the highest expectations regarding employee and employer obligations.

4 RESULTS

To address our first research question about the preferred types of PC, we performed a descriptive statistics analysis. The mean values and standard deviations for types of APC in the four countries are shown in Table 1. It can be observed that, overall, the balanced APC type scored slightly higher for employee obligations than the relational type in all four samples, and just the contrary was true for employer obligations. The paired-samples t-test reveals that the relational APC is the only type with a significantly higher mean value for employer obligations compared to employee obligations (also true for each country sample). The transactional APC's mean value is significantly lower for employer obligations compared to employee obligations (also in all other countries than Korea). There is no significant difference between the balanced employee and employer obligations' mean values overall, but the balanced APC is significantly higher for the employee than employer obligations in European countries and higher for the employer than employee obligations in Korea.

Table 1: Mean values (on scale from 1 to 5) for employee and employer obligations according to type of APC by country (standard deviations in parenthesis)

Country	Employee obligations			Employer obligations		
	Transactional	Relational	Balanced	Transactional	Relational	Balanced
Poland (n= 221)	3.01 (0.61)	3.52 (0.49)	3.90 (0.55)	2.89 (0.59)	3.79 (0.79)	3.65 (0.80)
Slovenia (n=249)	2.91 (0.58)	3.50 (0.41)	3.86 (0.52)	2.62 (0.57)	3.73 (0.57)	3.69 (0.68)
South Korea (n=253)	2.47 (0.56)	3.58 (0.47)	3.57 (0.52)	2.45 (0.52)	4.07 (0.57)	3.92 (0.63)
UK (n=91)	2.47 (0.65)	3.74 (0.46)	4.04 (0.54)	2.24 (0.66)	4.02 (0.63)	3.84 (0.72)
Total	2.75 (0.64)	3.56 (0.46)	3.83 (0.54)	2.60 (0.61)	3.89 (0.68)	3.77 (0.72)

Looking at the seven dimensions (Table 2), it can be observed that the highest mean value for expectations regarding employee and employer obligations is for development (a dimension of the balanced APC), both overall and for all countries. The second highest overall is the mean value for external marketability (also a dimension of the balanced APC) for employee obligations and for stability (a dimension of a relational APC) for employer obligations. Here, results differ for countries, which will be explained in more detail later in this section through the ANOVA analysis. Both dimensions of the transactional APC (short-term and narrow) show the lowest level of expectation for both employer and employee obligations. The paired-samples t-test comparing employee and employer

obligations also reveals that the short-term dimension (transactional APC) and external marketability (balanced APC) are significantly lower for employer than employee obligations, overall and for each country sample. This is with the exception of external marketability for Korea, where employer obligations score higher than employee obligations. There are also two dimensions with significantly higher scores for employer obligations compared to employee obligations, namely stability (relational APC) and performance (balanced APC), overall and for all countries. This is with the exception of performance in Slovenia with no significant difference between employee and employer obligations and the lowest score for both, compared to other countries.

Table 2: Mean values (on scale from 1 to 5) for employee and employer obligations according to dimension of APC by country (standard deviations in parenthesis)

Country	Employee obligations						
	Short term	Narrow	Loyalty	Stability	Performance	Development	External
Poland (n= 221)	3.16 (0.83)	2.92 (0.69)	3.45 (0.78)	2.89 (0.63)	3.67 (0.67)	4.23 (0.73)	4.13 (0.63)
Slovenia (n=249)	2.91 (0.97)	2.91 (0.59)	3.04 (0.62)	3.30 (0.60)	3.59 (0.58)	4.17 (0.73)	4.04 (0.66)
South Korea (n=253)	2.37 (0.65)	2.53 (0.66)	3.57 (0.77)	3.00 (0.64)	3.81 (0.58)	4.17 (0.68)	3.61 (0.75)
UK (n=91)	2.47 (0.81)	2.48 (0.57)	3.80 (0.83)	2.80 (0.66)	4.18 (0.49)	4.60 (0.89)	3.90 (0.80)
Total	2.76 (0.89)	2.75 (0.69)	3.40 (0.76)	3.04 (0.65)	3.75 (0.51)	4.23 (0.76)	3.91 (0.72)
Country	Employer obligations						
	Short term	Narrow	Loyalty	Stability	Performance	Development	External
Poland (n= 221)	2.88 (0.74)	2.91 (0.97)	3.33 (0.71)	3.93 (0.81)	3.90 (0.84)	4.11 (1.01)	3.39 (0.94)
Slovenia (n=249)	2.46 (0.82)	2.77 (0.58)	3.11 (0.62)	3.95 (0.65)	3.59 (0.81)	4.13 (0.89)	3.78 (0.84)
South Korea (n=253)	2.10 (0.58)	2.81 (0.74)	3.78 (0.68)	4.15 (0.67)	3.99 (0.60)	4.29 (0.78)	3.85 (0.74)
UK (n=91)	2.09 (0.82)	2.40 (0.96)	3.66 (0.81)	4.01 (0.67)	4.34 (0.71)	4.40 (1.06)	3.34 (0.94)
Total	2.42 (0.79)	2.78 (0.84)	3.44 (0.70)	4.01 (0.74)	3.88 (0.76)	4.21 (0.93)	3.65 (0.85)

In order to address our second research question regarding country differences, we performed a multivariate test to determine if the means of the three types of PC were significantly different between the four student samples when controlled for gender differences. For employee obligations, the results are only significant for country (Pillai's Trace=0.18; $F=17.12$; $df=9$; $p=0.000$) and not for gender (Pillai's Trace=0.05; $F=1.41$; $df=3$; $p=0.239$). They are also marginally significant for the interaction between country and gender (Pillai's Trace=0.03; $F=2.82$; $df=9$; $p=0.003$). For employer obligations, the results are similar, only significant for country (Pillai's Trace=0.15; $F=14.09$; $df=9$; $p=0.000$) and not for gender (Pillai's Trace=0.01; $F=0.19$; $df=3$; $p=0.900$), yet this time with a slightly stronger result for a significant interaction between country and gender (Pillai's Trace=0.04; $F=3.96$; $df=9$; $p=0.000$). This suggests that gender alone does not affect the differences in the types of psychological contract between the four samples, yet may have some interactive effect when combined with country.

A series of univariate tests (ANOVAs with post-hoc tests) confirms the existence of statistically significant differences between the countries for all types of psychological contract. For employee obligations, transactional contracts are significantly higher in Poland and Slovenia compared to Korea and the UK. Relational contracts have a higher mean value for the UK than for the other three countries, and balanced contracts are significantly higher in the UK than in Slovenia and Korea. For employer obligations, the observations are very similar. For transactional contracts, again there are significantly higher values for Slovenia and Poland, yet this time also significantly higher values for Poland compared to Slovenia. For relational and balanced contracts, there are significantly higher values for Korea compared to Slovenia and Poland, and for relational contracts, higher values for the UK compared to Slovenia.

A more detailed review of the mean values for the dimensions of the PC also reveals some interesting differences (Table 2), confirmed by ANOVA with post-hoc tests. There are significant differences for all the dimensions regarding both employee and employer obligations. For employee obligations, again Poland and Slovenia show significantly

higher scores for the short-term and narrow dimensions included in transactional psychological contracts. The UK sample has significantly higher values for loyalty compared to the other three countries, with Slovenia having the lowest score. Meanwhile, the opposite is found for stability, the other dimension of relational PCs, where Slovenia exhibits significantly higher scores compared to the other three countries. For the dimensions of balanced psychological contracts, there are significantly higher scores for development and performance in the UK compared to the other three countries, with Korea having significantly lower scores than the other three countries for development and Slovenia for performance. There are also significantly lower scores for external marketability in Korea compared to the other three countries.

For employer obligations, Poland has significantly higher scores for the short-term dimension compared to the other three countries, while Korea has significantly lower scores for the narrow dimension. For the relational dimensions of loyalty and stability, Slovenia has significantly lower scores for loyalty than the other three countries, and Poland has lower scores than the UK and Korea. Slovenia and Poland also have significantly lower scores for stability compared to Korea. For the dimensions of balanced PCs, performance shows the most differences, with significantly higher scores for the UK compared to the other three countries, and significantly lower scores for Slovenia compared to the other countries. There are significantly higher scores for the developmental dimension in the UK compared to Poland and Slovenia. Finally, there are significantly higher scores for external marketability for Korea compared to Poland and Slovenia.

We also performed a descriptive statistics analysis for all the items and it is interesting to see that in all countries the same three items regarding employee obligations appeared among the top five with the highest mean values (with the UK and Korea showing five of the same items) and two of the same items regarding employer obligations (see Tables 3 and 4, the same items with grey shading). All students expect to make themselves increasingly valuable to their employers, build skills to ensure their value to the organization and actively seek internal opportunities for training and development. However, Polish and, to a lesser extent, Slovenian students express high expectations regarding their future employment possibilities. The UK and Korean students expect to protect the image of the organization for whom they work. Students in all countries expect opportunities for promotion and development from their employers. A more diverse set of top expectations emerged between the countries however. While UK students expect opportunities for career development in the organization and Korean students expect advancement in the firm, Slovenian students expect employers to help them develop externally- marketable skills while also offering them a steady employment and wages and benefits they can count on. The former is also important to Korean students and the latter to Polish students, who seem to expect employers to support their careers in terms of advancement and development.

Table 3: Top five mean values (on scale from 1 to 5) for employee obligation items by country

Poland		Slovenia		Korea		UK	
4.33 (0.82)	Build skills to increase my future employment opp. elsewhere	4.35 (0.69)	Make myself increasingly valuable to my employer	4.24 (0.70)	Make myself increasingly valuable to my employer	4.73 (0.47)	Make myself increasingly valuable to my employer
4.29 (0.70)	Make myself increasingly valuable to my employer	4.32 (0.76)	Actively seek internal opp. for training & devt	4.23 (0.68)	Build skills to increase my value to this organization	4.67 (0.58)	Build skills to increase my value to this organization
4.23 (0.78)	Build skills to increase my value to this organization	4.20 (0.85)	Build skills to increase my value to this organization	4.16 (0.70)	Seek out develop. opp. that enhance my value employer	4.58 (0.62)	Seek out develop.t opp. that enhance my value employer
4.20 (0.81)	Actively seek internal opp. for training & devt	4.13 (0.78)	Commit myself personally to this organization	4.07 (0.79)	Actively seek internal opp. for training & devt	4.44 (0.58)	Protect this organization's image
4.18 (0.88)	Build contacts outside this firm that enhance my career potential	4.10 (0.92)	Increase my visibility to potential employers outside this firm	4.04 (0.77)	Protect this organization's image	4.42 (0.78)	Actively seek internal opp. for training & devt

Table 4: Top five mean values (on scale from 1 to 5) for employer obligation items by country (standard deviation in parenthesis)

Poland		Slovenia		Korea		UK	
4.17 (0.96)	Wages and benefits I can count on	4.33 (0.85)	Help me develop externally marketable skills	4.32 (0.66)	Advancement w/in the firm	4.56 (0.69)	Opportunities for career develop. within this firm
4.14 (0.90)	Advancement within the firm	4.27 (0.74)	Opportunities for promotion	4.31 (0.70)	Developmental opportunities with this firm	4.51 (0.74)	Opportunities for promotion
4.13 (0.89)	Developmental opportunities with this firm	4.27 (0.85)	Steady employment	4.31 (0.68)	Opportunities for promotion	4.43 (0.75)	Support to attain the highest poss. lev. of perform.
4.12 (0.99)	Opportunities for promotion	4.25 (0.86)	Developmental opportunities with this firm	4.28 (0.84)	Wages and benefits I can count on	4.40 (0.73)	Developmental opportunities with this firm
4.06 (0.91)	Opportunities for career develop. within this firm	4.20 (0.98)	Wages and benefits I can count on	4.25 (0.85)	Steady employment	4.38 (0.74)	Support me in meeting increasing higher goals

5 DISCUSSION AND IMPLICATIONS

Our results shed some light on the APC type of young business students, members of the Generation Y, in four countries: the balanced type prevails for employee expectations and the relational type for employer obligations. Transactional type scores are the lowest, but here we also observe significant differences between countries: Poland and Slovenia score higher on transactional APC than UK and Korea. The reasons for these differences might be in the broader socio-economic context because both countries have transitioned from a socialist to a market economy since the 1990s, with many negative outcomes for employees (Roaf, 2014; Svejnar, 2002). Nowadays, both experience higher levels of youth unemployment and general prospects for youth are lower (ILO, 2015, 2013). Overall, economic development is lower (WEF, 2015) than in Korea and the UK. Results also suggest that national culture seems to be less strong in forming the APC than the economic context. The UK, with the most individualistic, and Korea, with the most collectivist culture (Hofstede, 2010), show similar mean values in almost all dimensions of the APC. On the other hand, highly individualistic Slovenia (Jazbec, 2007) and more collectivist Poland (Boski, 2006) are again similar, but when we review the differences between them these are opposite to what has been suggested by previous research. Individualism was linked to a more transactional PC (Thomas et al., 2010), but Poland, as a more collectivist country, scores higher on transactional dimensions than Slovenia.

If we look at the dimensions of APC, we observe relatively high levels of expectation regarding both employee and employer obligations when it comes to development, external marketability (more so in both transitional countries, Poland and Slovenia) and performance (with the exception of Slovenia). These high scores for external marketability for Poland and Slovenia seem consistent with a more transactional view of APC in transitional countries. If novices at work do not intend to stay with an employer and do only what they are paid for, then it is predictable that they would focus on developing external marketability in order to find another (possibly better) job. It is important to note that the largest difference between employee and employer obligations is for stability: it is expected from employers but not for employees to reciprocate. Expecting stability from employers could be one way in which the young cope with increased anxiety, which has been identified as one of their characteristics (Lyons & Kuron, 2014). For most other balanced and relational dimensions, we can see that while business students have high expectations regarding employer obligation, they are also willing to reciprocate with high levels of employee obligation, somewhat contradicting the claims of low work centrality (Twenge, 2010) and popular stereotypes of the young as lazy and irresponsible. However, employers should be aware of the fact that unless they fulfill expectations of Generation Y when they start work, they cannot count on the young to stay with them. And even if they fulfill many of the expectations, the high importance of external marketability suggests that early career employers may be used by the young for building experience and improving their opportunities on the job market. There are several possible explanations for this attitude in the young. One of them is the usual requirement of recruiting employers that they seek experienced employees. This puts the inexperienced at an immediate disadvantage. They are aware

of the need to gain experience to be competitive in the labor market. Also, employers today mostly offer precarious forms of employment to the young, which again increases their need to strengthen their competitiveness. The third reason might be related to the working experiences of students (be it supplementary part-time jobs or internships as a part of their education) doing simple, repetitive tasks and uninspiring jobs. Based on this early experience they might believe that the young are not given a fair chance to fulfil potential. Lastly, due to labor market pressure the young must take on any job there is available but not necessarily the job they would aspire to do. Therefore, they will look for any opportunity to improve on their first job.

In several ways, the results of our study confirm previous findings about the young generation at work, anticipatory psychological contracts, and the effects of culture. Lyons and Kuron (2014) report that the Generation Y is ambitious and eager to learn, which is supported by our results showing that young business students understand that is their obligation to seek training and development opportunities and develop their external marketability. Also, like De Vos et al. (2009) and Twenge and Campbell (2008), we found relatively high levels of expectations in all four samples, especially with regard to relational and balanced PCs. The highest scores in all four samples were for the developmental dimension (all scores above 4), even higher for employee than employer obligation. This corresponds to previous findings that great importance is placed by the young on development and advancement as work-related values (Lyons & Kuron, 2014; Zupan et al., 2015), and the APC characteristics reported by DeVos et al. (2009). One possible implication of this finding for employers would be that graduates need opportunities for advancement and development and thus employers need to design special talent management strategies for young employees (McCracken et al., 2015). Since expectations regarding external marketability are also high, employers are faced with real challenges on how to retain young talent. Retention strategies should individualize employment relationships with young talent. One possibility for highly valuable young potentials is to offer them I-deals (Rousseau et al., 2006), so that individuals are able to negotiate contracts different from those of their co-workers. I-deals support individuals' interests and career objectives, reducing the potential for PC breach, with all its negative consequences. I-deals may create tensions among co-workers due to preferential treatment, so employers need to be careful to avoid such negative outcomes. Another possibility is that employers influence APC formation and the development of more realistic expectations of the workplace. At the pre-employment stage this could be through internships and co-operation with universities, later on through coaching and mentoring. Knox and Freeman (2006) argue that strategic recruitment undertaken by employers in the form of employer branding initiatives also serves to influence the individual's beliefs about life within the organization. By understanding the APCs of the young, an employer can increase the likelihood of desired work outcomes (Sherman & Morley, 2015). Lastly, if we look at standard deviations rather than means, we see that there is variety in expectation among students in each country. This is in line with the argument by Twenge (2010) that there is more variability within Generation Y than between generations. The obvious choice for employers is to attract and recruit those candidates who fit best to their offer and thus reduce the risk of expectation gaps.

As suggested by previous cross-cultural research on PCs, we also found differences between the APCs in the observed countries. However, we cannot support the previous findings by Thomas et al. (2010) with regard to the effects of individualism on transactional contracts and effect of collectivism on relational contracts. Notwithstanding, we found the most relational PC characteristics in the UK sample and the most transactional PC characteristics for Poland. Besides the oft-mentioned dimensions of individualism and collectivism, we suggest it is worth exploring other links between cultural dimensions and PCs. The GLOBE study (House et al., 2004), in which all our countries took part, also reports desire and practice scores for dimensions like uncertainty avoidance and performance orientation. Some of these scores can be useful in explaining our results. For example, uncertainty avoidance scores are higher for Slovenia and Korea which corresponds to the higher levels of stability in employee obligations. Also, the performance score for practices is by far the lowest in Slovenia which also corresponds with the lower expectation of performance in Slovenia for both employee and employer obligations in our results. However, the performance score with regards to values is the highest in Slovenia. This would suggest that values may be less influential than practices when it comes to PC formation.

Based on our results, we can thus speculate that, rather than national culture per se, it is experiences with practices and a broader socio-economic context that play an important role in the APC formation process. Past experiences and the general economic and social climate seem to effect significantly the formation of PCs, as we have already proposed. Another source of variation may be the education system. While public higher education is free in Poland and Slovenia (at both participating universities), British and Korean students are used to investing significant effort and financial resources in their education. They might therefore feel a greater need to achieve a return on this investment (Hwang, 2001; Institute of Leadership & Management and Ashridge Business School, 2012), explaining the higher scores on the performance items.

The main contribution of our study is the expansion of cross-cultural research into Generation Y and (anticipatory) psychological contracts to new regions (countries). We also show the importance of considering a wider socio-economic context if we want to understand how PCs are formed and their content. Our results suggest

that economic conditions may be an even more powerful predictor of APC characteristics than national culture. The second important contribution is adding information to a general understanding of Generation Y and their expectations related to work. Although many studies have already shown a high level of expectation regarding employer obligations, we also included anticipated employee obligations in our study. From our results we can see that while young people may demand a lot when they start working, they are also willing to give a lot. It is also interesting to observe that, despite their own preference for external career-building opportunities and changing jobs, Generation Y expects high levels of stability from employers. Overall, dimensions of a balanced contract were highest on the employee obligation side and relational dimensions on the employer side. It is also worth mentioning that we studied the cohort born from 1992 to 1995 into whom there has not been much research so far. This cohort is particularly interesting to study from the economic context perspective as they entered university in the midst of the world financial and economic crises, which had important effects on youth experiences and employment prospects in the observed countries. Based on our results, we can argue that it is important to go beyond the usual continuum of transactional and relational in PC research because the balanced PC dimensions seem to be very important for both employee and employer obligations.

While making some valuable contributions with regard to the APCs of future entrants to the labor market, our study also has certain limitations. We used the convenience sampling approach, which is often employed in cross-cultural research (Cavusgil & Das, 1997). However, only one university in each country (two in South Korea) were involved and only business students. Thus our findings may not be generalizable within the observed countries or to members of Generation Y with different educational backgrounds. Also, the UK sample is much smaller than the other three which may affect the results. For all country samples, participation in the survey was voluntary so it is possible that only the more ambitious and hardworking students took part. Because our study was of an exploratory nature, we did not operationalize context-related experiences but rather used secondary data for explanations of differences. Obviously, future cross-cultural research on APCs should combine APCs, work values, and more in-depth exploration of past experiences related to context at individual level to identify directions and strengths of effects. Another avenue for research would be to compare the APC of students with those of prospective employers, to explore what employers expect regarding their own and future employee obligations. This would allow for identification of possible PC breaches and could help design measures on both sides to avoid a breach actually happening.

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Workplace spirituality and organisational commitment: Role of emotional intelligence among Indian banking professionals

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ABSTRACT

In present times the concept of “*workplace spirituality*” has been acknowledged as an important discipline so called a “*transient advantage*” in corporate world for supplementing a meaningful atmosphere to one’s workplace. The domains like behavioral science and human resource has embraced the topic as a promising research area with an assumption to offer fresh and significant insights to the business world. However, it is presumed that the present state of academic research in the field of workplace spirituality is in many ways reminiscent of where theories of leadership and other similar developmental intervention in HR domain were there some fifty years ago. Today’s organizations’ are seeking for a committed workforce as *organizational commitment* and *emotional involvement* in one’s respective job profile is viewed as a business necessity. This is apparently possible when the professionals in a work set-up are able to derive meaning and significance in their work profile. Therefore, this present study has attempted through a field survey to document the findings from selected executives of public and private sector banking industries of Indian sub-continent on the relationships between workplace spirituality, organizational commitment and emotional intelligence. Regression analysis has revealed that emotional intelligence stood as a potential moderator between workplace spirituality and organizational commitment. The paper has brought out the potential benefits of bringing spirituality into the workplace; providing suggestions for HR and behavioral practitioners to incorporate spirituality in organizations.

KEY WORDS

workplace spirituality, spiritual competence, organizational commitment, emotional intelligence

JEL Code: M12

1 INTRODUCTION

There is a paradigm shift happening from monetary and physical needs to psychological needs of job satisfaction in the business world of 21st century (Cacioppe, 2000). This is because of the growing spurt of knowledge workers in the employment market questioning their employers about the essence and meaning of their desired work-profile right from the entry level of their selection process. In this context, Ashmos and Duchon (2000) have sensitized organization to undergo a “major transformation” wherein they should make sufficient room for “*spiritual dimension*” which has to do with providing meaning, purpose and a sense of community to its continuing and aspiring workforce. This has been aided with the subsequent argument drawn in the findings of Miliman, Czaplewski and Ferguson (2003) stating as “spirituality in the workplace is a potential gateway through which individuals can perceive themselves as spirited beings, whose aspiration need to be invigorated through providing with a satisfying and challenging work profile”. It is also being understood during the interaction carried out with our sample for this present study that in contemporary times working professionals perceive work not only to be interesting/challenging, but also the profile is expected to fetch a deeper meaning for living one’s dream through expressing one’s inner life need throughout one’s career growth in an establishment.

We have also understood that spirituality expounds about *people sharing* that is through sharing some common attachment, attraction and togetherness with fellow colleagues in work units and the establishment as a whole (Karakas, 2010). This is making sufficient scope to state that companies that excel at engaging the hearts and minds of their people *together* inherently provides an element of spirituality in everyday working environment to its living resources. As a result of this trend, workplace spirituality has been documented in many empirical findings as a fundamental area of research for the academic world so as to complement more significance to one’s workplace

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(Garcia-Zamor, 2003; Giacalone & Jurkiewicz 2003; Adebayo, Akanmode & Udegbe, 2007; Gotsis & Kortezi, 2007; Petchsawang & Duchan, 2009; Daniel, 2010).

In this age of business competition, the urge for whole-hearted commitment from employees to realize the organizational goal is found as one of the most challenging and researchable concept in the fields of management and organizational behavior. At the same time research findings have enunciated that the employees with a considerable level of emotional intelligence is able to manage self and other's emotions in order to display organizationally desired level of work commitment (Moon & Hur, 2011). However, in spite of persistent commitment to one's work profile there are sufficient evidence from today's workplaces reporting the feeling of insecurity in job due to downsizing, restructuring, reengineering and layoffs (Sparrow & Cooper, 2003; Bartlett & Ghoshal, 1995).

Taking the consensus from earlier findings, it is assumed that the notion of spirituality at workplace is an important means to enable professionals to feel complete at one's work. In an earlier study of Krishnakumar and Neck (2002) the scope for research has suggested that encouragement of spirituality in the workplace may lead to benefits "in the areas of personal fulfillment, commitment, creativity which will ultimately lead towards increased organizational performance". Therefore, the construct of "workplace spirituality" has been found increasingly embracing research areas that connects psychological theories to explicate positive behavioral necessities for deriving organizational effectiveness (Mitroff & Denton, 1999; Freshmen, 1999; Ashmos & Duchon, 2000)

Hence, we have presumed in our study that, business establishments focusing on routes that include the spiritual element, such as bringing together employees' emotional need, motivation work and encouraging employees to find meaning in work, often increase organizational commitment and retention, which has a decided influence on its productivity and profitability. Therefore, this paper has intended to review the constructs of workplace spirituality, organizational commitment and emotional intelligence, because it is intuited that these variables together are expected to upsurge performance and efficiency of a business establishment catering the knowledge workers.

2 COMMITMENT AND WORKPLACE SPIRITUALITY

Today's organizations are compelling the need for committed professionals for its growth and development. Commitment in this context has been brought out by Allen and Meyer (2000) as a "psychological state characterizing an employee's relationship with the organization which reduces the likelihood that he/she may break the employment bond". Therefore, this stands as a prerequisite for an organization to create an environment where in there should be a promotion of hope and happiness among its employees (Catlette & Hadden, 1998). The positive employee centric motivational values are expected to develop a sense of belonging with greater loyalty, commitment from employees which contributes significantly to accelerate organizational performance (Hawley, 1993; Catlette & Hadden, 1998). These kinds of perspectives stresses on the fact that business establishments are not just machines for producing goods but rather it is in the form of human community towards fostering a meaningful and rewarding life experiences for individuals and society (Channon,1992).

The health of the organization is reliant on the health of its employees (*physically and spiritually*) and hence, studies have explored that spirituality at work-settings is a fundamental trait of an effective organization (Seaward, 1995). Spirituality in this context is about acknowledging that people come to work with more than their bodies and minds; as they bring individual talents and unique spirit (Zohar & Marshall, 2004; Aburdene, 2005). In this connection, findings made by White (2001) and Walt (2007) has accentuated that spirituality at workplace is becoming an important agenda for today's establishment because people want to feel connected to their job profile, and so also they do seek to get connected to each other at work. Therefore, in organizations with a sense of spirituality in their value system, creates a feel in its the employees that their organizations not only provide them with jobs for their livelihood, but also offer them a conducive environment where in the professional will have a regard to his job as purposeful and important (Mohrman, Galbraith & Lawler,1998). By emphasizing the workplace as a family (i.e. through benevolence- caring for each other and principles-rules, mottos and standards) an establishment can create the atmosphere where in the employees feel that they belong and connect with each other (May, et al. 2004).

It is observed that, professional employees whose career direction matches with their anticipated job profile are found of achieving job satisfaction and hence, getting committed within their chosen job and establishment (King & Nicol, 1999; Ashmos & Duchon, 2000; Dudeck, 2004). Ketchand and Strawser (2001) in their study have stated that when the working professionals are treated with consideration they use to display a greater level of commitment to their organization. Rego (2007) has conducted an empirical study to understand the relationship between spirituality and organizational commitment. The study has indicated commitment as a dependent variable and the findings has proved that "more committed people tend to devote higher efforts to work and thus contributing towards effective organizational performance". Finally, Guest (2005) has posited that organizational commitment is imperative for four prominent reasons:

1. “Committed employees go beyond contractual obligations to achieve higher organizational performance”.
2. “Committed employees are expected to exercise responsible autonomy and self-control, thus removing the need of strict supervision”
3. “Committed employees are more likely to stay with an organization and hence, ensuring a return on investment in training and development”; and
4. “Committed employees are unlikely to get involved in any kind of collective activity that might reduce their contribution towards the organization”

Therefore, we have felt that in the context of workplace spirituality a thorough understanding of organizational commitment could have important implications for understanding the psychological bond between a professional and their immediate profession. Meyer, Allen and Smith, (1993) has dissected the commitment construct into important dimensions – affective professional commitment (APC), continuance professional commitment (CPC), and normative professional commitment (NPC).

Affective professional commitment (APC) refers to identification with, involvement in, and emotional attachment to one’s profession. Therefore it may be inferred that the employees with strong affective professional commitment remain attached to their profession because they want to do so (Meyer, Stanley, Herscovitch & Topolnysky, 2002; Van Dick & Ulrich, 2013). Continuance professional commitment (CPC) refers to commitment based on the employee’s recognition of the costs associated with leaving their profession as it results from the motivation to avoid impending costs that would be linked to a possible change of employer (Allen & Meyer, 1990; Meyer et al., 2002, 2013). Employees with strong continuance commitment remain with their profession because they realize that they have much to lose by doing so. Normative professional commitment (NPC) refers to commitment based on a sense of obligation to the profession and it does not correspond to any individually felt attachment of the organizational members, but rather replicates their moral ethical obligation towards their organization (Wiener & Vardi, 1980; Wiener, 1982). Employees with strong normative professional commitment remain members of their profession because they feel they ought to do so. Kinjereski and Skrypnek, (2006) has supported the findings of commitment stating as “the belief that what a person have towards its employer and organization, creates a sense of collaboration for running the extra-mile to accomplish organizational objectives”.

3 EMOTIONAL INTELLIGENCE, ORGANISATIONAL COMMITMENT AND WORKPLACE SPIRITUALITY

Succeeding in life requires something more than general intelligence. An acknowledgement of this fact leads us to explore the emotional aspects human mind. The word “intelligence” is today supposed to include both the non-cognitive as well as cognitive aspects. In today’s world, a professional’s effectiveness is measured by a new yardstick i.e. how well one is able to handle oneself and one’s relations with others. This requirement led to the concept of emotional intelligence. Emotional intelligence in this context, is the ability of a person to understand his or her emotions, understands the emotions of other persons and to manage the emotions in interpersonal relationship (Wong & Law, 2002). Salovey and Mayer (1990) introduced the concept of emotional intelligence as a type of social intelligence that speaks about, “the ability to monitor one’s own and other’s feelings to discriminate among them and to use this information to guide one’s thinking and actions”. With the increasing popularity of the concept of emotional intelligence, several scientists and scholars have started locating its relationships with other aspects of human behaviour like leadership (Ashforth & Humphrey, 1995), group performance (Williams & Sternberg, 1998), individual performance, interpersonal and social exchange, managing change (Goleman, 1995).

Emotional intelligence provides the bedrock for developing psychological competencies. Goleman (1995) has tried to represent this idea by making a distinction between emotional intelligence and emotional competence. He has stated “emotional competence” as personal and social skills that lead to superior performance in the world of work. In his argument to differentiate both the terms he has mentioned that “the emotional competencies are linked to and are based on emotional intelligence. Therefore a certain level of emotional intelligence is necessary to learn the emotional competencies.” For instance, the ability to recognize accurately what another person is feeling enables one to develop a specific competency such, as “Influence”. Similarly, people who are better able to regulate their emotions will find it easier to develop a competency such as “Initiative” or “Achievement” drive which drives the commitment of a professional towards his/her profile (Carmeli, 2001). Prior to this findings Abraham (2000) has empirically documented that “social relations within the organization increases the probability of organizational commitment and loyalty of the staff and therefore, emotional intelligence highly correlates with individual’s ability to cooperate with others”.

We have found the most commonly used definition of organizational commitment proposed by Mowday, Steers, and Porter (1979) which is aligning to our objective of establishing its correlation with the proposed construct of

workplace spirituality & emotional intelligence. They have defined organizational commitment as, “the relative strength of an individual’s identification with and involvement in a particular organization. That can be characterized by three factors: (i) a strong belief in and acceptance of the organization’s goals and values, (ii) a willingness to exert considerable effort on behalf of the organization, and (iii) a strong desire to maintain membership in the organization.” These factors have also been empirically validated as a significantly influencing the dimensions of spirituality at work and HR interventions (Fry, 2003; Milliman et.al 2003; Jurkiewicz & Giacalone, 2004).

4 OBJECTIVE OF THE STUDY

Reviewing the literature in this field reveals that service industries catering the knowledge workers can influence organizational commitment by improving emotional intelligence & workplace spirituality. Therefore, we have presumed that a combination of organizational spiritual practices & emotional intelligence may prove to be useful to make people committed towards realizing the organizational vision & objective. In this context, the present study was set to investigate the relationship between the dimensions of workplace spirituality and organizational commitment. In addition to it, this study has investigated the influence of EI on workplace spirituality and organizational commitment. The following hypotheses have been proposed for the study:

H₁: Workplace spirituality would positively influence organizational commitment.

H₂: Emotional intelligence would positively moderate the relationship between workplace spirituality and organizational commitment.

5 MEASURES OF THE STUDY

Participants and Procedures

The population for the survey has been drawn through simple random sampling and there was no deliberate bias in identifying the sample respondents. The author researchers have visited the public and private banking establishments of eastern Indian subcontinent and approached the executives through their respective departmental heads to undertake the survey. 208 questionnaires were distributed to respondents who are working full time as employees and executives in their present organizations. The identified sample respondents have been instructed that the present survey was being carried out primarily for academic purpose, and therefore the information and opinion collected from them would be kept confidential. They were also been assured that in the process of data analysis their individual identity would never be disclosed and the conclusion derived subsequently would be a generalized one for analysis and study.

As soon as the rapport was established with the respondent, they were provided with the questionnaire for exercising their responses. 169 questionnaires were returned, with a response rate of 81.13%, and all of which are deployed for further data analysis. The sample respondent consists of 32.5% female executives. 29.6% of the total respondents have worked for more than 5 years in their present establishments. The mean age of the participants was 32.7 years and 68.6% of them had professional post graduate level studies leading to CA, ICWAI, CFA and MBA level qualifications.

Measures

A set of standardized tools were used for data collection on workplace spirituality, organizational commitment, emotional intelligence. All these tools are presented in form of questionnaires to respondents for exercising their options. Each questionnaire consists of certain statements or questions and is answered on Likert’s five point rating scales varying from Strongly Disagree (1), Disagree (2), Neither Agree nor Disagree (3), Agree (4), Strongly Agree (5).

- a. *Workplace Spirituality (WS) scale*: The scale consists of 19 items and is proposed by Singh and Premrajan (2007). The scale measures the factors for service towards human being (caring hope, kindness, compassion, and empathy towards others), feeling of inner peace (happy with self, environment, work, and others. No complain with life, feeling positive about life); being vision and value led (it is reaching beyond, or having sense that things could be better); interconnectedness (everything is part and expression of oneness, interconnected with everything else); respect for others (personal privacy, physical space and belongingness, religion, gender life style); self- awareness (knowing oneself, what I believe in? What will I fight for?). The internal consistency

reliability is $\alpha = .66$ (.69=service towards human kind, .73=feeling of inner peace and calm, .67=being vision and value led, .50= interconnectedness, .66=respect for others and .62=self-awareness).

- b. *Organizational Commitment (OC) Scale*: The scale measures the three dimensional commitment dimensions proposed by Allen and Meyer (1990). The affective, normative and continuance commitment dimensions each composes of six items and they have been developed in the form of an instrument as Meyer, Allen and Smith (1993). There are 18 items in total and internal consistency reliability was found to be $\alpha = .79$ that is for affective commitment (.82), continuance commitment (.74) and normative commitment (.83).
- c. *Emotional Intelligence (EI) Scale*: The scale has been proposed by Wong & Law (2002) which is consisting of 16 items. The items are based on four sub-factors i.e The Self-Emotion Appraisal dimension assesses individuals' ability to understand and express their own emotions. A sample item is "I really understand what I feel." The Others' Emotion Appraisal dimension measures peoples' ability to perceive and understand the emotions of others. A sample item is "I always know my friends' emotions from their behavior." The Use of Emotion dimension denotes individuals' ability to use their emotions effectively by directing them toward constructive activities and personal performance. A sample item is "I always tell myself I am a competent person." The Regulation of Emotion dimension refers to individuals' ability to manage their own emotions. A sample item from this dimension is "I have good control of my own emotions." Earlier research carried out using this scale has found support for the underlying four-factor structure having a good reliability, along with convergent and discriminant validity (Law et al., 2004; Shi and Wang, 2007; Law, Wong, Huang, and Li, 2008). The internal consistency is adequate ($r = .78$ to $.89$) with similar consistency for the subscales. Item responses are summed or averaged to create a total score – the higher the score, the higher the level of emotional intelligence.

Responses in its items elicited from the sample were averaged to yield composite scores of each scale for total respondent for statistical analysis. A summary of all the scales is presented in Table-1, showing (a) the major constructs used in the study, (b) their factor-analytically derived dimensions with (c) abbreviations, the number of items constituting the factors, and (d) the Cronbach's alpha coefficients indicating the internal consistency of Workplace spirituality (WS), Organizational commitment (OC) and Emotional intelligence (EI).

Table 1: Summary of factors, Abbreviations, and Reliability of the Instruments (N = 169)

Concepts	Factors	Abbreviations	No. of items	Cronbach's Alpha (α)
Workplace Spirituality Scale (WSS)	Service towards human kind	STH	4	.69
	Feelings of inner peace & kind	FIP	3	.73
	Being vision & value led	BVL	4	.67
	Interconnectedness	IC	2	.50
	Respect for others	RFO	4	.66
	Self-awareness	SA	2	.62
Emotional Intelligence Scale (EIS)	Self-emotion appraisal	SEA	4	.86
	Others emotion appraisal	OEA	4	.85
	Use of emotions	UOE	4	.74
	Regulations of emotions	ROE	4	.87
Organizational Commitment Scale (OCS)	Affective commitment	AC	6	.82
	Normative commitment	NC	6	.74
	Continuance commitment	CC	6	.83

Data Analysis and Findings

The descriptive statistics and correlation matrix of the dimensions of workplace spirituality scale (WSS), emotional intelligence scale (EIS), organizational commitment scale (OCS) are displayed in Table 2. The correlation table shows that the results are consistent with the objective of the study as the dimensions of workplace spirituality (WS) are correlated at $r(169) = .727^{**}$ $p < 0.01$ with the overall dimensions of organizational commitment (OC).

Table 3 has brought out the results of step wise multiple regression analysis of the dimensions of workplace spirituality predicting the dimensions of organizational commitment. In this table, the regression analysis with its corresponding β value has shown the positive impact of factors associated with workplace spirituality on different factors of organizational commitment.

Table-2: Inter dimension correlations of Workplace spirituality, Emotional intelligence and Organizational commitment (N=169)

	M	SD	STH	FIP	BVL	IC	RFO	SA	WSS	AC	CC	NC	OCS	SEA	OEA	UOE	ROE	EIS
STH	3.72	.952	1															
FIP	3.44	.893	.106	1														
BVL	3.52	.939	.207**	.075	1													
IC	3.65	1.09	.049	-.068	-.018	1												
RFO	3.37	.862	.197*	.321**	.208**	.327**	1											
SA	3.85	.848	.427**	.126*	.172*	.321**	.155*	1										
WSS	3.59	.488	.496**	.329**	.473**	.542**	.532**	.567**	1									
AC	4.31	.732	.173*	.242**	.217**	.286**	.402**	.247**	.494**	1								
CC	4.41	.641	.562**	.324**	.271**	.297**	.143*	.255**	.373**	.334**	1							
NC	4.38	.736	.299**	.162*	.376**	.280**	.316**	.265**	.572**	.241**	.186*	1						
OCS	4.37	.475	.300**	.223**	.333**	.438**	.431**	.385**	.727**	.645**	.584**	.739**	1					
SEA	4.22	.438	.108*	.174*	.366**	.592**	.468**	.332**	.172*	.436**	.279**	.324**	.275**	1				
OEA	3.72	.642	.151*	.423**	.156*	.346**	.121*	.516**	.463**	.348**	.184*	.276**	.171*	.269**	1			
UOE	3.71	.658	.134*	.264*	.171*	.341**	.424**	.148*	.115*	.295**	.486**	.342**	.153*	.257**	.362**	1		
ROE	3.37	.582	.336**	.326**	.246**	.438**	.268**	.225**	.339**	.173*	.247**	.221*	.132*	.275**	.443**	.536**	1	
EIS	3.26	.531	.246**	.213**	.324**	.421**	.238**	.311**	.817**	.116*	.213**	.321**	.412**	.472**	.493**	.486**	.632**	1

** . Correlation is significant at the 0.01 level (2-tailed).

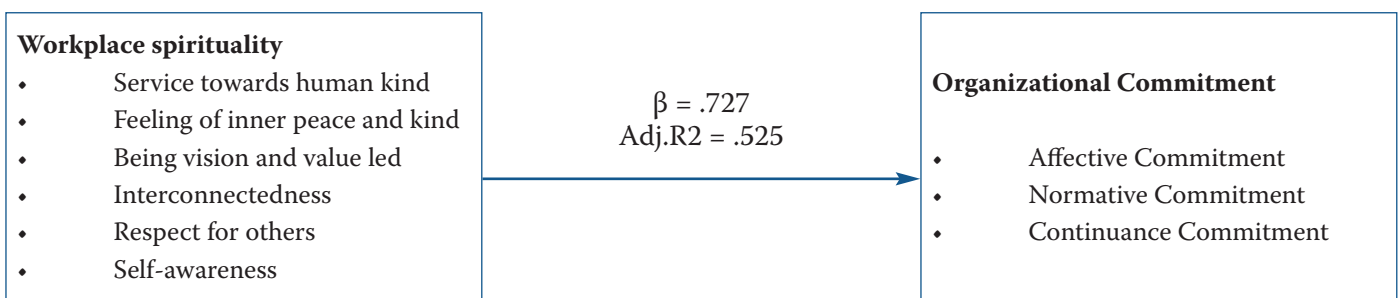
* . Correlation is significant at the 0.05 level (2-tailed).

Table 3: Summary of step wise multiple regression analysis of the dimensions of Workplace spirituality predicting the dimensions of Organizational commitment

Predictor Variable	Affective commitment		Continuance commitment		Normative commitment	
	β	R ²	β	Adj.R2	β	R ²
Service towards human kind	.173	.030	.052	.007	.299	.084
Feelings of inner peace & kind	.134	.012	.126	.010	.162	.021
Being vision & value led	.217	.042	.052	.003	.376	.136
Interconnectedness	.286	.076	.247	.083	.280	.078
Respect for others	.402	.156	.168	.022	.316	.095
Self-awareness	.247	.055	.255	.060	.256	.065

In table-3 service towards human kind of workplace spirituality (WSS) has shown a positive influence on normative commitment (at Adj. R2= .084) whereas respect for others has also shown a higher influence on normative commitment (at Adj. R2= .095). Interconnectedness dimension of workplace spirituality (WSS) is positively influenced with continuance commitment (at Adj. R2= .083). Respect for others dimension of workplace spirituality (WSS) has shown a positive influence with affective commitment (at Adj. R2= .156). Fig. 1 below has shown the overall strength of association between workplace spirituality as the predictor and organizational commitment as the criterion. The Adj. R2 of .525 at β = .727 between workplace spirituality and organizational commitment has satisfied our first hypothesis proving that workplace spirituality is significantly related to organizational commitment.

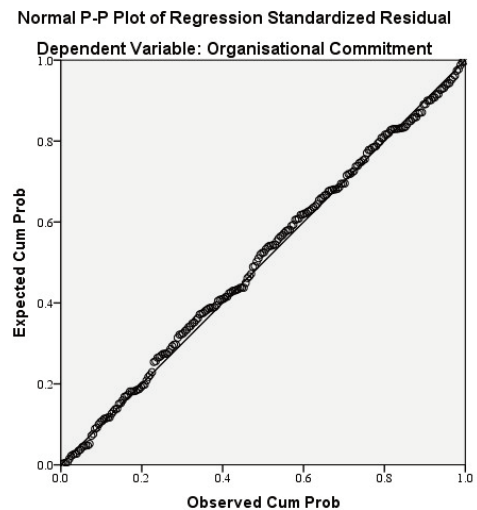
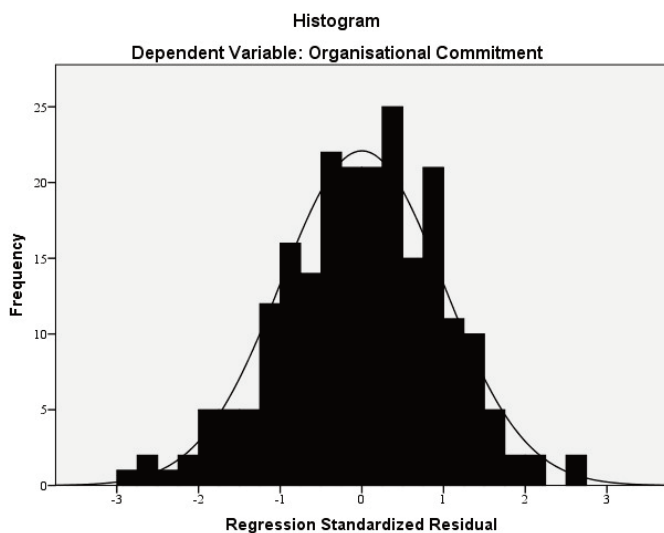
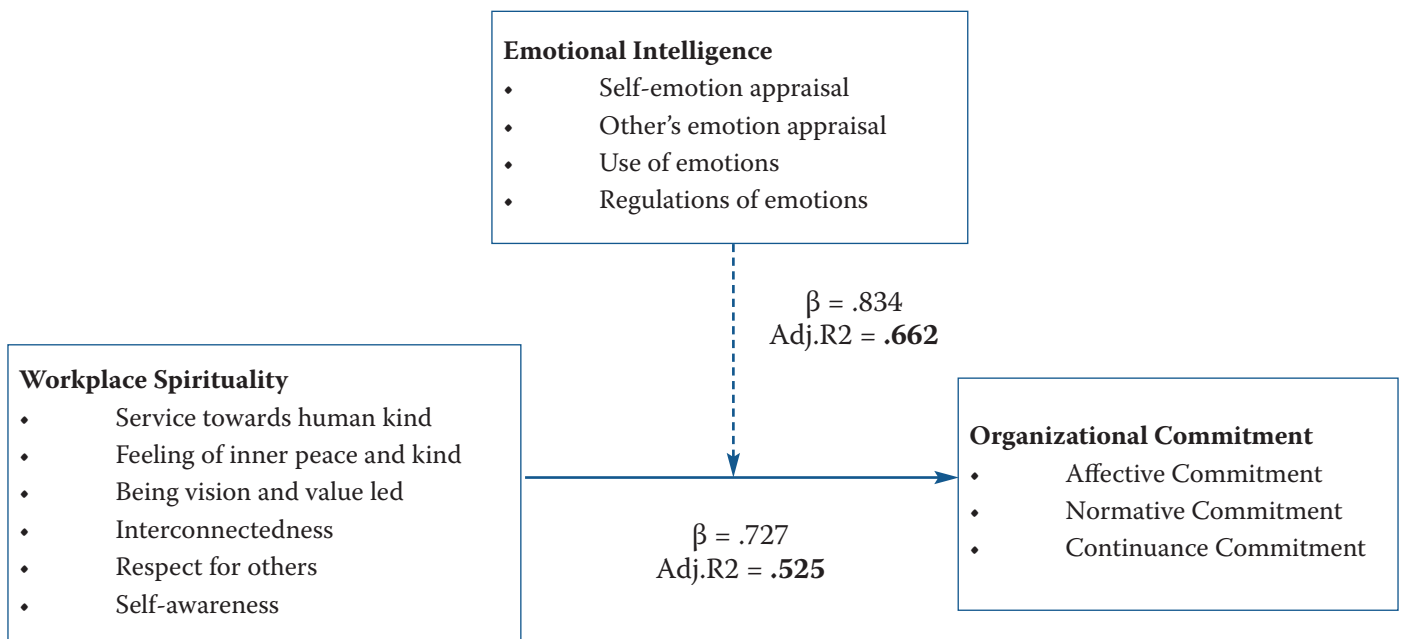
Fig-1: Regression weight of Workplace Spirituality on Organizational Commitment



To understand the influence of emotional intelligence (EI) between workplace spirituality (WSS) and organizational commitment (OC) a moderation analysis was performed using the causal-step approach proposed by Baron and Kenny (1986). In addition to it, bootstrapped confidence interval for the indirect effect was obtained using procedures described by Preacher and Hayes (2008). Therefore we have taken causal variable for the present study as workplace spirituality (WSS) whereas the outcome variable as organizational commitment (OC) and the proposed moderating variable is the dimensions of emotional intelligence (EI) proposed by Wong and Law (2002).

Preliminary data screening has suggested that there were no serious defilements of assumptions of normality and $\alpha = .01$ two-tailed is the criterion for statistical significance. Fig-2 has represented the effect of WSS on OC moderated with EI has found to be significant at $c = .718$, $t = 16.732$, $p < .001$. The corresponding β value obtained by multiple regression has shown the value of $.718$ at $\beta = .834$ with $Adj. R^2 = .662$. This proves our second hypothesis of the study validating that emotional intelligence is a significant moderator (66.2% influences) between workplace spirituality and organizational commitment. The interaction effect has defied the earlier regression findings at $Adj. R^2 = .525$ (52.5%) for the influence of workplace spirituality on organizational commitment. The histogram generated while moderating the factors of emotional intelligence has found to be fairly symmetrical suggesting that the residuals are normally distributed with no extreme outliers. The normal probability plot has also shown that it is approximately linear supporting the condition that the error terms are normally distributed.

Fig-2: Regression weight of Emotional Intelligence moderating between Workplace Spirituality and Organizational Commitment



6 DISCUSSIONS AND IMPLICATIONS OF THE STUDY

Workplace spirituality inhabits a dominant position in the field of positive psychology, organizational behavior and human resource development and this piece of empirical work has warranted for exploring its findings from executive professionals of Indian banking industries. During our survey we have apprehended the fact that today's banking industry is experiencing a rapid transformation in its working style. This is compelling these institutions to have committed & emotionally matured employee for its growth and development. Hence, we have proposed to study the interaction effect of emotional intelligence between workplace spirituality and employee commitment.

The research findings have established the fact that the dimensions of organizational commitment (affective, continuance and normative commitment) are reinforcing the spiritual competence of a professional well-being appropriately. In fact, organizations can heighten the level of employees' commitment by providing a sense of meaning to their job profile as the findings have supported the fact that the sense of self-awareness along with respect for others and interconnectedness lead towards fostering wellness at workplace. This is in line with the findings of Neal and Bennett (2000) as the level of interconnectedness in workplace spirituality dimension encompasses the emotional connections amongst peer professionals in establishments.

The findings signifies that the personification of community at workplace setting nurtures a deeper sense of connection among people, including support, freedom of expression, and genuine sense of caring for each other. The meaningfulness and alignment of personal goal with organizational vision has supported the findings made by Moorman & Blakely, (1995), Mat Desa and Koh Pin Pin, (2011) on deriving positive perceptions about their employer which enhances the affective commitment level of an employee. Our findings also supports the earlier empirical work carried out by Gouldner (1960), Settoon, Bennett and Liden (1996), Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades (2001) that irrespective of gender and seniority when employee professional gets a feels that the employer organization is able to uphold their dreams and hope during the course of their career progression gets emotionally inclined to organizational vision and objectives.

The results in this empirical finding have found harmonizing with other studies of spirituality in the workplace (Giacolone & Jurkiewicz, 2003; Moore & Casper, 2006) suggesting that when people find meaning in their work activities and feel involved in a connecting climate with their co-workers, becomes happier and healthier bringing their emotional selves to the organization. The findings have also supported the fact that, it is when people work with a sense of commitment they are able to derive a sense of meaning and purpose, a kind of fulfillment in the workplace (Rego, 2007). This kind of heightened spiritual level will not only reduce stress, conflict, and absenteeism, but also will enhance wellbeing, quality of life and work performance. This is supporting the earlier empirical study carried out by Naderu et.al (2008) which has shown a significant association between spiritual intelligence and life satisfaction. The study has brought out the fact that spiritual intelligence is associated with psychological well-being and exploring the purposeful existence of one's life.

7 LIMITATIONS AND SCOPE FOR FUTURE RESEARCH

The empirical findings has a number of inferences for the extension of existing knowledge about the role of positive affect in relationship of organizational commitment and workplace spirituality. Implicitly the study has explored that emotional intelligence moderates the relationship between workplace spirituality and employee commitment. However, the present study has used a relatively smaller sample of 169 respondents from banking industries. Therefore, the findings of this study need to be taken up for an all-inclusive study across industries and workplace settings to validate the findings.

During the study we have explored the fact that a more age-diverse and experienced sample may have more refined perceptions their commitment and emotional levels. Notwithstanding the limitations, this study has provided sufficient empirical evidence that workplace spirituality moderated through emotional competencies can foster organizational commitment. However, more research work on the associated variables of workplace spirituality in future with reference to job outcome variables by researchers and organizational experts may prove more beneficial. Furthermore, we have witnessed from existing studies that there is lack of universally accepted definition of the construct. This is suggesting an imperative need for further conceptual refinement to develop and measure the construct of workplace spirituality particularly in an organizational context.

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Calculating the cost for employee turnover in the IT industry in Macedonia by using a web calculator

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ABSTRACT

The little meaning, which HR managers attach to managing the rate of employee turnover, is mostly caused by the lack of specific tools to calculate its impact on the profitability of the companies. This paper presents a universal calculator for calculating the cost of employee turnover, which can be used in developing various effective retention strategies. More precisely, the research focuses on the expense of turnover rate in the IT industry in the Republic of Macedonia, calculated using a web calculator specifically designed for this purpose. This web calculator can be used to compute the cost of employee turnover in any industry, with appropriate minor modifications and adjustments of its elements.

KEY WORDS

employee turnover, IT industry, costs calculation, web calculator, Macedonia

JEL Code: M12, M54, J30, J63

1 INTRODUCTION

“Professionals in human resources are increasingly challenged to take a more strategic perspective regarding their role in the organization. We find that as HR professionals respond to this challenge, measuring HR's performance and its contribution to the company's performance consistently emerges as a key theme. This should come as no surprise. The last decade has been highlighted by an ever-increasing appreciation for the value of intangible assets and the associated trend toward strategic performance measurement systems such as Robert Kaplan and David Norton's Balanced Scorecard. New opportunities for HR professionals, new demands for HR's accountability, and new perspectives on measuring organizational performance have all converged.” (Becker, Huselid & Ulrich, 2001:1)

The behavior of employees is a part of that architecture and it is one source of costs, although it belongs to the ‘invisible’ segment. The expense of employee turnover, having its place, in this group of costs is the central point in our paper. The objective of this paper is not to completely eliminate the turnover cost. On the contrary, this paper is focused on developing a calculator for quantifying this cost, so the HR managers can choose between in order to compare the actual costs to the ones estimated for its decrease or avoidance.

Not knowing the cause of the illness, means not knowing the ways to prevent it or cure it. The calculation of the turnover expense is dealing with the strength of the illness and making a decision how to treat it. Tools against the turnover include programs for retention of the current employees – trainings and development, career paths, attractive benefits, flexibility in working etc. All of them have one thing in common – they directly affect the company's budget. The comparison of those costs will not only lead to the cost reduction possibilities, but it will also enable higher employee motivation.

We decided to focus on the IT sector in Republic of Macedonia, due to its high demand for IT personnel, insufficient number of graduates, as well as the high turnover of employees. Therefore, in order to simplify the research and future findings, the focus of the research in the calculation of the employee turnover cost was put only on the job position *Senior Java Software Developer*. According to the HR managers filling this job position with adequate personnel is quite difficult due to insufficient supply of staff, high company costs for training and development of such personnel and the high rate of their turnover costs. By the help of the HR managers in fifteen IT companies in Macedonia and the detailed research of scientific works on this area, mathematic formula was created as an optimal calculator for calculating the turnover cost in this specific industry. Due to the confidentiality

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of the information needed for this research, the data were gathered through a web-calculator customized for our research needs.

2 EMPLOYEE TURNOVER

The employee turnover is an extensively researched phenomenon in the area of human resources management and organizational behavior, but still there is a lack of specific conclusions and reasons for its appearance. For better understanding of the employee turnover and its costs, it is necessary to define it.

The term turnover has been defined by Price (1989) as the ratio between the number of employees who have left the organization in the relevant time period, divided by the average number of people employed in the organization in that same time period. Often, managers link the term turnover to the whole process of filling a vacancy. Each time a position is vacated in the organization, either voluntarily or non-voluntarily, a new potential employee must go through the process of recruitment, selection, and training. The aforementioned exchange cycle is also known as turnover. (Wood, 1995). A similar definition is given by Macy and Mirvis (1976) according to whom as turnover is considered every single leaving and crossing of the organizational boundaries.

Even though the literature on this topic is full of different definitions on turnover, the most eligible definition in this case is the one given by Mobley. According to Mobley (1982), turnover is a phenomenon where the employee terminates its membership in the organization from which he/ she earns monetary compensation. This definition is of particular importance given the current trends in the labor markets, where it is more common to find employees with limited contracts or interns looking for practical hands-on experience.

Why is the employee turnover rate of such importance to the organizations? The turnover rate is an excellent indicator for effectiveness of the programs and activities of the Human Resources Management, an indicator of the organizational health and wellbeing, the job satisfaction, the morale and the productivity of the employees (Nankervis, Compton, & McCarthy, 1996). Bolch (2001) defines the employee turnover as a movement inside and outside the business, by measuring the extent of changes in the manpower, which is due to approaches to the organization (the total number of employees which have been employed) and due to resignations from the organization (the termination of employment at the initiative of either employees or employers), measured in a certain time span. According to this author, the employee turnover is an important parameter that indicates the overall health of the whole industry and the established level of wages, industrial regions, working conditions, as well as additional benefits for the employees.

It is well known that the organizational stability is highly correlated to the low turnover rate. This leads to the conclusion that the employees would prefer to stay in an organization which has a predictable and stable working environment (Zuber, 2001). This disproportionate correlation also proves correct in organizations that deal with high levels of inefficiency. Their results show a high level of turnover (Mitra, Jenkins, & Gupta, 1992).

As Lucas (1995) points out, the turnover is the highest among the newly employed. He states that the newly employed have a higher perception and expectancies of the new job position, impatience and other personal ambitions, which are rarely achieved in a short period of time. All of this leads to a change in the workplace. The report of the International Labor Organization (2001) confirms the high level of turnover of new employees, which in the US is measured to be 51.7 %, Asia 30 % and in the UK is 42 %.

The turnover of employees is most often calculated by dividing the number of employees who have left the organization and the basic number of job positions in the accounting period. The employees who are being transferred from one job position to another within the same organization are not taken into account when calculating the turnover. Furthermore, the employees who have retired, as well as the ones whose job positions has been ejected from the organizational structure and those who were laid off due to downsizing, are not taken into account.

2.1 Factors Affecting the Employee Turnover

Controlling the employee turnover can be a complex and challenging task not only when defining the workplace, but also when managing the employees. Managers may have difficulties understanding or accepting the turnover in their organizations, because of their "short-sighted" vision and underestimation of the phenomenon. However, identifying the reasons, quantifying the turnover and identifying possible solutions to the higher turnover rates may present themselves as helpful information for the managers who want to make a difference (Mobley, 1982). Many researchers have attempted to identify the important factors that contribute to the increased employee turnover in the workplace. Traditional theories have been focusing on the reason why employees make the decision to leave the organization. Most of the following factors contained in these studies (Bluedorn, 1982; Kalliath & Beck, 2001; Kramer et al., 1995; Peters et al., 1981; Saks, 1996; Black, 2006) continue to be an essential drive for leaving the organization:

- Intent to Leave;
- Job (Dis)satisfaction;
- Role Stressors;
- Poor Employee Training and/or Orientation;
- Lack of Advancement;
- Income;
- Lack of Respect;
- Lack of Responsibility;
- Opportunity to Move.

Torrington, Hall and Taylor (2005), categorized factors which cause employee turnover into four groups: outside factors, functional factors, push factors and pull factors. According to them, outside factors relate to situations where employee’s leave for reasons that are largely unrelated to their work for example, moving away or abroad with a spouse when he/she is relocated. This factor may be unavoidable but can be reduced through the provision of career breaks, form of flexible working and/or children facilitation et cetera. The second-functional factor includes all resignations which are welcomed by both, employers and employees alike. They gave major examples of the functional factors as those which stem from an individual’s poor work performance or failure to fit in comfortably with an organizational or departmental culture. Even though such resignations are less damaging than others from an organizations point of view, they should still be regarded as an unnecessary cost. They attributed this kind of problem to poorly engineered change management schemes and suggested that, improvement in recruitment and selection procedures can help solve such turnover problems. Thirdly, the authors talked about push factors. This is a type of turnover which stems from reasons which are favorable to the employee but which are within the organization or work itself. According to authors, insufficient development opportunities, boredom, ineffective supervision, poor levels of employees’ involvement and straight forward personality clashes are the most common precipitation factors which contribute to the push factors of turnover. According to them, mechanisms such as opportunity to voice concerns can help address all of these by organizations. To them, absence of such opportunities will make unhappy employees start looking elsewhere. The fourth group of factors Torrington, Hall and Taylor explained was the pull factor. These factors are those emanating from outside the organization. These factors include salary levels-that is, employees leaving to broader nations of career development; moving to new areas of work for which there are better opportunities elsewhere; chance to work with particular people; and more practical questions, such as commuting time. It seems that very few people appear to leave jobs in which they are broadly happy in search of something even better. Instead, they say, the picture is overwhelming, one in which dissatisfaction employees seek alternative because they no longer enjoy working for their current employer.

2.2 Calculating the Turnover Rate

The rate of turnover in the department, sector, or even in the entire organization is a good indicator of the morale of the employee and his or her job satisfaction. The formula that follows is adapted from Mercer (1988), who used it in some of his calculations for the cost of turnover.

$$\text{FLUCTUATION RATE} = \frac{\text{NUMBER OF "LEAVERS" (EMPLOYEES TERMINATING DURING CALCULATION PERIOD)}}{\text{AVERAGE NUMBER OF EMPLOYEES}} * 100$$

These rates can be calculated monthly, quarterly, semi-annually or annually. For instance, if there were 25 people who have left the organization over the last month, and the total number of job positions counts 500 employees, the turnover rate would be:

$$\text{TURNOVER RATE} = \frac{25}{500} * 100 = 5 \%$$

Another method for calculating the turnover of employees involves separating the departures of employees that were affected by the organization (controlled departures) from the departures on which the organization could not have any impact (uncontrolled departures). Departures from the organization which cannot be influenced are commonly caused by pregnancy, illness, death, or relocation. The rate of controlled departures is calculated in the following way:

$$\text{FLUCTUATION} = \frac{(\text{NUMBER OF TOTAL DEPARTURES-UNCONTROLLED DEPARTURES}) * 100}{\text{AVERAGE NUMBER OF EMPLOYEES}}$$

This method contains the most important measures of the effectiveness of certain HR management programs. This is mainly because in this method greater attention is paid to the part of the human resources on which the HR manager could have direct influence (through better selection, training, development, supervision, improvement of working conditions, better salaries, and other opportunities).

2.3 The Cost of Employee Turnover

The current global economy and the increasingly fierce competition is forcing firms to consistently review and enhance their level of efficiency, in order to survive competitive pressures.

Common sense dictates that reducing operational costs while increasing cash flow is an effective business strategy to adopt in response to threats to economic survival. This has led industrial firms to invest substantial resources and efforts in cutting the costs of raw materials and production equipment, as well as in innovation and improving productivity in the areas of manufacturing, technology, delivery service, and marketing/sales procedures. Parallel investments have also been made in the service industries. Cost/benefit analysis has commonly been employed to assess the economic utility of these measures. Yet very little has been done to evaluate the costs and benefits related to the behavior and activities of human resources (Wayne F. Cascio 1991).

Renm (2008), according to a research conducted in October 2007 in New Zealand, wrote that 90.5% of the unemployed have left their jobs on their own desire. In other words, the so-called "war for talents" is finished – the employees have already won. Yet, the battle of retaining the talented employees has just begun and it will be "raging" for quite some time.

Many studies point out one problem of the companies, which is considered to be the key to their survival. This problem is finding and retaining the best employees. But despite that, nationwide, the average annual turnover rate for all companies is 12 % (Mercer, 2014). Another study presents a remarkable conclusion. According to the study, 75 % of the demand for new employees is only due to the need of replacement of employees who have fluctuated (William H. Pinkovitz, Joseph M. and Gary G., 1996).

The employee turnover undoubtedly represents an expense. The problem is not unawareness of the existence of that cost, but its quantification. While the reasons for certain behavior of the employees, including turnover as one of the variables, is examined on a regularly basis, little attention is paid to the calculation of the turnover costs themselves (Cotton & Turtle, 1986; Horn, Caranikas-Walker, Prussia, & Griefeth, 1992; Lee & Mowday, 1987; Mobley, 1982; Schwab, 1991). Few scientific studies exist in this area, all of which are for medium level qualified workforce.

Research show that the typical turnover cost per employee is almost the same as the employee's annual salary. Nevertheless, these calculations can easily reach up to 150 % of annual earnings, and even up to 200 % or 250 % when it comes to managerial positions or positions that require specific qualifications. (Bliss, W. G., 2004)

Several scientists have studied the benefits from the programs for retaining employees. In one scientific article of Huselid (1995), where a sample of 968 companies from various industries has been researched, a strong correlation has been discovered between the turnover of employees and the rise in sales, market value of the company, and profitability. In a similar manner, Heskett, Sasser and Schlesinger (2008) in their scientific paper, point out the existence of strong links between employee retention and increased productivity in a wide range of industries. Identical to this is the research conducted in 76 hotels by Simons and McLean Parks (2001) which reveals that the turnover of employees is the driving force for the hotels' profit.

Woods and Macaulay (1989) have examined the relationship between turnover and employee satisfaction in six different industries (banking, IT, retail, telecommunications, investment management and insurance) and have shown that there is a direct correlation between the perception of the clients about the turnover that occurs inside the company and the pleasure and satisfaction they have as consumers of that same company. Accordingly, customer loyalty is directly related to the turnover of staff. This report notes that "the negative effects of the increase in turnover of employees are not felt exclusively by the HR managers. It is apparent that customers are also directly affected by the turnover. As a result, the turnover, now more than ever needs, to be on the priority list of executives, as it directly affects the profitability of the company.

Many of the managers interviewed by Wasmuth and Davis (1993) said they understand how high the cost of turnover is, but rarely did anyone have strategies for managing it, primarily because they had no way to determine the impact that it has on the threshold of profitability. Using a method adapted from Cascio (1991), Wasmuth and Davis (1993) have calculated the average cost of replacing an ordinary production line worker, which turned out to be \$ 1.500, while the amount rose to \$ 3.000 for a management position. In the late 80's another study estimated that the costs of turnover are on the rise and are currently around \$ 2.500 for an ordinary production line worker (Woods & Macaulay, 1989). However, none of these estimates are focused on a particular workplace. Instead, the researchers had found the average costs for managerial positions and ordinary production line workers generally, without

identifying a specific profile of the manager or worker. In our opinion, even though this is a good starting point, much more can be done about the accuracy of the measures and the usefulness of the collected data.

2.4 Models Used for Calculating the Cost of Employee Turnover

The first step in calculating the cost of turnover was finding appropriate formulas to calculate it. In our opinion, the most influential author in this area is Cascio (1991), whose paper is among the first ones, where he tried to calculate the cost of turnover. The simplicity and applicability of its formula made him one of the most cited contributors in this area.

Cascio (1991), tried to explain the exceptional impact of the turnover by quantifying the cost amount arising from it. His calculation model distributes the cost of turnover in several different categories: costs of the employees leaving the organization, costs of replacement and costs for employee training and development.

The methods used in estimating the cost of turnover can vary, particularly due to the different periods of calculation and the limited literature, which makes direct comparison difficult. Older methods for the quantification of the costs of turnover include only the visible costs, disregarding the invisible costs that are no less important than the previous ones. Such cost is the one which is due to lost productivity while replacement of the employee.

Even though this expense was not originally provided by Cascio (1991), later Wasmuth and Davis (1993) attempted to quantify it while working on Cascio's formula. The purpose of their scientific work was to determine the exact rate of turnover in catering industry, as well as to calculate the cost it causes, in order to assist managers in hotels to develop certain strategic programs for retaining employees. Their model includes the following groups of costs: costs of the employees leaving the organization, replacement costs, costs for employee training and development and the cost of lost productivity, as well as damaged public relations and employee morale.

Later, Hinkin and Tracey (2005) made a software that allows managers to quickly and accurately calculate the cost of employees in the hospitality industry. Based on the work by Cascio (1991) and the joint efforts of Wasmuth and Davis (1993), the next five groups of costs appear in the previously mentioned software: costs of employee's departure, recruitment, selection, training and development and loss of productivity costs. Each cost category contains a certain cost formula by which the total cost of the turnover is calculated.

2.5 Employee Turnover in the IT Industry in Macedonia

Over the course of the last decade, the so-called information society started functioning worldwide. With the rapid development of information science and technology, this new 'society' has emerged as an indispensable part of the development of each country. For small countries such as Macedonia, the only option to develop their economy is to be export or service oriented and the IT industry allows precisely that. Currently the IT sector in Macedonia is at an early stage, but compared to the transition countries of the neighboring region it has the highest growth rate. Many global multinational companies are investing into the country and are opening their offices, meanwhile searching and recruiting educated IT professionals. This is a fast-developing competitive industry, where wages are relatively high and the personnel is pretty scarce (within Macedonia and worldwide). The companies in this sector are facing problems in recruitment of appropriate personnel. The struggle for professionals is even more intensified, if taken into consideration the possibility of working online for large IT companies around the world and flexible arrangements such as freelancing.

Even though the rate of turnover in this sector hasn't been measured yet, according to the statements of HR managers in this industry the turnover is pretty high and costly. Due to the abovementioned the turnover rates in the IT industry need to be reduced to a minimum, which is currently not the case. That is the main reason why this paper is directed towards this study area. In particular, we will explore enterprises dealing with consulting and development of software solutions. From a total of 755 companies in the IT sector, only 407 fall into this area (Statistical Business Register of the Republic of Macedonia 2013). The IT industry, led by developers involves high costs for further training and development, as a result to the rapid changes in technology. It also includes specific work environment and creativity, which is especially important to job satisfaction. Accordingly, great turnover not only causes high costs, but it also harms the job satisfaction and the working atmosphere.

3 RESEARCH METHODOLOGY

Instead of estimating the cost of turnover of a java software developer, it was has been decided to adapt the already made software by Cornell University for the hospitality industry, upgrade it, and complete it so it can meet the needs of this profession and industry. For this purpose the research has been conducted in two phase process. The first phase was carrying out interviews, while the second one was submitting web forms to the interested parties.

The interviews were made on those who are directly involved in the turnover process of one senior java software developer. Its purpose was to obtain feedback from those groups, considering the fact that we are interested in specific employee profile. The group of interviewees was consisted of: Human Resource managers, CEOs, sector managers and employee supervisors. In total we interviewed 60 people (15 HR managers, 15 CEO, 15 sector managers and 15 employee supervisors) and an interview lasted approximately 30 minutes. All of them were already familiar with the turnover cost and furthermore most of them admitted that the turnover is rather high in the IT sector. Surprisingly, all agreed that the employee turnover causes costs and assumed that they are significant, even though none of them had any idea or specific formula for the calculation of the costs, caused by turnover in the company. Presenting the abovementioned formulas, and receiving their feedback, adaptations were made in the mathematic formula for calculating the turnover cost of this job profile.

During the interviews a crucial problem appeared, which at the same time imposed the creation of the web forms. The problem was sharing of confidential information in order to implement the formula and calculate the turnover cost. The formula itself includes salaries, bonuses and other employee data, which was considered highly confidential and resulted into HR managers being skeptical around its disclosure. The situation was further aggravated by the high competition in the IT sector in Macedonia and the deficiency of staff working in this industry. The only way to solve this problem was to anonymously collect data using web form. For that reason, one more phase was needed.

Second phase was collecting information from HR managers using web calculator. Already revised formula transformed into a web calculator, by the professional help of programmers, was the only idea for gathering information. HR managers filled data by themselves, while the program automatically calculated the turnover cost, allowing us to get non- originating inputs. Data collection started on 17th September and was carried out rapidly (one month) due to the simple distribution of the web calculator that had been sent via a link to the IT companies in Macedonia. The forms were sent to 40 HR manages and the response rate was 37.5 %, or more precisely 15 filled out web forms.

4 WEB CALCULATOR FOR CALCULATING THE TURNOVER COST FOR A SENIOR JAVA SOFTWARE DEVELOPER IN THE IT INDUSTRY OF MACEDONIA

The web calculator (<http://form.jotforme.com/form/52674247499369>) includes the following items for calculating the turnover cost, which are divided into five different categories of costs and one additional category called costs for the salaries of the employees. The items included in separate cost categories are as follows:

1. Cost of employees

Prior to making calculations, we asked the managers to anonymously enter the hours worked and the hourly wages in the web calculator for specific profiles of employees who are in some way involved in the creation of the turnover cost (the employee who leaves the organization, the new employee who comes as a replacement, the sector manager, the HRM manager, etc.)

2. Separation costs

The first category of costs is cost that occurs during the employee's departure. This cost is taking into consideration **the administrative procedures** which need to be performed at the departure (checking out of the employee, his/her removal from the payroll, signing of agreements between the company and the employee, etc.). Here, we also included the **exit interview**, whose expense is calculated using the time spent by the individuals involved in the process multiplied by the appropriate hourly wage.

3. Recruitment costs

The second category of costs is the cost required for the recruitment of applicants aimed to fill the vacancy. We firstly calculate the costs which arise directly from the recruitment sources (employment agencies, advertisements in newspapers, magazines, brochures, etc.), but entering the annual amount of the specific **recruitment source** for a particular job. This value is ultimately divided by the number of jobs (employments) in total. The second costs are

related to the administrative procedures (writing a job description, advertising, attendance at career days, etc.). They are obtained when the total required hours are multiplied by the salary for one hour for each of the involved employees.

4. Selection costs

The third category of costs, included in the calculation of the total turnover cost, represents the costs for the selection of already recruited applicants. These include several subgroups of costs. Firstly, **costs for administrative processes** associated with the selection process (appointments, interviews, conducting the process of testing, verification of past experiences and recommendations, etc.). The second subgroup includes the **costs for the applicants' interviews**. The method of calculation is identical to the cost of the exit interview, with little changes in the profile of the involved employees. The third subgroup includes **travel expenses, as well as food and accommodation costs for applicants** which are taken as a lump sum, presented as an average value. To the fourth group belong the **costs for selective tests** such as: personality tests and tests for abilities and skills. The costs in the fifth group are due to **checking the previous experience of applicants**, either done within the organization or the task is given to an external consulting agency. The sixth subgroup consists of **costs for drug tests** which is, again, calculated by multiplying the lump sum for one applicant by the number of tests for the whole employment. The seventh subgroup of costs is the **costs of medical tests**, and finally, the eighth subgroup consists of some additional costs for selection that depend on the organization (cost for uniforms, work permits, bonus recommendations from employees, etc.). Last but not least, this group includes **the cost of the time spent on administrative processes for one employment**.

5. Cost of training and employee development

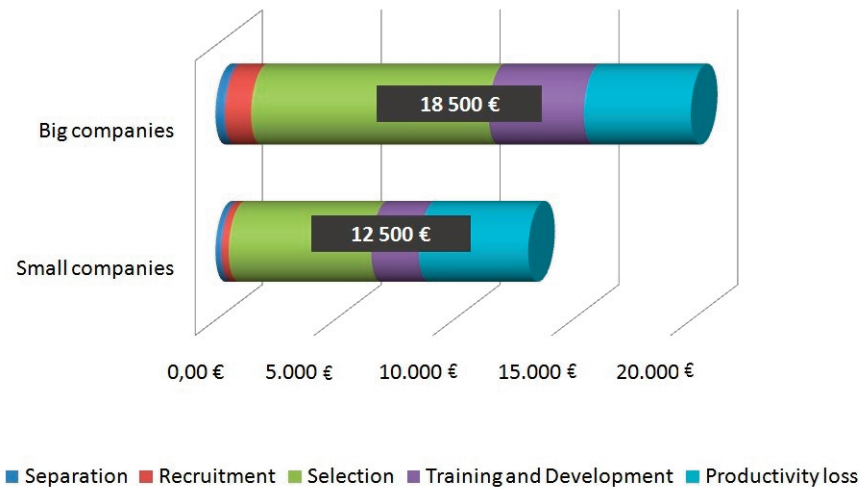
The fourth category of costs includes the ones incurred due to the need for training and staff development. Generally, when talking about a training, most of the time, it is of informal character – either introduction into the job post during the first month, or on-the-job training that also takes place in the initial period right after employment. In both cases of **informal training**, time of the employees of the organization (the manager or colleague) is being spent. The second subgroup is **formal training** with its so-called **external training costs** which include external trainers. A third subgroup is the **cost for materials and overhead costs** for premises where the training is taking place.

6. Costs due to reduced productivity

The fifth category of costs is the hidden expense caused by lost productivity. This cost is estimated to account for almost a third of the total cost of turnover, making it inevitable for quantification (Hinkin, T. R., & Tracey, J. B., 2000). The first subgroup is the **loss of productivity due to an untrained new employee**. The period of time from reduced productivity to achieving full productivity causes costs which increase the cost of turnover. Two main questions are used for calculating this cost: "What was the productivity of the employee who is leaving (percentage less than 100%)?" and "What is the number of days where the productivity is lower than 100%?". According to Hinkin & Tracey (2000) the learning curve contributes for the productivity of a new employee to increase with linear progression. The second subgroup is the **cost that occurs due to reduced productivity of the employee** who decided to leave and occurs from the time when he decided to leave until the moment he actually does. Again, through the same two abovementioned issues we can estimate this cost. A third subgroup is the **cost for impaired functioning of the organization as a whole** due to the departure of an employee and the new arrival. This includes the loss of time by current employees, each time whenever a new employee has any questions, whether he is asking for help or simply disturbing the coordination of the organization. Finally, as a fourth subgroup of costs appear the **costs caused by errors and defects**, which resulted from the decreased productivity and motivation of the employee who decided to leave, or the new employee due to his lack of experience.

5 RESEARCH RESULTS

Graphic 1: Turnover cost of senior java software developer



Given the different size of the participating companies and the different salary strategy, the cost which we calculated for the turnover of one senior programmer is presented in intervals. We have split the results from the companies into two groups. The first group consists of small companies employing up to five senior developers and their turnover cost ranges from 10.000 € to 15.000 €, with an average cost of turnover of 12.500 €. The second group includes those companies that employ more than five senior developers and their average turnover cost is 18 500 €.

Regarding the structure of the turnover cost, from the five aforementioned categories, the invisible and most neglected expense accounts for the biggest portion. Ranked in first place, the cost arising from loss of productivity, percentage wise, covers more than a third of the total cost and ranges from 25% to 50 % according to the surveyed companies.

The cost of selection is the second largest in the turnover cost structure, with an interval of 20% to 50%. That does not send good signals to recruitment strategies of companies in the IT industry in the Republic Macedonia. In the modern human resources management the rising trend is having more recruitment, but less selection process, because if there is no quality recruitment, no matter how good the selection process can be, a selection of a good employee would be a problem. This is confirmed by the proportion that the cost of recruitment has in the total turnover cost, from 1% to 5%, which places this expense on the fourth place.

The cost, before an employee leaves the organization, has the lowest part of the total cost so it can be found on the last (fifth) place in significance with less than 3% of total cost in all surveyed companies. Contrary to these costs, the cost of training and development occupies a good portion of the total cost. Its proportion ranges from 10% to 20%, which ranks third in importance in terms of the turnover cost. This was expected, given the necessary training that a senior programmer must attend, which mostly seems to arise from the need to adapt to rapid changes in technology.

The average turnover rate in the US industries, concentrating specially on total turnover rate of services is 15 % (CompData Surveys 2013). Assuming that a certain IT company in Macedonia employed 20 senior developers and has such a turnover rate of about 15 %, the cost of turnover would be in interval of 38 000 € (for small companies) up to 56 000 € (for large companies). If we then look back from the perspective of the Republic of Macedonia, the turnover cost for senior developers becomes even more important. Suppose that in the already mentioned 400 companies making software solutions are employed an average of three developers. That would mean that in that year a total of 1200 senior developers were employed. If the IT industry has a similar turnover rate as US of 15 % per year, then around 180 senior developers would fluctuate on yearly basis. Only those developers, even though with a favorable turnover rate, could cause an expense of 2.25 million to 3.6 million € which is almost 6 % of the total export of IT sector in Macedonia (Ministry of Information Society and Administration of Republic of Macedonia, 2013).

How should IT executives view these data? Is this one more rock for Sisyphus to roll up the hill, or the prospect of unrecognized potential? (Waldman, 2004:7) This huge cost of turnover should be seen as a great opportunity, a chance to redirect resources from costs to profit. By improving working conditions, HR managers in every industry can increase job satisfaction, ameliorate retention (thereby reducing turnover costs), while boosting themselves and the system in which they work.

6 CONCLUSION

Based only on the specific profile of senior java software developer, turnover costs represent an expenditure of about 7 percent of the total annual export of IT industry on national level. Stated differently, it would be revenue neutral to offer each departing senior developer (who chose to remain rather than leave) equal to 18 000 € named as a *staying bonus*, or a retention strategy where IT company will offer a *loyalty bonus* of 3500 € to every senior developer.

Furthermore, the calculated turnover cost is undoubtedly less than the actual total cost; the intangible cost components are likely to be financially significant; thus, turnover costs are even higher than the totals reported in Picture 1. Additionally to the already mentioned costs, other non-quantifiable disadvantages of employee turnover exist. These include multiple opportunity costs such as lack of discretionary energy, repetitive training obligations of remaining employees and defensive behaviors related to terminations. Turnover also reduces the morale of remaining employees, adds administrative time, and is disruptive to both organizational culture and structure.

During the interviews one of the managers shared with us a situation where a developer decided to leave the current company because of the low salary and go to another company which offered better terms. The HR manager was convinced that it is worthwhile to increase the salary of a programmer instead letting him leave, but he did not have a tool which would help him to prove it to companies CEO. The created web calculator in this paper would be of perfect use into a situation as mentioned. With its use, the decisions made by human resources managers, whether that is to raise wages or implement training and better working conditions, would be reasonable and empirically justified. The company would have loyal employees, increased job satisfaction and in the same time protection of its intellectual property from competitors.

Only those managers who will understand the importance of keeping the employees of the company by building appropriate systems of compensation, benefits and HRM programs will undoubtedly overcome the competition. The high rate of turnover in any country and industry must not be blindly ignored!

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Antecedents and corollaries of workplace presenteeism: empirical evidence from manufacturing sector employees

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ABSTRACT

Presenteeism is a predicament that has gained attention in business and human resource management literature and research. This study examines the antecedents and corollaries of presenteeism in the workplace and offers strategy modifications that could decrease its occurrence. The study adopted the survey research design using a total sample of three hundred and fifty respondents made up of 180 males and 170 females, randomly selected from five manufacturing firms. Nine independent variables of presenteeism were tested and found to be significantly and positively correlated with presenteeism for both females and males. No significant gender disparities in the antecedents of presenteeism were found.

KEY WORDS

antecedents, corollaries, workplace, presenteeism, evidence, manufacturing, employees

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1 INTRODUCTION

Organizations are starting to appreciate the virtually imperceptible yet important drain on productivity arising from presenteeism which is the dilemma of employees' being at work but not completely performing due to sickness or other health situations confronting them. While it is largely delineated as the act of attending work while sick, Simpson (1998) contends that presenteeism also depicts a wider variety of situations that arise when workers are actually present, but are preoccupied to the extent of diminished output because of substantial or emotional matters.

While workers are absent from work owing to various causes, they opt to attend work either ill or unfocused due to several motives, ranging from financial obligations to enthusiasm for the job. Virtanen et al (2003) opines that although substantive studies on the effect of presenteeism is only just starting to materialize, preliminary facts imply that working while experiencing the consequences of ill health or injury tends to be even more expensive to organizations than absenteeism. Vahtera (2010) affirms that in terms of hours lost it is about four times bigger than absenteeism. This paints a disturbing picture. Schultz and Edington (2007) reports that while presenteeism is more difficult to identify, in the United States, it costs organizations over 150 billion dollars yearly- a figure that is much higher than the cost of absenteeism. Obviously, employees are basically unable to present at their best when they do not feel well. Johns (2010) affirms that absenteeism, a topic that is at times deemed the reverse of presenteeism, has traditionally obtained wide attention in human resource management, while presenteeism has only lately emerged in the research literature.

Whereas various organizations have constantly been conscious of the costs of absenteeism, Oni (2011) observes that there is currently amplifying indication that attendance at work of sick or medically weakened workers also has considerable organization costs by way of declined output at work or even accidents. Presenteeism implies decreased efficiency when employees come to work and are not totally occupied or perform at poorer levels due to sickness. Jena et al (2010) observes that research demonstrates that presenteeism is incredibly costly to organizations, although it is mostly overlooked. Effective Management of presenteeism in addition to saving money in both the short and long terms, also impacts on the growth of an occupied and dynamic labor force.

The issue of presenteeism is on the rise in the Nigerian workplace. Odion (2012) observes that while human resource experts may commemorate the reality that absence management rates have stayed comparatively level, the supposition is that presenteeism costs workplaces comparatively much more annually, than absenteeism.

HR practice monitors now perceive an iceberg consequence in which absenteeism: the more observable part of work loss is made insignificant by presenteeism: the more obvious part because not only is it more rampant, it is also

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more complex to measure. Presenteeism is extremely expensive for organizations, but mostly mistreated but its effective management saves money and adds to the growth of an occupied and dynamic workforce. This paper adds to research on the impact of presenteeism in the workplace. It examines the antecedents and corollaries and puts forward new resolutions in light of its importance.

2 LITERATURE REVIEW

2.1 The Concept of Presenteeism

Presenteeism has been an issue of debate since the 1980s in the management science and global business literature but many of the descriptions of presenteeism do not agree. Presenteeism is frequently characterized as being present at work while ill, but researchers have presented diverse other depictions of the notion. Simpson (1998) maintains that presenteeism is the propensity to stay at work further than the time required for effective performance on the job. Aronsson, Gustafsson, and Dallner (2000) suggests that it denotes presence at work in spite of feeling unhealthy.

Johns (2010) emphasizes that many of the definitions of presenteeism lack value and that those definitions of presenteeism, which are centered on attending work while sick, have obtained more proof of construct validity. This implies that when defined in this regard, presenteeism appears to communicate more to reasonable outcome variables and correlates. While absenteeism, has traditionally obtained widespread interest in the management sciences, presenteeism has only lately attracted attention in the research literature.

The concept of presenteeism involves: attending work, as opposed to being absent (Smith, 1970); exhibiting excellent attendance (Canfield & Soash, 1955; Stolz, 1993); working elevated hours, thus putting in "face time," even when unfit (Simpson, 1998; Worrall et al., 2000); being reluctant to work part time rather than full time (Sheridan, 2004); being unhealthy but exhibiting no sickness absenteeism (Kivimäki et al., 2005); going to work despite feeling unhealthy (Aronsson et al., 2000; Dew et al., 2005); going to work despite feeling unhealthy or experiencing other events that might normally compel absence (e.g., child care problems) (Evans, 2004; Johansson and Lundberg, 2004); reduced productivity at work due to health problems (Turpin et al., 2004); reduced productivity at work due to health problems or other events that distract one from full productivity (e.g., office politics) (Hummer, Sherman, & Quinn, 2002; Whitehouse, 2005).

In sum, presenteeism is an idea of employees, irrespective of complaints and poor health that should induce rests and absence from work still reporting at their work. It entails being present at work while ill.

2.2 Presenteeism and Absenteeism

Absenteeism which has to do with the inclination not to show up for scheduled work is often regarded as the opposite of presenteeism. Researches that study absenteeism are often employed in drawing conclusions on presenteeism. For instance, Virtanen et al (2003) found that workers tended to demonstrate more elevated rates of absenteeism on becoming permanent workers. However, some scholars like Okonkwo (2009) and (Bockerman and Lakkenen (2010) suggest that the two are related because causes that decrease absenteeism will enhance presenteeism. While the argument is conceivable, it is not constantly so. For instance Aronsson, Gustafsson, and Dallner (2000) established high rates of presenteeism in industries where absenteeism was equally high. Similar to absenteeism, presenteeism not only costs employers money, it can even be more costly than absenteeism since there is the tendency for the unproductive worker to also detract from the performance of co workers.

2.3 Antecedents of Presenteeism in the Workplace

There is a massive amount of explanations why workers may come to work while sick. One of the commonly mentioned reasons is anxiety about job security, such as can occur in a downsizing organization where workers feel forced to be at work not considering their health conditions. Odion (2012) affirms that the source of anxiety could also be from peers. Where workers sense a tendency for negative peer censure or judgment, they are less likely to stay off when in poor health.

Another explanation involves the occupations and work environments. Some work environments could encourage presenteeism. This implies that persons working in definite occupations may have greater propensities for presenteeism. Dew, Keefe, and Small (2005) qualitatively observed a private hospital, a large public hospital, and a small factory and found that in the private hospital, the management mounted minute pressure to demonstrate presenteeism; but a feeling of family tended to subsist among the workforce, and workers were hard-pressed to come to work despite illness arising from a sturdy devotion to colleagues. For the public hospital, the study found that it

had a remote management, but presenteeism was promoted by devotion to professional image, colleagues, and the institution in general. In the factory, there was strong pressure from management for workers to demonstrate presenteeism. Also, workers frequently had little other employment alternatives, which regularly brought about augmented presenteeism.

Aronsson, Gustafsson, and Dallner (2000) in a Swedish study reports that those proffering welfare and teaching services indicated elevated degrees of presenteeism. They observed that these workers were habitually occupied with groups in more susceptible positions like children and the elderly.

There is also the factor of workloads and job requirements. Elevated levels of presenteeism are frequently linked to jobs with huge workloads and lots of requirements. Consequently, due to the ever enhanced pressures arising from individuals' workloads, some workers believe they are unable to take any time off despite their health conditions.

Caverly, Cunningham, and Macgregor (2007) observe in their study of Canadian firms that presenteeism was seldom the consequence of job insecurity but that workers believed that owing to their supposed elevated workloads, several time limits, and frequently incredibly small backup sustenance, they were obliged to attend work despite illness or injury. In the same vein, McKevitt et al. (1997) established that individuals were apprehensive of the fact that absence from their jobs will result in a pile up of their work. Furthermore Demerouti et al (2009) established in their study a positive relationship between job demands and presenteeism.

Another often identified basis of presenteeism has to do with the category or type of employment. Temporary and permanent employments are habitually measured in studying this antecedent of presenteeism. However, research results in this area are inconclusive. For instance, Johns (2010) affirms that researchers often examine the positions believing that because of job insecurity, those without permanent positions (such as casual workers and workers on contract employment), will attend work more often in spite of their being ill. Contrarily though, Aronsson, Gustafsson, and Dallner (2000) discerns that permanent employees had higher propensity for presenteeism than those in more seasonal positions. Nevertheless, Aronsson and Gustafson (2005) found no effect of job type. Additionally, studies like Bockerman and Laukkanen (2010) and Heponiemi et al. (2010) establish that contract workers rather than permanent workers had higher probability to work while sick.

The ease with which an employee can be substituted on the job also influences levels of presenteeism. Employees who believe that they are irreplaceable have higher tendencies to attend work despite illness. Irvin (2008) observes that manufacturing sector workers like machinists and operators are frequently found in this category. In a study of the manufacturing sector by Irvin high rates of presenteeism were observed and the study concluded that it was the end result of the workers believes of being irreplaceable. McKevitt et al (1997) in a study among healthcare professionals also established that over 80 percent of respondents had worked while ill and many claimed this was owing to great pressure to work.

Another antecedent of presenteeism has been identified as performance-based self-esteem (PBSE). This involves the suggestion that performance of individuals is often a function of their self-esteem. Boles, Pelletier and Lynch (2004) affirms that workers who exhibit high levels of performance-based self-esteem need to establish their value while on the job. Similarly, Love et al.(2010) established that PBSE positively forecasts presenteeism. Conversely, they also determined that the correlation between PBSE and presenteeism received reinforcement when workers are confronted by elevated physical and psychological work requirements thereby implying that tasking job situations may possibly interrelate with workers' over determined work methods, and perhaps have over performance and amplified levels of presenteeism as consequences.

Yet another factor in presenteeism is workaholism. Schaufeli et al, (2009) affirms that workaholics are inclined to work extremely and impulsively, and have intrinsic motivation to work to an extreme level. Workers that demonstrate workaholism have a propensity to display higher levels of presenteeism. Schaufeli et al. revealed that added to their high levels of presenteeism, workaholics also presented the uppermost burnout and least possible happiness levels comparative to other clusters that were not delineated as workaholics.

Some health features also pose as risk factors for presenteeism. Boles, Pelletier and Lynch (2004) studied an assortment of emotional and physical health symptoms and observed that the peculiarities of reporting presenteeism were biggest for workers with high stress as against those without stress. Again, those with poor diet and less emotional fulfillment also had higher levels of presenteeism compared to those without these situations.

2.4 Corollaries of Presenteeism

A fundamental corollary of presenteeism is productivity loss, and scholars have attempted to estimate these productivity numbers. Goetzl et al. (2004) approximates that regularly in the United States, a worker's presenteeism cost or lost on-the-job productivity is about \$255. Additionally, the study affirms that 20-60 percent of total health associated expenses encountered by employers are characteristic of on-the-job productivity losses. Loss of workplace productivity often arises from worker's health predicaments and private concerns. Although the employees may be bodily present at work, they are incapable of completely executing their work roles and there are greater tendencies

of errors in the work functions arising from the health issues. Furthermore it has the tendency to increase accident rates.

Presenteeism can also bring about epidemics at work especially in the case of infectious diseases thereby aggravating the adverse outcomes and resulting in more serious challenges. Munir et al (2007) reports that 80% of the respondents in their study indicated getting sick from infections they caught at work. Moreover, fatigue and potential poor health are other frequent outcomes of presenteeism. For example, Bergstrom et al (2009) found that illness presenteeism is a hazard aspect of prospective sick leave. In addition, Demerouti et al. (2009) also reports in their research on job demands and presenteeism, that presenteeism generated enhanced fatigue.

2.5 Statement of Hypotheses

The hypotheses tested in this study are summarized as follows:

H1: There is a positive and significant correlation between anxiety about job security and presenteeism.

H2: Workaholicism has a positive and significant correlation with presenteeism.

H3: The ease of employee substitution on the job is positively and significantly correlated with presenteeism.

H4: There is a positive and significant correlation between the category or type of employment and presenteeism.

H5: There is a positive and significant correlation between occupations and work environments and presenteeism.

H6: There is a positive and significant correlation between pressure from management and presenteeism.

H7: Performance-based self-esteem (PBSE) has a positive and significant correlation with presenteeism.

H8: Poor employment alternatives have a positive and significant correlation with presenteeism.

H9: There is a positive and significant correlation between job demands and presenteeism.

3 METHODOLOGY

The study adopted the survey research design using a total sample of three hundred and fifty respondents made up of 180 males and 170 females, randomly selected from five manufacturing firms in Lagos, Nigeria. Seventy (70) workers each were sampled from the five firms. A semi-structured questionnaire was designed for data collection using constructs from literature and items from tested scales and it was administered in a field survey spanning two months between March and April 2015. The questionnaire had three (3) sections and included both open-ended and close-ended questions. The first section of the questionnaire considered the demographic features of the respondents, while the other two sections evaluated the perceptions, antecedents, experiences and corollaries of presenteeism. The response rate was 342 (98%) of which 175 (51%) were males and 167 (49%) were females. The scale had a Cronbach Alpha reliability of 0.76 which implies that the items in the scale measured the construct of antecedents of presenteeism. A Cronbach Alpha coefficient of 0.76 was found and all the items on the scale loaded very well on each factor averaging out to 0.76. However, for antecedents scale, the corollaries scale and the presenteeism scale, the Cronbach Alpha reliability coefficients were 0.729, 0.778, and 0.745 respectively. The data were presented in percentages and tables while the hypotheses were analyzed using Pearson correlation analysis. This data analysis tool comes with great recommendations that necessitate its adoption, and, it is sufficient to test the various hypotheses formulated for this study and to explain relationships amongst various variables and make conclusions based on the study objectives.

4 RESULTS AND DISCUSSION

Providing answers to the questions on the corollaries of presenteeism in the workplace is complicated because as previously highlighted the drivers may be dependent on several factors including the discipline of the employee, their social places in the organization, their degree of employment and economic security, and the requirements at work.

Social status within an organization appears to play a significant part in workplace presenteeism. For example, this study found that more junior employees more frequently alluded to reasons that relied on the outlooks and feelings of others as a motivation to attend work while sick. 78.4% of the more junior respondents as against 28.7% of the senior employees indicated reasons bearing on the outlooks and feelings of others as a motivation for exhibiting presenteeism. On the contrary, 68.4% of the more senior staff compared to a mere 29.6% of the junior ones were more anxious about service delivery if they were absent from work. In addition, there are important economic motivations for presenteeism by junior members of staff in an organization's chain of command because of not having

remunerated sick leave or elevated heights of job insecurity. 76.2% of the respondents affirmed that they often attend work when they are ill because of their need for the remuneration which they will lose if they go on sick leave. 73.2% of the respondents indicated that the levels of presenteeism could be induced by requirements at work. This supports Dew, Keefe, and Small (2005) which found that higher levels of work-related stipulations arising from human resource shortages and augmented time demands were linked with comparatively great raises in presenteeism.

This study found that presenteeism was significantly influenced by anxiety about job security and poor employment alternatives. This confirms the findings of the CCH 2004 survey that morale had a significant impact on the incidence of presenteeism. Organizations with low morale and poor job security have more ill workers showing up for work. 52 % of organizations where workers indicated 'poor or fair ' morale as against just 31% of those where workers indicated 'good or very good ' identified presenteeism as a major issue.

A widespread predicament in the declining world economy is accomplishing more with less; a situation that has motivated the attractiveness of notions like competitive advantage in the face of unsympathetic and highly aggressive business environment. All businesses desire competitive advantage over their equals in the business world and human resources are vital in achieving this goal. Human resources constitute the most important assets of an organization, but an unhealthy workforce is a drawback in achieving this goal.

Presenteeism may have harmful outcomes. Individual performance may suffer since sick employees may only be able to produce the same output as healthy colleagues by investing more time or effort. This study found that a significant corollary of presenteeism is loss of employee productivity and consequent loss of employer revenue. 74.6% of the respondents agreed that when they work under ill conditions, they are unable to operate at their usual levels of productivity. This affirms the findings of Goetzl et al. (2004) that the costs for presenteeism are about 60% of the total cost of worker illness. Again a 2004, Harvard Business Review which evaluated the effect of various medical conditions on workers' productivity found that employees who came to work sick that set the company back about \$34 million. Furthermore, collective performance and productivity may suffer. This is because workers become involved in helping sick colleagues.

Moreover people who come to work when sick have a tendency to infect others coworkers and possibly customers or clients. This study was conducted in the manufacturing industry and an infected employee who comes to work ill can imply tragedy by compromising product safety, passing on a disease and sickening the public. 62.4% of the respondents in this study indicated that at one time or the other they had contracted diseases at the workplace. Sick employees may pass on infectious illnesses to their colleagues and clients. Irvin (2008) observes that there is also the concern of spreading the illness among coworkers, vendors or customers, thus the multiplier corollary of transmitting infection or illness which consequently may cause further presenteeism among employees.

4.1 Test of hypotheses

The results as presented in Table 1 reveal significant positive correlations ($\alpha < 0.001$) between all the nine independent variables and presenteeism at work for both males and females. For the first hypothesis, anxiety about job security was found to be positively correlated with presenteeism. Lack of job security often makes workers vulnerable. The unemployment rate in Nigeria is currently put at 23.9% making the average worker trying to hold on to their jobs like a lifeline and consequently increasing presenteeism for fear of job loss. For the second hypothesis the study confirms that workaholicism is positively correlated with presenteeism. This aligns with the affirmation of Schaufeli et al (2009) that because workaholics have intrinsic motivation to work to excessive levels, they exhibit predisposition to showing superior ranks of presenteeism.

The study found for the third hypothesis that the ease of employee substitution on the job is positively correlated with presenteeism. This supports Irvin (2008) which noted high rates of presenteeism arising from the belief of being irreplaceable which the workers had.

The category or type of employment was also found to be positively correlated with presenteeism in the fourth hypothesis. Employees on permanent employment were found to exhibit more tendencies for presenteeism than those on temporary or contract employment. While this result supports that of Aronsson, Gustafsson, and Dallner (2000) that permanent employees exhibit more tendencies for presenteeism than those in more seasonal positions, it contradicts those of Bockerman and Laukkanen (2010) and Heponiemi et al.(2010) both of which found that contract workers rather than permanent workers had increased probability to testify to working while sick.

Table 1. Presenteeism and Independent Variables

Presenteeism and	Independent Variables						Performance-based self-esteem (PBSE)	Poor employment alternatives	Job demands
	Anxiety about job security	Workaholism	ease of employee substitution	category or type of employment	occupations and work environments	pressure from management			
Female									
Correlation Coefficient	0.69	0.65	0.64	0.67	0.65	0.67	0.62	0.64	0.66
Significance (2-tailed)	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001
N	167	167	167	167	167	167	167	167	167
Male									
Correlation Coefficient	0.68	0.67	0.59	0.64	0.63	0.64	0.68	0.68	0.67
Significance (2-tailed)	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001
N	178	175	175	175	175	175	175	175	175

For the fifth hypothesis there was a positive and significant correlation between occupations and work environments and presenteeism. The manufacturing sector workers in this study displayed a great tendency to exhibit presenteeism. Aronsson, Gustafsson, and Dallner (2000) also found that those proffering welfare and teaching services indicated elevated degrees of presenteeism probably because they were customarily occupied with groups in more susceptible positions like the children, the sick and the elderly.

There was also a positive and significant correlation between pressure from management and presenteeism in hypothesis six thus aligning with Dew, Keefe, and Small (2005) that found in its study of a factory that strong pressure from management made the workers to demonstrate presenteeism. For hypothesis seven Performance-based self-esteem (PBSE) was found to have a positive and significant correlation with presenteeism therefore confirming the submission of studies like Boles, Pelletier and Lynch (2004) and Love et al. (2010) that workers with elevated degrees of PBSE want to institute their worth on the job and consequently positively forecast presenteeism. Poor employment alternatives were found to have a positive and significant correlation with presenteeism in hypothesis eight. Unemployment remains a fundamental problem facing the Nigerian economy and further depriving her of achieving sustainable economic growth and development. Unemployment is one of the major problems of less developed countries. A significant effect of unemployment on workers is poor or nonexistent employment alternatives.

The study established a positive and significant correlation between job demands and presenteeism in the ninth hypothesis. Previous studies like (McKevitt et al., 1997), (Caverely, Cunningham, and Macgregor, 2007) and (Demerouti et al, 2009) found a positive relationship between job demands and presenteeism. Nine key antecedents of presenteeism at work among employees in the manufacturing industry were tested for both females and males. All antecedents were found to be highly significant in positively influencing presenteeism of sampled manufacturing industry workers. However the results indicate no differences between males and females in the nine tested key antecedents of presenteeism. Presenteeism is an affective or emotional response toward various facets of their jobs. It is important because of its implications for job-related variables. The results indicated no significant gender disparities in the antecedents of presenteeism in the workplace.

The foregoing results have several implications arising from which this study advocates various solutions. The foremost measure in problem resolution involves identifying the problem. Organizations frequently fail to recognize presenteeism as a challenge and may perhaps not appreciate the degree of loss it is capable of rooting. Human resource managers especially must be conscious of the problem and its increasing costs; failure to do which organization outcomes could be negatively influenced. Also, organizations must employ wellness programs for their staff intended to enhance health and productivity. This supports the position of Schultz and Edington (2007) that there should be efficient education for workers to ensure their ability to improve the management of their health. Organ-

izations must also expand clear workplace guidelines on presenteeism and notify employees. Information on organization position on presenteeism, and the possible effects on the health of others should be provided for staff members in addition to the institution and communication of the guidelines. This will assist employees in recognizing the circumstances under which either to remain at home or report for work.

Furthermore, organizations must make attempts to improve employee morale. Employee morale can be boosted by introducing a level of flexibility in employees' work arrangements so that the quality of work life is enhanced. By so doing employees are not only assisted in confronting the serious dual requirements of work and family, but also supported in attaining a good balance between work and life.

Moreover, organizations can incur the costs for health measures aimed at either prevention of regular sicknesses or decreasing subsisting indications. Decreasing the figures of sick employees is a win-win development for everyone since this increases productivity and workplace morale, and ultimately results in a healthier outcome.

This study also found workaholicism and the ease of employee substitution on the job to be significantly correlated with presenteeism. The picture of employees who attend work very sick being committed and treasured workers is no longer suitable. Organization policies that command stringent back-to-work regulations should as well guarantee sufficient personnel and coverage to reduce beliefs of individual accountability that promote presenteeism. Schultz and Edington (2007) confirm that regardless of the most excellent endeavors of education and obligatory exclusion policies, workers are prone to persist in attendance at work once they believe that their nonattendance would encumber their co-workers or influence service delivery.

The costs of presenteeism are not only genuine; they have prospectively considerable drain on organization economic welfare. Consequently organizations are required to make rigorous attempts to grow places of work with fit and greatly functioning human resources so as to have significant effects on achieving organization purposes of business efficiency and turnovers, and promoting a healthy work tradition and atmosphere for workers.

This study established a significant correlation between pressure from management and presenteeism. To this end, organizations may need to have second thoughts on managing absenteeism through disciplinary action. The 2004 CCH Unscheduled Absence Survey also found that punitive actions linger as the single-most employed absence management plan. 91% of the organizations indicated using it. This implies that organizations that depend on disciplinary action to manage absenteeism and exploitation of sick time invariably promote presenteeism. Organizations must therefore scrutinize and certify that absence management strategies do not counteract productivity. Plans like punitive actions could in reality force sick workers to attend work and unconsciously promote presenteeism. Some organizations attempt to battle presenteeism by sending sick workers home thereby endeavoring to encourage a tradition where are workers deterred from attending work sick and are not made to think that they must attend work even when sick. Sometimes workers are offered alternatives like telecommuting and working from home in situations of sickness.

This study again established a significant correlation between the category or type of employment and presenteeism. Workers who are either on temporary and contract employment as well as those who are remunerated based on the time at work tend to have greater propensity for presenteeism since non attendance at work often implies loss of income.

Oscar (2007) affirms that the success of attempts to check presenteeism can be restricted by limitations on remunerated sick leave, for instance the need for medical certificate and doctor's reports to corroborate a worker's illness. Zappone (2006) found that loosening up such restraints by granting workers up to three to five days of remunerated sick leave devoid of a medical certificate, results in workers attending work less often although ill with no consequent raise in illness absence. Organizations must consider granting remunerated sick leave and time off with pay to workers as initial measures to reduce the economic demands to work when ill and consequently minimizing presenteeism. Organizations stand to gain from this by way of decreased turnover, superior efficiency and decrease in workplace contamination arising from infectious diseases. Government could even legislate compulsory remunerated sick leave.

There is the tendency to view the economic repercussions of obligatory keeping-out rules for sick workers as a foremost hurdle to its extensive operation but Goetzl et al (2004) found indication that imply that longer times of worker exclusion tends to decrease the overall number of sick days taken off in an organization because of a general decrease in the number of ill employees. Notwithstanding the belief by critics of compulsory remunerated sick leave that it consigns avoidable economic weight on small businesses and pressurizes their continued existence, compulsory remunerated sick leave is profitable for all organization stakeholders.

5 CONCLUSION

This paper concludes that to curb presenteeism, care is necessary to make certain that correct systems are prepared, comprising enforcement of strategies. These strategies must consist of the accessibility of unhindered remunerated sick leave, and obligatory exclusion regulations. A basic modification is required by organizations to visualize courses such as unhindered sick leave not exclusively as worker benefits, but instead as genuine investment prospects.

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Subjectively perceived negative consequences of work-family interface among employed parents

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ABSTRACT

The field of work-family interface research is focused mainly on the issue of role conflict that results from active participation in both, work and family area. Conflict between work and family is defined as a negative interference in the direction from work domain to the family domain (work interferes with family) and in the opposite direction (family interferes with work) and results from 1. (lack of) time, 2. strain, 3. (inadequate) behavior patterns. The current research included 45 couples, which were married or in a relationship where both, the male and female are employed and nurturing at least one child in age between three and twelve years. Subjectively perceived negative aspects of linking work and family roles were examined through structured interviews. As content analysis of responses indicates, the most perceived negative consequence of work-family interface is time-based conflict. Employed parents also perceive the transfer of strain and negative affects between domains.

KEY WORDS

work role, family role, negative aspects of work/family interface, work/family conflict

JEL Code: J00, J29, M12, M50

1 INTRODUCTION

The field of work-family interface research is concentrated mainly on the issue of role conflict (Grzywacz & Marks, 2000; Greenhaus & Powell, 2006). Given the fact that each individual fulfils different roles, he or she could be simultaneously exposed to competitive expectations; role conflict arises when expectations of one role interfere with the ability to adequately fulfill the duties of another role. Stressors experienced in one domain are the primary source of tension; they are linked to a decrease in other domains performance (Frone, Russell & Cooper, 1997) and the research consistently identified them as antecedents of work/family conflict (Hargis et al., 2011).

2 WORK/FAMILY CONFLICT

Based on the theory of roles Greenhaus and Beutell (1985:77) define work/family conflict as “a form of inter-role conflict in which role pressures from the work and family domains are mutually incompatible in some respect”; and three possible sources of conflict: 1. time-based conflict (time spent on activities within a role cannot be devoted to demands of another role), strain-based conflict (strain in one role affects one's performance in another role), 3. behavior-based conflict (specific patterns of role behavior may be incompatible with expectations regarding behavior in another role).

Work/family is defined as bidirectional (work interference with family and family interference with work), the existence of two dimensions of the conflict has been empirically verified, for example, through meta-analysis carried out by Mesmer-Magnus and Viswesvaran (2005). Further studies (Frone, 2003; Sobotková, Reiterová & Hurníková, 2011; Fedáková, 2012) consistently demonstrate that among working parents work-family conflict is higher than family-work conflict. The latest, a multidimensional model of work/family conflict combined the existence of two directions (Gutek, Searles & Klepa, 1991) and the three sources of the conflict (Greenhaus & Beutell, 1985). Thus, there are six types of work/family conflict (Carlson, Kacmar & Williams, 2000): 1. time-based work interference with family; 2. strain-based work interference with family; 3. behavior-based work interference with family; 4. time-

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based family interference with work; 5. strain-based family interference with work; 6. behavior-based family interference with work.

2.1 Work/Family Conflict Consequences

Bruck, Allen and Spector (2002) have shown not only negative relations of work/family conflict to job satisfaction in general, but also the specific relationship of the various conflict forms (based on time, strain and behavior) to a particular aspects of satisfaction. With regard to the consequences for the work domain, work-family conflict can be considered as predictor of job satisfaction, as well as turnover and absenteeism (Kossek & Nichol, 1992; Thomas & Ganster, 1995), and plans to leave work (Chelariu & Stump, 2011). Furthermore, among individuals experiencing work/family conflict increased amount of medical complications and inadequate performance in job roles has been identified. Work/family conflict is generally associated with subjective reduced quality of health (Geurts, Rutte & Peeters, 1999; Grandey & Cropanzano, 1999; Schieman & Glavin, 2011).

Frone, Russell and Cooper (1997) in a longitudinal study carried out on a sample of 267 employed parents examined work/family conflict in relation to negative health effects. Their findings demonstrate the relationship of two types of conflict (work-family and family-work) to different outcomes. In particular, family to work conflict correlated with the occurrence of depressive symptomatology and the deterioration of physical health and work to family conflict leads to increased consumption of alcohol and medication. Using the National Comorbidity Study (N = 2,700) data, correlations between work/family conflict and negative affectivity, anxiety and substance abuse were confirmed (Frone, 2000).

Bedeian et al. (1988, In Hennessy, 2007) investigated the process of work stress and family demands interaction and their subsequent consequences for job, partner and overall life satisfaction. 432 men and 335 women parents employed full-time, assessed the level of work stress, parental role demands, work/family conflict, job satisfaction, partner satisfaction and life satisfaction. Results showed a relationship between work/family conflict and satisfaction in specific domains, as well as between conflict and life satisfaction. A similar conclusion reached Grant-Vallone and Donaldson (2001), who realized a longitudinal study to investigate consequences of the work/family conflict to overall life satisfaction, data were obtained from 342 employed parents. Based on the research results, authors consider work/family conflict as a significant predictor of well-being and overall life satisfaction.

3 RESEARCH DATA AND METHOD

3.1 Sample

Qualitative research, which aims to identify subjectively perceived negative aspects of linking work and family life, was conducted on a sample of 45 married couples or partners; employed parents with at least one child aged 3-12 years. Participants were obtained using snowball technique. Research sample couples raise either one (19 pairs) or two (21 pairs) children. The average age of men is 37.7 years (range from 23 to 58 years) and average age of women is 35.4 years (range from 23 to 48 years).

In compliance with the requirement of participant inclusion into the research, both parents work full-time, men reported to work an average of 50 hours and women reported 41.5 hours per week. Participants employments are different - from low-skilled positions (as manual workers, manufacturing sector), through administrative positions (correspondents, administrative staff) to highly skilled professions requiring university education (economists, managers, teachers), business sector is present as well. Therefore, subjective effects of work and family interface, and subsequently elected coping strategies can significantly reflect the characteristics of a particular employment.

3.2 Methods

Data were collected through semi-structured interview which is focused on several areas of work and family interface. Negative aspects of relation between work and family environment was inquired by six questions, namely:

1. Is it difficult to work full-time and to have a family as well?
2. Do you have a feeling of being conflicted between work and family obligations?
3. Do you sometimes feel that work and family requirements are not compatible? In which situations?
4. What kind of conflicts do you experience as an employed parent? Do you have problems which occur as difficult to solve?
5. Does it happen that the requirements of your employment affect negatively your family life?
6. Does it happen that your family obligations make your ability to undepreciated work more difficult?

Questions observing negative work-family interface aspects are based on the theory of roles (Kahn et al., 1964, In Greenhaus & Beutell, 1985) and scarcity hypothesis (Goode, 1960, In Dyson-Washington, 2006). The questions aim to identify potential experience of conflict between work and family areas. They were chosen with regards to the direction of the conflict (work interferes with family, family interferes with work) and to the definition by Gutek, Searles and Klepa (1991).

4 RESULTS

In the first phase, the particular interview questions answers were analyzed qualitatively to identify perceived negative aspects of work and family interface. Consequently, conflicts were identified in the second phase of analysis and were assigned to the dimensions according to multidimensional theory of conflict (Carlson, Kacmar & Williams, 2000).

Subjective evaluation of the work-family interface negative aspects are presented in terms of; 1. perceived claims arising from engagement in work and family areas, and 2. identified categories of negative consequences.

4.1 Demands of Work and Family Roles

Work and family environment are possible to accord

17 men perceive the possibility of balancing work and family responsibilities, to be an employed parents, as not very (7), or even not at all (10) demanding: *"It is not so difficult. It is a normal thing."* (Male, 38 y., IT technician); A similar view has less women, precisely 11 women: *"Personally, I do not consider it difficult, nowadays there are many families with children, which parents built a pretty decent career."* (Female, 39 y., Head of the economic section).

Success in balancing work and family responsibilities is referred by the parents to good organization of time; regardless of whether the joint participation in work and family is considered to be difficult or not. The necessity of organizing their duties well is emphasized by 14 men and 13 women: *"It's very difficult, but I can arrange the time so that I pursue both."* (Male, 36 y., sales representative); *"It's just a matter of organization."* (Female, 45 y., economist).

There is an interesting observation of some women who point out that work and family can nowadays be more or less easily balancing, but only in the case of not seeking further education and career development by the woman, *"I cope up with work and family as well. But if I would like to continue educating myself, I could have not keep up."* (Woman, 46, businesswoman).

To be an employed parent is difficult

21 men answered **definitely yes** to the questions about difficulties of balancing the joint employment and family area requirements, *"Yes, I work until the evening, the family fades into the background, only pressing issues are being resolved."* (man, 44 yrs., businessman); 7 other men admit that work and family interface brings sometimes complications, *"Yes, sometimes it is difficult to dedicate myself fully to work and to children."* (man, 39 yrs., technician).

The work, however, is perceived by men as a necessity, especially with respect to material support to their families, which some of them emphasize that its duty: *"It is challenging, but there is no other way. It is my responsibility to financially secure my family."* (man, 33 yrs., manager).

Balancing between work and family is evaluated as very difficult by more women than men, namely 26 women: *"Sometimes I do not know where to jump first. If I could compare, family and situations at home are the same as to have a second job."* (woman, 36 yrs., accountant) and another 8 women experience occasional difficulties or complications, which are considered to be manageable if they are provided aid from surroundings *"It is difficult, but grandmothers help."* (woman, 27 yrs., social worker), which is fact they just need to get used to and adapt to it: *"It's not easy, but we got used to it."* (woman, 35yrs., bank clerk). The need to work by reason of the family material security is perceived by women as well: *"I had to quickly return to work because of finances. I was anxious, and therefore it is difficult to concentrate on the job."* (woman, 32 yrs., teacher).

Some participants in considering the demands laying on working parents emphasize its gender aspect. They point out that an employed mother has more responsibilities than an employed father, mainly due to greater care of home and children done by women, *"Yes, but for women it is even more difficult than for a man."* (woman, 39 yrs., assistant); *"It's more difficult for my wife, since in addition to work and family, she takes care of the household as well."* (man, 35 yrs., businessman).

Experiencing the conflict between work and family

28 men admit the difficulty of the joint participation in the work and family areas, or that the situation of a working parent brings complications. Smaller group, namely 12 males, find themselves in the conflict between work and family responsibilities. They point to the strong pressure of incompatible requirements, which often cause intrapsychic or interpersonal conflict as well: *"Personally, for me, these roles are still incompatible."* (man, 44 yrs., businessman). *"I'm at work from morning to evening, deadlines are close, my wife is waiting for the moment when I come home ... and I feel the pressure of expectations from all sides."* (man, 39 yrs., airline company developer).

However, 13 men admit relatively easily solvable conflict of responsibilities. These can happen in case of unexpected situations at work or family environment: *"Sometimes, when professional obligations invade private life."* (man, 35 yrs., businessman); *"When I have a job to do and my wife wants something..."* (man, 35 yrs., Chairman). Several men mention a solution in the conflict situation by setting priorities, which is family to them: *"Sometimes it can be difficult, but if possible, I prefer my family."* (man, 39 yrs., technician); *"My work should never take precedence over family."* (man, 36 yrs., elementary school teacher).

For 20 men of the research sample the work-family interface doesn't mean experiencing a conflict: *"Honestly, I see no reason why these two roles could not be merged. One can handle both."* (man, 47 yrs., sales representative); *"No. I am a businessman and I can organize my time according to the needs of the family."* (man, 36 yrs., businessman); half of the men accredits this fact to a good organization of time and/or their female partner who takes over many responsibilities. There are also opinions that conflict is a too strong statement in the situation of working parents: *"I don't experience conflict, it may be a certain limitation."* (man, 42 yrs., electrician).

Compared to men, the same amounts of women (12) perceive a conflict between work and family responsibilities and frequently experience such conflict. Almost all these conflicts are caused by work duties appearing in the time that should have already been devoted to family responsibilities (10): *"It happens, obviously, that I still have a lot of work to accomplish, but I need to go and pick up my daughter from school"* (woman, 36 yrs., bookkeeper); or by improper working time organization: *"I work on three shifts, so sometimes I have difficulties where to leave my kids."* (woman, 36 yrs., works in a factory). Another problems are caused by overtimes linked with late arrivals back home, and thus a limited time for home duties. Moreover, in addition to demands for time, a too much work responsibilities can produce negative emotions influencing also the family climate *"Sometimes I'm bringing the bad mood from my work also to our home."* (woman, 26 yrs., municipal police officer).

Other situations perceived as a conflict appears when it is necessary to arrange the care for sick children, which is rarely understood and accepted at work. *"Yes, especially when they refuse to allow me to leave the work and take my children to doctor, they use to be ill frequently."* (woman, 33 yrs., teacher).

On the other hand, sixteen women report that they do not perceive any conflict between work and family responsibilities. The ability to successfully handle both work and family requirements is contributed mainly to the attributes of their work (4): *"No, I do not have that demanding job"* (woman, 34 yrs., administrative clerk); to support in work and/or family environment (5): *"No, I have a great support from my colleagues. Also we help each other with my husband. When one of us cannot go, the other one accompanies our daughter to her free time activities."* (woman, 32 yrs., elementary school teacher); and to good organization (5). Two women emphasize the necessity to separate work and family sphere, which can help to prevent a conflict related to negative emotions transfer, especially from work to family: *"I do not feel any conflicts, I separate my work from my privacy"* (woman, 28 yrs., pharmacist).

4.2 Categories of Negative Consequences of Work-Family Balance

The particular categories of perceived negative consequences were investigated by questions 3 to 6, described in the research method characteristics.

Family misses the time devoted to work

Nineteen men and sixteen women consider the lack of time as the biggest problem in simultaneous fulfillment of family and work roles requirements. This problem is contributed to the work organization as such (long working time, work on shifts, overtime), as well as to the overlap between work responsibilities and family activities.

Majority of the parents included in our research sample expressed an opinion that their work responsibilities frequently demand for the time that should have been devoted to family: *"I feel that I am not devoting enough time to my children"* (man, 39 yrs., technician); *"Because of my work I have little time for my son's activities and our household."* (woman, 30 yrs., cook). In some cases, the lack of time is not perceived only as a situational complication, but rather as a constant problem that is difficult (or even impossible) to handle, despite understanding the incurred losses: *"(the problem is) my company - I have to earn money for our family. I have no time for my son, I'm missing how he is growing up."* (man, 44 yrs., business owner); *"It is impossible to merge, I cannot leave my work earlier."* (woman, 36 yrs., shop assistant).

Having a time-demanding occupation can also result to interpersonal conflicts between partners: *“Problems are caused by overtimes, I have no time for my kids, my wife is annoyed and we argue..”* (man, 35 yrs., manager); *“When I have to stay longer at work, it is not always possible to align it...sometimes my partner does not tolerate it”* (woman, 33 yrs., nurse), or even to children’s difficulties, e.g. at school: *“Because of long working time we do not work with our children, which resulted to worse results at school”* (woman, 46 yrs., business owner).

Family obligations limit the time for work

Rather rare are opinions that the time requirements from the family negatively influence the work performance (3 women, 1 man): *“My **preparation for work suffers** due to my family obligations...”* (woman, 33 yrs., elementary school teacher); *“The problem is, when I have to leave from work immediately to take care of my child when no one else can or when it is ill”* (man, 39 yrs., technician); or limit the potential career growth or own business development: *“I manage to handle my family duties, but I often neglect the work responsibilities, **I am not fully devoted to my career.**”* (woman, 46 yrs., business owner).

The above mentioned statements can be also complemented by significantly more frequently mentioned statements (especially by women) on negative influence of family on the work performance, that have mostly the situational character. Four men and 14 women reports the illness of their child as a serious problem that complicates their situation at work: *“For example, I cannot leave my work when our kids need to go to see the doctor.”* (man, 37 yrs., works in a factory); *“When my **son is ill** and I need to **stay at home** with him, I often have a **conflict with my superior.**”* (woman, 26 yrs., municipal police officer).

Family problems influence the work performance

Health problems of the children do not only result to time requirements. Realizing that a child is not healthy can bother the parents to the extent that negatively influences their work performance. Two men and five women report that illness of their children results not only to problems with organizing the time, but it also leads to decrease in their performance at work: *“My parents take care of my **ill children**, and I **cannot concentrate** at work, because I **keep thinking of it.**”* (woman, 48 yrs., clerk); *“When our **child was ill**, it negatively influenced my **performance**”* (man, 35 yrs., business owner).

The work performance can be also negatively influenced by family requirements in general - 6 men and 8 women frequently deals with organizational problems related to taking care of the children (not only when it is ill), accompanying it to free time activities, morning preparations and even conflicts with children. Such situations are accompanied with stress and negative emotions that disturb the work performance: *“**Arguments** about waking up, dressing or eating happen every day, and I **feel sorry** when I leave my kid without coping with the argument. Then it **takes me longer** until I can **concentrate** to my work.”* (woman, 37 yrs., director of a kindergarten).

Finally, conflicts and tension in relationship between the partners are particularly problematic with regard to fulfilling the work requirements. Eleven participants (8 men and 3 women) indicate that negative emotions associated to partnership conflicts are transferred to their work and negatively affect the ability to concentrate on work duties and the adequate work performance: *“**Conflicts with my wife** have **significant impact** on my **performance.**”* (man, 47 yrs., service technician); *“It’s difficult to **concentrate on your work** when there is a **tension and stress at home.**”* (woman, 35 yrs., bank clerk).

Work requirements affect family environment

The negative influence of work requirements on active participation in the family sphere also occurs in the interviews. It is contributed mainly to fatigue and emotional exhaustion, conflicts at work, and tension that is being transferred from work to family relationships (15 men, 12 women): *“I have problems to separate work and family, my **irritation** is then **transferred** to my **wife and children.**”* (man, 38 yrs., IT technician); *“**Conflicts at work** negatively influences the family.”* (woman, 46 yrs., doctor).

Rather rare examples of interference between work and family are the inadequate means or forms of behavior, that are required at work but disturbing in the family environment: *“At work I have to adapt my **communication** to our clients and decrease to their level to be clear and understandable. Not intentionally, but I frequently **use this language at home** - my husband reminds me that I **speak like at work.**”* (woman, 35 yrs., labor office clerk).

5 DISCUSSION

The participants of our study generally report that it is difficult to fulfill the expectations put on the parents who are employed. Especially, their reactions confirm the findings consistently provided by number of qualitative studies, that the greatest problem in balancing the work and family requirements is the lack of time (e.g. Frone, Russell & Cooper, 1997). The main role with respect to the working time is played by its flexibility and particular organization; most significant complications were reported by parents with fixed organization of work and frequent overtimes. In contrast, parents that perceived less conflict in the connection of their work and family spheres, attributed their opinions to possibility to adjust (at least to certain extent) the working time and requirements to their own needs. These findings support the results of a longitudinal study, that confirmed the decrease of employees' conflict and increase of their job satisfaction with greater control of their work schedule organization (Kelly, Moen & Tranby, 2011). Further, our study indicates that, in addition to workload in terms of objective number of working hours, an employee's subjective perception of his/her overload plays a significant role in relation to the perceived conflict (Ilies et al., 2007).

Despite the fact that work and family are frequently perceived as separate domains, they influence each other (Clark, 2000). This statement is supported by our finding, suggesting that the second most frequent constraint perceived by respondents, after the requirements resulting from the working time, is the negative influence between work and family due to transfer of stress and negative emotions between these domains. Also, the load resulting from contradictory requirements put on the individual represents another area of negative work-family interconnection consequences. Many participants realize and sensitively react to competitive requirements of work and family environment, usually represented by superiors at work and partners in the private life. As stated by Clark (2000), the authorities or reference persons in the particular domain (border keepers) significantly affect individual perception of work and family requirements conflict, as well as individual's decision process related to selection of activities. Participants in our study indicate that, if possible, they prefer family activities. However, considering the reality of an employee life, it is no surprise that this option is relatively scarce. Therefore, employed parents frequently experience the conflict between work and family roles. Inclination to following the work requirements at the expense of family frequently results to interpersonal (partner's dissatisfaction, arguments) or intrapersonal conflict followed by feeling of guilt. Long lasting negative experience and long-term work-family conflict have considerable consequences. Findings of previous research especially emphasize the relationship between work-life conflict and decreasing life satisfaction (Allen et al., 2000; Boles, Howard & Donofrio, 2001; Boyar & Mosley, 2007).

The decision to incline to and comply with the particular role is not fully explained by the pressure from an external authority. It is important (in accordance with the theory of social identity) to consider the level of importance of the particular role for an individual, and his/her consequent engagement in work and/or family domain (Edwards & Rothbard, 2000; Frone, 2003). Moreover, the influence of the role importance on the decision making process depends on the relative pressure generated by the expectations within that domain. In case the family pressures are more intensive (situational context, child illness), an individual will probably prefer the family activity - without regard on a subjective importance of the other role. Greenhaus and Powell (2000) assume that the expectation of conflict and feelings of guilt could explain why individuals, when having to prefer certain activities, choose activities related to family, even though they might want to devote their time to work. However, the process of deciding between work and family activity is more complicated and requires considerable further investigation, not only from the perspective of personal preferences, but also from the perspective of situational characteristics and external pressures, that create specific conditions for realization of an individual choice.

The qualitative approach enables us not only to identify the particular negative aspects of work-family interconnections, but also, which is even more important, to set our findings into their broader context. The finding that the process of work and family requirements balancing is generally difficult seems to be quite obvious. However, this finding gains a completely new meaning in the context, that particular individuals subjectively do not perceive these requirements as conflicting and do not consider them as unmanageable, for example thanks to good work organizations or support systems. In contrast, the additions expressing the perception of the negative state as constant and impossible to change even further underline the work-family conflict. Thus, it is necessary to devote considerable attention to this issue, and not only from the research perspective. The work-family conflict does not need to be conceptualized as an inter-role conflict, but also as a problem of individual continuous decision-making, resulting from a personality, values and situational factors (Poelmans, 2001).

At the same time, the work-family conflict can be studied also as a problem of adaptation and negotiations between the partners. Or, after connecting the mentioned conceptualizations, as a decision-making process, in which an individual is forced to take into account not only his/her individual preferences, but also the position of the partner and other involved persons. In this context, Sobotková, Reiterová and Hurníková (2011) propose a combined research using the qualitative approach that would enable to reconsider for example also the context of family functionality.

6 CONCLUSION

The advantage of qualitative approach is a to identify the particular negative aspects of work-family interconnections and set it in a broader context. The greatest problem of working parents in balancing the work and family requirements is the lack of time, especially if working in fixed organization of work and loaded with overtime. From this point of view, the possibility to manage (at least to some extent) one's work time seems to be an important key to the reduction the time-based work/family conflict. Further, the negative influence between work and family due to transfer of stress and negative emotions is reported as second most frequent consequence. Conflict resulting from negative affectivity, e.g. experience of stress, tension and irritability, that arises in one domain, negatively affects another domain and vice versa. To reduce this type of negative consequence, emotional as well as organizational support could be crucial.

Mainly, participants indicate their preference is towards family activities. However, possibility to prefer family is relatively scarce. On the other hand, inclination to following the work requirements at the expense of family can result in interpersonal or intrapersonal conflict followed by feeling of guilt. Long-lasting conflict can result in significant consequences to family stability.

According to the theory of social identity, importance of an individual person's role leads to his/her engagement in work and/or family domain. Deciding between work and family depends on the role importance and on the relative pressure generated by the expectations within that domain. In times of intensive family pressure (e.g. child illness) it is probable, the parent will prefer the family activity without regard on a subjective importance of the other role. Based on identified experiences of employed parents, we consider it necessary to devote attention of researchers and counselling professionals to support mothers and fathers in balancing competitive demands of work and family domains.

The main limitations of our study are connected with its methodology. It is difficult to apply the qualitative research with larger samples. Its findings bring a deeper understanding of the analyzed topics, but they do not enable to generalize and formulate specific conclusions in terms of identification of relationships between different areas. At the same time, our sample was rather heterogeneous. All participants fulfilled the main requirements of being employed and growing up a children in a partnership relation, but they considerably differed especially with their job characteristics (sometimes they were very specific), as well as systems of support that help them to deal with requirements mainly connected to taking care of their children. In this field we see the potential for qualitative studies that can bring comprehensive information on specific aspects of work-family requirements balancing. However, the samples of research participants should be precisely selected and rather homogeneous.

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Employee compensation management: The case of the national minimum wage in Nigeria

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ABSTRACT

This article examines the issue of employee compensation in Nigeria with particular reference to the National Minimum Wage. The paper notes that proper employee compensation management is central to industrial harmony in all organizations. The paper however discovered that, over the years, employee compensation as it relates to national minimum wage fixing in Nigeria has remained controversial and problematic. The major cause of this problem is its retention in the federal exclusive legislative list. Having noted all the issues involved, the paper is of the view that minimum wage fixing should be removed from the exclusive legislative list to the concurrent legislative list so that stakeholders can have input in the fixing of the minimum wage in order to maintain the much needed industrial harmony.

KEY WORDS

employee compensation, national minimum wage, federalism, legislative list and controversy

JEL Code: O10, O25, O38, P35

1 INTRODUCTION

Perhaps, one of the most important, complex and controversial issues in the management of human resource in any organization is compensation management. It is usually crucial and problematic in many organizations. This is because the issue of salaries and wages administration is of fundamental importance and of course a matter that is closest to the heart of every employee and the employer in any organization be it public or private. Employee compensation is even more important and sensitive now than ever before in Nigeria. This is as a result of the devastating inflationary trends leading to acute economic hardship particularly in a developing country as Nigeria.

Therefore, if the employees' financial remuneration is not properly managed, it can lead to industrial disputes of varying degree and dimension. On the other hand, proper management of employees' wages and salaries serve as a key factor in attracting, retaining and motivating the employees towards higher performance in any organization. Since the government is a powerful regulator of the relationship between labour and management in the public sector, the federal government in Nigeria plays the role of fixing the national minimum wage for public and private employees in Nigeria.

However, over the years, the issue of wage fixing in Nigeria has been problematic and controversial. This is because of the federal system of government that is in practice in the country. The controversy has been on whether or not the fixing of the national minimum wage should be in the federal exclusive legislative list or in the concurrent legislative list of the constitution of the country. The Nigeria Labour Congress has always been opposed to its removal from the exclusive legislative list in view of the unwillingness, inability or refusal of state governments to pay such national minimum wage fixed by the federal government. Recently, the Nigerian Parliament attempted to amend the country's constitution by removing labour from exclusive list to the concurrent list. This attempt was angrily resisted by the Nigerian Labour Congress which threatened the National Assembly with a national strike if the amendment was carried out as proposed.

This development is an indication that all is not well in the area of wage fixing in Nigeria. It also has great consequences for the state governments in the face of their dwindling financial resources. Most states of the federation have been complaining and bemoaning their inability to survive the wage bills of their workers. They are therefore in support of removing wage fixing from the exclusive legislative list to the concurrent legislative list. The implication of this is that whenever the federal government fixes national minimum wage, there is likely going to be

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issues of industrial disharmony particularly between the labour unions and the state governments over the full implementation of such wage fixing. This is because compensation management remains problematic particularly in the public sector. This is why this paper examines the implications of this unresolved issue of wage fixing in Nigeria. To achieve this aim, the paper is organized into four parts. The first part examines the concept of employee compensation. The second part discusses the significance of employee compensation in any organization while the third part examines the national minimum wage controversy in Nigeria. The fourth part is the concluding remarks.

2 THE CONCEPT OF EMPLOYEE COMPENSATION

Employee compensation in any organization is usually in form of financial reward given to employees in exchange for the services rendered by them. It is any form of payment given to employees in exchange for work they provide their employers. It is useful to emphasize that most experts view compensation administration as an art, not a science (Sanderson 1976). It is customary too to differentiate direct compensation from indirect compensation. For example, Stone (1982) describes financial payment made at, or near the time work is performed as direct compensation. Examples of direct compensation according to him are wages, salaries, overtime pay, commissions and bonuses. Therefore, employee compensation can be defined as the totality of the financial and other non-financial rewards that an employee receives in return for his labour or services offered to his employers. Similarly, wages are usually distinguished from salaries and refer to direct compensation received by an employee paid according to hourly rates. An employee paid on a monthly, semi-monthly, or weekly basis receives a salary. Employees receiving a salary receive their pay regardless of the specific number of hours they work (Stone, 1982). Besides earning a wage or salary, most employees are also compensated for their efforts by certain benefits such as medical care, insurance and holidays. These are forms of indirect compensation. In other words, compensation refers to direct and indirect monetary and non-monetary rewards. The direct compensation includes basic pay and incentives while the indirect compensation entails benefits in kind or cash. However, the discussion on compensation must include the activity by which organizations evaluate the contribution of employees in order to distribute fairly the various rewards (Schuler, 1981).

Employee compensation is a major personnel function in any organization. It is related in some way to almost every other personnel management function. Closely connected with compensation policies and practices are human resource planning, job analysis, performance appraisal and labour relations. Also, compensation directly influences three personnel management functions. These are recruiting/selection, benefits and career planning and development. Usually, an employee receives his pay after some period of time on the job. However, an employee's first contact with compensation is typically during the recruitment exercise. This is because pay can be an important factor in whether or not an applicant accepts a job offer. The issue of equitable compensation can only be understood relative to what other employers are willing to provide and as a comprehensive package involving both pay and benefits. From an employee's perspective, the real value of pay depends on its actual purchasing power (Hay & Reeves, 1984).

2.1 Significance of Employee Compensation

As noted earlier, employee compensation is one of the major functions of personnel management in any organization. It is not just a personnel function; it directly influences other personnel functions such as human resource planning, job analysis, performance appraisal and labour relations, recruitment and selection among others. The issue of employee compensation is indeed very close to the heart of both employees and the employers to the extent that it is very sensitive to them. According to Stah, (1983), in no phase of personnel administration is the possibility for misunderstanding and conflict greater than that of compensation. Employee compensation is also important because its cost usually compromise a major portion of the budgets of many organizations both in public and private sectors. This is why compensation specialists usually conduct pay surveys and job evaluation to ensure that internal pay structure are fair.

The significance of compensation to employees must be known, if compensation is to be used effectively. Compensation serves three main organization needs. These are to attract potential employees to the organization; motivate employees to perform; and to retain the good employees. Pay is a problem of primary importance to any public or private enterprise. Over seventy percent of strikes are on problems of fair pay. The public service always faces turbulent strikes and even professionals are approaching industrial action. Similarly, the importance of compensation to the organization is highlighted by the fact that labour costs amount to between 45 and 55 percent of an organization costs in both the private and public sectors (Anjorin, 1992).

Organizations need to ensure that employees are satisfied with their pay. The three major determinants of satisfaction with pay are pay equity, pay level and pay administration practices. Pay equity refers to the relationship

between what people feel they should be receiving and what they feel they are receiving. Pay level is an important determinant of the perceived amount of pay which is compared to what should be received. An employee should receive remuneration appropriate to his contribution to the organization's work. Emphasis is on the individual's salary at a particular point in time. There should be provision for adjusting salaries so that the relationship between salary and performance is continuously updated for all employees (Anjorin, 1992).

On the other hand too, employee compensation is significant to the effectiveness of organizations. This is because it greatly affects organization effectiveness in a number of ways. Stone (1982) identified certain basic ways in which employee compensation contribute to organizational effectiveness. First, compensation can serve to attract qualified applicants to the organization. It is most likely that an organization offering a higher level of pay can attract a larger number of qualified applicants than other organizations. In most cases too, more highly qualified applicants are more likely to be highly productive employees thereby contributing immensely to organization profitability or efficiency in service delivery. Moreover, compensation helps to retain competent employees in an organization. By providing attractive financial and other benefits to employees, the rate of employee turnover is reduced.

Another significance of compensation to organizational effectiveness is that it serves as incentive to motivate employees to put forth their best efforts for the achievement of the organizational objective. Consequently, when employees' put forth their best efforts, average productivity of labour increases, leading to increased productivity and reduced number of employees needed to achieve the same level of output. In other words, labour costs are reduced thereby increasing the organization's profitability or efficiency and effectiveness.

3 THE NATIONAL MINIMUM WAGE CONTROVERSY IN NIGERIA

The Role of Government in Employees Compensation Management

By its nature, employee compensation is a personnel management function which is subject to conflicting pressures from many sources. These sources according to Stone (1982) include management seeking to control labour costs, employees and unions seeking higher pay, the government seeking to control inflation and ensure minimum, non-discriminating pay, and the forces of product and labour markets.

Minimum wage is a compensation to be paid by an employer to his workers irrespective of his ability to pay. The wage must provide not only for the bare sustenance of life, but for the preservation of the efficiency of the workers. For this, minimum wage must provide some measures of education, medical requirement and amenities (khanka, 2013). Minimum wage is important in addressing the right to human dignity at the work place. This is why it is important that employers must work with the framework of the various laws that guide compensation fixing and management in a country.

In most countries of the world, the government is usually a powerful regulator of the relationship between the employees and the employers. Indeed, in modern capitalist countries, it is pertinent to observe that the employment relationship has become so complex with industrialization that government have become more involved in industrial relations through legislation (Okoedion, 1992). The government has powerful influence in compensation management. This is because it has powerful and enormous powers and influence on wage fixing by deciding the minimum pay rate for all employees in a country, below which employers must not pay. For example, the second schedule, section four, part one of the constitution of the Federal Republic of Nigeria, 1999 in item 34 under the legislative powers of the federal government provides that:

labour, including trade unions, industrial relations, conditions, safety and welfare of labour, industrial disputes; prescribing a national minimum wage for the federation or any part thereof, and industrial arbitrations.

In addition to the federal government's powers to fix minimum wage, there are other state and local laws which usually affect compensation policies and practices. Similarly, federal and state tax laws have an important impact on employees' take home-pay and can often affect an employer's compensation policies and practices. The impact of tax laws on the pay of all employees has increased in recent years due to inflation (Stone, 1982).

Over the years, the issue of wage fixing in respect of the national minimum wage in Nigeria has been problematic and controversial while the state governments prefer that the fixing of national minimum wage should be removed from the exclusive legislative list, the labour unions always insist on the retention of this on the exclusive legislative list.

The Controversy

Recently, following the consideration of the amendment to the constitution by the nation's National Assembly, the labour unions expressed their dissatisfaction with the proposal of the National Assembly to remove wages and

pension matters from the executive legislative list. Trade Union leaders threatened to call out their members on strike if the proposal was approved. According to labour, the proposal was unacceptable to it on the ground that the basic rationale for fixing a minimum wage is to ensure that employees, particularly the unorganized and unskilled are not exploited by their employees to the extent that their pay becomes so low that it creates a pool of the working poor.

The General Secretary of the Nigeria Labour Congress, Dr. Peter Ozo-Eson added that the removal of wages and pension from the exclusive list means that even individual employer will determine its minimum wage. This is extremely retrogressive and dangerous. The other implication of this according to him is that it will turn the wage determination process in states into a legislative exercise instead of the universal best practice model of collective bargaining, as enshrined in the International Labour Organization Convention 154 on collective bargaining, as well as Convention 98 on the Right to organize and collective bargaining (The Nation, Oct. 24, 2014).

However, responding to the position of labour on the issue, the then Deputy Speaker of the House of Representatives, Honourable Emeka Ihedioha, who was also the Chairman of the Ad Hoc Committee on Constitution Amendment, clarified that status of minimum wage in the Constitution Amendment. According to him, labour was not removed from the exclusive list. He explained that while the Senate put labour on the concurrent list, the House of Representatives retained it in the exclusive list. However, during the harmonization of the reports from the two chambers, the conference committee adopted the House of Representative version and retained labour on the exclusive list which the two chambers thereafter adopted. (The Nation, Oct 24, 2014)

The above is basically the controversy surrounding the fixing of national minimum wage in Nigeria. This problem is likely to remain unresolved as long as the constitution of the country is not amended in line with the requirements of the federal system of government in practice in the country. The practice of federalism in Nigeria today is lopsided in terms of the constitutional allocation of powers and funds for servicing the powers allocated whereas the allocation of powers to the tiers of government is one of the most important ingredients of federalism. According to Ayoade (2011), the federal government has become the ultimate in authority in matters of interest to all states and citizens. The result is a paternalistic federation where all resources and powers reside in the federal government. The constitutional rights of the states are snuffed out leaving the states with positions without power or funds. The states live a precarious existence struggling to meet the legitimate demands of their citizens. For example, the exclusive legislative power of the federal government is overloaded.

Closely related to the above is the issue of integration in the country. As a result of the heterogeneous nature of the Nigerian state, the issue of unity and integration is central to the practice of its federalism. This also has great consequences for policy issues relating to employee compensation. As a strategy for national cohesion, the military, which ruled Nigeria for many years, was averse to diversity which is a critical defining characteristic of Nigerian federalism. It therefore imposed forced uniformity through a uniform national salary structure, uniform educational system, uniform tax codes, uniform oil and gas prices.

The uniform salary structure for example, destabilized the states by requiring them to pay salaries that are sometimes in excess of their financial capacity (Ayoade, 2011). Many states usually find it difficult to pay the national minimum wage whenever the federal government fixes it. This is partly due to their reliance almost entirely on federal government financial allocation to them. This is usually inadequate to meet the financial requirements of states to pay salaries of their employees and to meet other financial obligation of government. This is also partly because of the failure of most state governments to raise substantial funds from their internally generated revenue. According to Ayoade (2011), even now, it is clear that judging by the criterion of resource viability, many of the present states cannot survive the wage bill of their workers not to talk of providing social services. On the part of the employees of the state governments, they usually hold their state governments responsible for the full implementation of national minimum wage as fixed by the federal government. This has led to a number of industrial disputes in many states of the federation.

The effect of this uniform salary structure on the private sector is equally devastating. This is because it has resulted in strikes, lockouts and even lay offs especially in many small and medium scaled industries in the country. The insistence of the Nigeria Labour Congress on the retention of the national minimum wage law in the exclusive legislative list is a result of the issues raised on the inability or refusal of state governments in fully implementing such laws. If the law is on the concurrent legislative list, it means that each state government will determine its minimum wage.

4 CONCLUDING REMARKS

This paper has examined the meaning and significance of employee compensation management. It also examined the controversy surrounding national minimum wage fixing in Nigeria. The paper concludes that the major source of the controversy has to do with the nature and practice of federalism in Nigeria. While it is important to note that

the allocation of powers to the tiers of government is one of the most important features of federalism, inter-governmental relations in the Nigerian system are tailored in favour of the federal government which assumes the position of the senior partner to the extent that the constitutional rights of the states are taken away from them thereby rendering them powerless financially.

The exclusive legislative list is an evidence of power grab by the federal government. It is therefore suggested that in order to resolve the controversy over the fixing of the national minimum wage therefore, wages and pension issues should be removed from the exclusive legislative list to the concurrent list forthwith. This is on the ground that Nigeria is running a federation and most federations world over allow wage fixing on the concurrent list. This is because the financial resources of states differ. There are rich and poor states within the same federation, hence they can pay different wages to their employees in accordance with their financial capabilities and conditions or standard of living in the respective states. The cost of living varies from place to place; certain places may be costly because of their bad climate, or remoteness and inaccessibility. It would not therefore, be fair to pay the employees a uniform rate regardless of the place where they have to serve. Regional differentiation may be made either by different scales of salaries or by a scheme of allowances (Sharma, et. al. 2012).

In most cases, state governments stick to the minimum wage as fixed by the federal government without increasing it thereby taking undue advantage of their employees. Whereas, if wage fixing is taken to the concurrent legislative list, each state government should be able to decide what its minimum wage should be. It is also suggested that no level of remuneration should be fixed without the input of the state governments and the private sector employers because of the involvement of availability of financial resources and consideration of level of productivity on the part of the employees. There should also be periodic review of salaries in line with the rise in the cost of living. This could be within the period of four to five years. If this is done, the level of industrial harmony in both the public and private organizations will increase greatly.

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An exploratory study on awareness towards institutional social responsibility in Indian higher education institutions

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ABSTRACT

Institutional Social Responsibility (ISR) in context to a Higher Educational Institution has been defined as the ethical practice in transference of knowledge, and the active participation in betterment of quality of life in the society. It is an offshoot of the concept of Corporate Social Responsibility (CSR), but unlike CSR, it is neither mandatory nor actively monitored or researched in Indian context. However, awareness towards aspects of ISR has been increasing, especially in Indian Universities. Indian Universities adopt practices related to Adoption of Villages, Awareness Drives, Environmental Care and Rural Education initiatives. Critics often see ISR as an unnecessary burden; Review of literature from around the world suggests that ISR practices contribute to increased accountability towards exploitation of resources by Educational Institutes as well as better reputation of Educational Institutes in the society. The purpose of this paper is to examine the perception towards the concept of ISR in Educational Institutes in India. The paper opted for a questionnaire-based exploratory survey of 50 faculty members, across Private Universities in Rajasthan. The findings suggest lacking awareness but a significant acceptance of need of ISR practices. The paper includes implications for the Universities to include ISR practices in their strategy to address its obligations to the society and simultaneously gain a competitive advantage.

KEY WORDS

institutional social responsibility, CSR, universities

JEL Code: M12

1 INTRODUCTION

Any discussion on the growth and potential of India oscillates between the countless economic opportunities that the nation is learning to harness and the plentiful social problems that characterize national and global sentiment. Remarkably, for India, this oscillation sweeps an abnormally wide arc – while India displaced Japan to become the third-largest world economy, it houses more poor people than anywhere on earth. Such instances indicate the uneven distribution of benefits of growth, which are the prime cause of this restless oscillation.

The revelation and recognition of the unjustified distribution of opportunities has led to a paradigm shift in the behaviour of the stakeholders of the economy. With the increased intervention and integration between and within economies, the significance of collaborative sowing and collective reaping has intertwined the interests of the Business and Society. Each has evolved into an active and concerned investor in economic growth, seeking a fair return on its efforts. The assertion of society for its share in the pie has led to emergence of concepts such as Corporate Social Responsibility, further fading the line that differentiates the two realms. Contributions by companies towards social benefit and community development are kept under strict scrutiny, and with the growing consciousness of the gap between haves and have-nots, this scrutiny will only increase along with rising social expectations to end this unrest. Governments as well as regulators have responded to this unrest and the National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Business or the NVGs (accompanied by the Business Responsibility Reports mandated by the SEBI for the top 100 companies) and the CSR clause within the Companies Act, 2013 are two such instances of the steps taken (Confederation of Indian Industries, 2013).

However, the concept of CSR transcends beyond the “corporate”. The phenomenon of privatisation has invaded the “non-corporate” or “non-profit” sector, such as Education. The Education landscape is witness to rapid privatisation as well as commercialization. The manners in which Higher Educational Institutes, such as Universities,

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are organized and directed resemble the business organization. In addition, during the adaptation of this business-like approach, some institutions are discovering the importance of corporate image, corporate identity, corporate reputation and mainly CSR as a reputation and an advantage building strategy (Dahan & Senol, 2012). It is thus vital for these organizations to present themselves as socially responsible institutions. The concept of Institutional Social Responsibility (ISR) emerges from the increasing need to incorporate CSR practices into non-profit institutional policy. Formal proposition of Institutional Social Responsibility as an organizational policy will compel a non-profit institution to contribute to the larger schema of developmental effort. This research seeks to discover the awareness, acceptance and appliance of the concept of ISR in Private Universities.

Research Problem

The following statements sufficiently sum up the research problem –

- Is there a need to stretch the concept of CSR to accommodate non-profit organizations?
- Is there a need to propound the concept of ISR formally?
- Is the concept of Institutional Social Responsibility, if not nonexistent, unduly unacknowledged?
- If Universities are adopting business strategies to survive in the competitive landscape, mustn't they also inherit the liability towards the social betterment?
- Even if a University accepts its ISR obligation, is there a functional support system or formal guideline to serve as a directive reference?
- What are the opportunities and challenges in incorporation of ISR into operational practice by a Private University?

2 LITERATURE REVIEW

Corporate Social Responsibility

CSR does not have a universally accepted definition, yet the pioneering attempts defined it as “(it) refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953) .

Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society. (Holme & Watts, 2000)

Further, to meet its social duties “(an enterprise) should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders.”

CSR has emerged as a valuable and necessary strategy to the competitive business environment of today. Yet besides creating a good reputation and a competitive advantage, CSR can help the business world to contribute to the well-being of the society, as successful corporations need a healthy society. (Porter & Kramer, 2006)

Inclusion of Mandatory CSR in Companies Act, 2013

Once seen as a voluntary moral obligation, the concept has evolved into a more formal, structured policy element. The inclusion of mandatory CSR in New Companies Act, 2013, by the Ministry of Corporate Affairs is a testimony to this radical transformation.

Clause 135 of New Companies Act, 2013 includes following criteria for Corporate Social Responsibility –

- Net worth – Rs. 500 Crores or more OR
- Turnover – Rs. 1000 Crores or more OR
- Net Profit – Rs. 5 Crores or more

If any company during any of the financial year fulfils, any of above conditions then it should –

- Constitute a CSR committee of Board, which shall consist of minimum three directors, out of which one shall be independent director.
- The committee shall formulate and recommend CSR Policy, which indicates company's activity as, specified in Schedule VII and amount recommend for the same.
- At least 2% of the average net profit of the immediately preceding three financial years of the company shall be used for spending in accordance with the CSR Policy.

- According to the approach “Comply or Explain”, Board should explain the reason for not spending such amount if it fails to do so.
- The company shall give preference to its local area from where it operates, for CSR activities.

According to Indian Institute of Corporate Affairs, a minimum of 6,000 Indian companies will be required to undertake CSR projects in order to comply with the provisions of the Companies Act, 2013 with many companies undertaking these initiatives for the first time. Further, some estimates indicate that CSR commitments from companies can amount to as much as 20,000 Crore. INR (Confederation of Indian Industries, 2013).

The Commercialization Argument against Higher Education

The role of higher education institutions is a topic that has to be studied separately and discussed deeply, in order to make a comparison between higher education and traditional corporate, the responsibility of the higher education institutions can be summarized as transferring the knowledge to the new generations by teaching, training and doing research; determining a balance between basic and applied research and between professional training and general education; meeting the priority needs of their respective societies. (UNESCO 1991)

However, recent changes have casted higher education institutions into an ambiguous arena that looks more like a consumer goods marketplace. (Goia & Thomas, 1996)

Higher education in India has witnessed an impressive growth over the years. The number of higher educational institutions (HEIs) has increased from about 30 universities and 695 colleges in 1950-51 to about 700 universities (as of 2012-13) and 35,000 colleges (as of 2011-12) as per a recent UGC report. With an annual enrolment of above 25 million (including enrolment under Open and Distance Learning system), India is today ranked as the third largest higher education system in the world after US and China. The break-up of number of HEIs in the country shows that the share of state universities is the highest (44%) followed by private universities (22%), deemed universities (18%), institutes of national importance (10%) and central universities (6%). The increase in number of private HEIs has also resulted in an increased private sector share in the total enrolment. The share of private sector in terms of total enrolment has grown from 33% in 2001 to 59% in 2012. While the number of private HEIs account for about 64% of the total HEIs, the share of private sector in total enrolment stands at 59%, as illustrated in the following figures. The central and state government institutes on the other hand account for 2.6% and 38.6% of the total enrolments, respectively. (Shafi, 2014)

Under the new circumstances such as the globalization, privatization of the education institutions and competition in higher education industry, many higher education institutions are adapting a more business-like approach in order to compete and survive in the changing face of the industry. (Dahan & Senol, 2012).

Need for Institutional Social Responsibility in Higher Educational Institutions

Since higher education institutions have begun to behave in a business-like manner, they also need to be managed in the same manner. Therefore implementing CSR strategies in a higher education institution should be considered in order to obtain a true competitive advantage and a positive reputation. Moreover, practicing what is taught and thereby generating a real example of the academic knowledge can create a unique proposition for any higher education institution. Besides, as the complexity of higher education operations increasingly overlap with societal interests, higher education institutions are pressured for responsible practices. Thus responsible higher education practices not only will contribute to the well-being of the shareholders and the public in general, but also these practices will increasingly become a long-term value proposition for the institution itself. (Dahan & Senol, 2012)

Universities faced with competition, have realized the role of corporate identity as a powerful source of competitive advantage. They have thus began to develop corporate identity program as part of their competitive strategies. (Melewar & Akel, 2005)

Organizations such as companies or universities are usually responsible for the severe environmental degradation we have witnessed (Alshuwaikhat and Abubakar, 2008; Haden et al., 2009; Hoffman and Woody, 2008). Since education provides awareness and many organizational decision makers were once a student in universities, it is important to know how universities regard CSR. (Nejati, Shafaei, & Salamzadeh, 2011)

Universities can nowadays be regarded as ‘small cities’ due to their large size, population, and the various complex activities taking place in campuses, which have some serious direct and indirect impacts on the environment. The environmental pollution and degradation caused by universities in form of energy and material consumption via activities and operations in teaching and research, provision of support services and in residential areas could be considerably reduced by an effective choice of organizational and technical measures. Although many environmental protection measures can be seen at some universities, but a more systematic and sustainable approach to reducing the negative impacts of those activities and making the campuses more sustainable, is generally lacking. (Alshuwaikhat & Abubakar, 2008)

The university's role in the society is evolving. They are no longer just institutions of higher education and research, which grants academic degrees in a variety of subjects, but rather they are turning into institutions of higher education and research which train responsible humans, create cutting-edge knowledge to solve the issues and problems at a global scale and share the knowledge so that it can benefit the community. (Nejati, Shafaei, & Salamzadeh, 2011)

Though to different extents, leading universities of the world have all taken social responsibility seriously and announced this in their websites. However, there are differences in their reporting and the areas, which covered. The findings show that all the 10 studied universities have covered areas of "organizational governance", "human rights", "labor practices", "environment", "fair operating practices", and "consumer issues" (with consumers considered as students of universities) in their websites. (Nejati, Shafaei, & Salamzadeh, 2011)

Significance of the Study

The rationale of this study is substantiated by the evidence of two trends, which have progressively evolved into popular research subjects:

1. The increasing recognition and incorporation of Corporate Social Responsibility as a mandatory business policy
2. The growing behavioural similitude between Educational Institute and Business Organization

Resultantly, an educational institute must address to the compulsory fulfilment of social responsibility towards its stakeholders. A HEI, such as a Private University, is accountable for the development of internal stakeholders such as students and faculty, as well as the betterment of quality of life of parents, local community and society at large; it is necessary for the University to fulfil its Institutional Social Responsibility.

Arguably, a Private University cannot be liable to perform such activities, since it is not driven by profit-motive. Moreover, HEIs such as Universities are often the consequence of CSR, and thus the concept of ISR might seem like an unnecessary burden. Education, unlike a personal non-durable packet of chips, is an eternal, itinerant and social product. In itself, it is an element of development and betterment of society.

Is it then correct to equate a University with a Business Organization? Can education be likened to an economic commodity, the business of which is bound by societal obligations?

Interestingly, the same can be asked of Health Care, Educational Entertainment and Religion.

A glance around would testify the contention of commoditisation or commercialization of Education.

Commercial practices may have become more obvious, but they are hardly a new phenomenon in American higher education. By the early 1900s, the University of Chicago was already advertising regularly to attract students, and the University of Pennsylvania had established a "Bureau of Publicity" to increase its visibility. In 1905, Harvard was concerned enough about its profitable football team to hire a 26-year-old coach at a salary equal to that of its president and twice the amount paid to its full professors. As President Andrew Draper of the University of Illinois observed, the university "is a business concern as well as a moral and intellectual instrumentality, and if business methods are not applied to its management, it will break down." (Bok, 2003)

Education is more and more viewed as an investment by "customers" who search the world for the best product available. Students expect a pay-off from their investment.

So they seek vocationally oriented courses. Distinctions between universities and polytechnics are disappearing, and indeed in the UK all polytechnics were renamed "new" universities, a re-branding exercise of enormous significance for the traditional universities. So the products of tertiary institutions are becoming more standardized, as participation rates increase while state funding is reduced. (Lawrence & Sharma, 2002)

The case of India is not any different. The government itself has realized the need for adoption of an active self-sustaining business-like countenance by HEIs to counterbalance the burden on public organizations.

Major efforts have been mounted for mobilisation of resources and it has been recommended that while the government should make a firm commitment to higher education, institutions of higher education should make efforts to raise their own resources by raising the fee levels, encouraging private donations and by generating revenues through consultancy and other activities. It is not only justifiable but desirable to raise money from private sources in order to ease pressure on public spending. (Joshi, 1998)

Most universities now operate in an environment where students are recognized as fee-paying customers. Universities now produce employable, marketable "labour" for the knowledge economy. Education is no different from buying other commodities (like cars). Students need to pay for their education, as the benefit is considered a private one and not a social good (Lawrence & Sharma, 2002).

With Universities imitating Businesses in more ways than one, their participation in social progress is inevitable. Yet, there is indeed a visible difference between a University and a Corporate Entity. Thus, it is imperative to define ISR with a clear distinction from CSR. It is neither enforced nor expected of the University to mimic the CSR activities of a business; the acknowledgement and absorption of the concept of ISR into Institutional strategy would

help an academic institution understand its social liability as different from a business organization, and explore the opportunities to fulfil it actively.

It is thus obvious to study ISR, agreeably an offshoot to CSR. The research thus proposed, shall be substantial in revealing the awareness and acceptance, as well as prospects and challenges in implementation of ISR. The concept of ISR will restore the karmic balance – giveth and you shall receive – and will bring to light the veiled yet undeniable accountability that non-profits hold towards social betterment.

The question which rises is the reason behind such social responsibility practices of the universities, since one may argue that the entire rationale for a university is to serve society through education, so CSR (or ISR) is redundant in that context. (Nejati, Shafaei, & Salamzadeh, 2011)

Yet, it is not new for Universities to opt for community development practices voluntarily. Higher educational institutes across the world have increasingly adopted Social Responsibility into their competitive strategy. Many Universities indicate their passion and goal for sustainability and solving world problems through their mission statements, values and other contents reported on their websites. For example, a university in US has a specific office of sustainability where they tackled issues such as greenhouse gas reduction as well as climate change. In another instance, a university in UK puts a great focus on the term “global citizenship” on its website referring to it as the ways in which they actively seek to prepare their students to respond to the intellectual, social and personal challenges that they will encounter throughout their lives and careers. (Nejati, Shafaei, & Salamzadeh, 2011) The concept of ISR too, has been studied thoroughly in context of German Universities.

The notion of ISR might be intimidating to the Universities in the beginning, owing to its activist-like tone, yet evidence suggest that the practice of aspects of ISR has led to numerous benefits in the longer run. Business consultant Richard Goosen posits Universities realise that it is a competitive market in terms of creating an ongoing stream of satisfied alumni, attracting new students and addressing the concerns of business supporters, a strategy, which incorporates CSR, is a start. These benefits include betterment of image in the society, since all stakeholders are increasingly evaluating educational institutes based on their contribution to the community. Reputation of the institute is more often than not among the factors that affect decision-making of students and parents.

Moreover, critics have regularly stressed the need for providing CSR exposure to the students. Industries require managers who can develop sustainability strategies. Students, especially in management and business schools study CSR as a part of their academic curriculum. Most universities tend to focus only on teaching social responsibility in terms of corporate social responsibility initiatives and do not go beyond this by attempting to improve their communities. (Atakan & Eker, 2007) Thus, another contention in favour of generating awareness and practicing ISR is the necessity to allow CSR exposure to students. According to the results of the first Global Campus Monitor (GCM) survey of over 1,000 university students from around the world, a strong majority believe that corporate social responsibility (CSR) should be taught more at universities. Results suggest that there is a strong interest to learn more about CSR, regardless of students' area of study.

Furthermore, while practices congruent with the concept of ISR are prevalent in most Universities abroad, limited formal evidence of the said is available in India. The role of educational intuitions in community development beyond knowledge delivery is scantily researched in India. This study thusly seeks to fill the following research gaps:

- Absence of defining research on the concept of Institutional Social Responsibility
- Limited exploration of ISR practices in Higher Educational Institutes

3 OBJECTIVES OF THE RESEARCH

The primary intent of this research is stated as under:

- To find the involvement of Private Universities in Institutional Social Responsibility
- To identify factors affecting adoption of Institutional Social Responsibility practices in Private Universities
- To identify challenges and opportunities in implementation of Institutional Social Responsibility

Research Methodology

The research was exploratory in nature. The data for the study was collected by administering the questionnaire on the management level staff from the private universities in India. The size of the sample was 500 participants from various private universities which was selected by applying simple random technique.

Since the research was exploratory in nature, descriptive statistics was used to do the analysis of the research.

Operational Definitions

Institutional Social Responsibility (ISR) – Institutional Social Responsibility, with reference to a Private Higher Educational Institute would relate a two-fold approach:

1. Ethical practice in transference of knowledge, training and research
2. Active consideration of and participation in betterment of quality of life of stakeholders

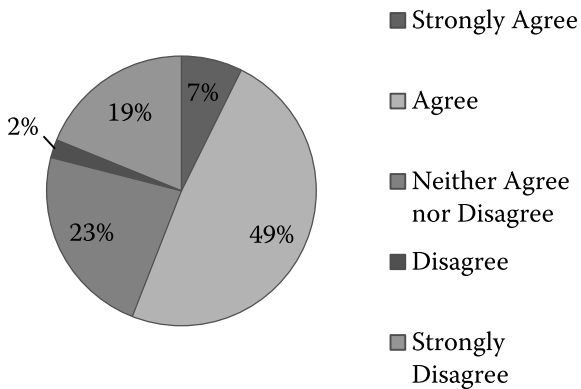
4 RESULTS

The questionnaire was floated to 50 institutions covering 500 participants. Iterative computation of Item Total Correlation indicated that 13 out of 14 items administered on the 5-point scale were significant. Item 10 was found to insignificant. Item 12 exhibited negative item-total correlation, owing to negation in the sentence structure.

Item 1: The institute actively addresses its social responsibilities

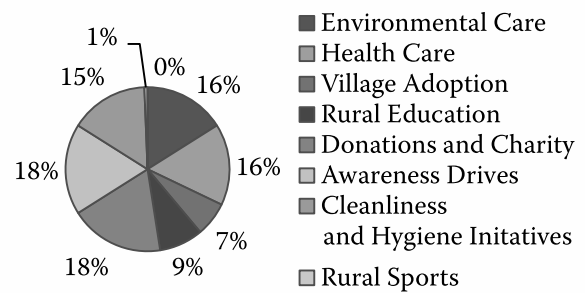
Item 2: From the following, please choose the areas covered by the social responsibility initiatives of your institute

Response



Item 1: sought to assess the participation of the University in social responsibility initiatives. Most respondents (49%), agreed that their institute addresses its social responsibility, however, about 44% respondents either disagreed or were unsure of the suggested.

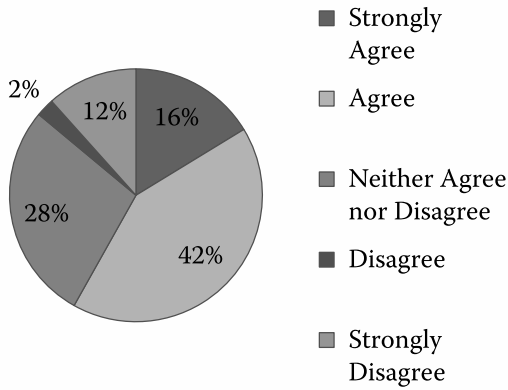
Response



Item 2: From the following, please choose the areas covered by the social responsibility initiatives of your institute

Item 3: The practice of social responsibility at the institute includes aspects of ISR as defined by the authors

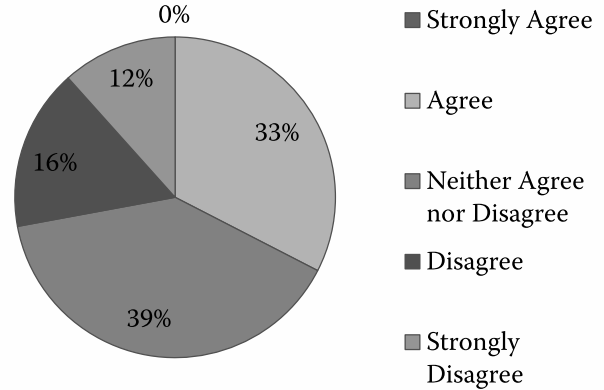
Response



Item 3 sought to assess whether there was a consensus among the authors and practicing institutes over the concept of ISR. 42% agreed that the definition of ISR by the authors matched the norms governing ISR in their institute

Item 4: The institutional policy includes definition and/or provision of aspects ISR

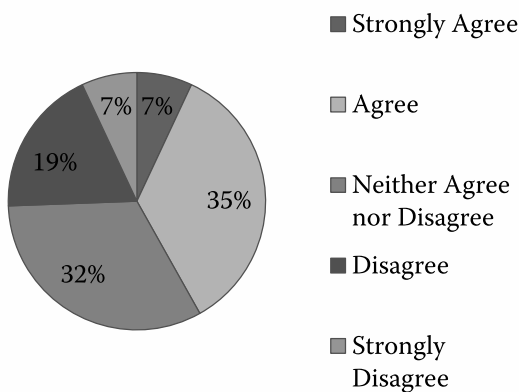
Response



Item 4 asked the respondents if ISR, or similar practices were incorporated in their policy. 39% were not sure of any such inclusions, while 32% suggested there were policies addressing ISR. No respondent was absolutely sure.

Item 5: The institute communicates the concept and practice of aspects of ISR to its stakeholders (faculty, students, parents, management etc.)

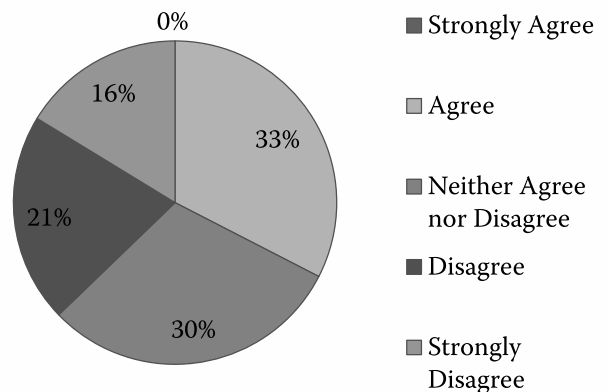
Response



Item 5 solicited evidence of institutional communication regarding ISR. 35% suggested the institute discusses ISR policy with the faculty, students and parents, while 32% were not sure. Item 6 revealed that 33% respondents could identify ISR concepts in the organizational vision, while 30% were unsure.

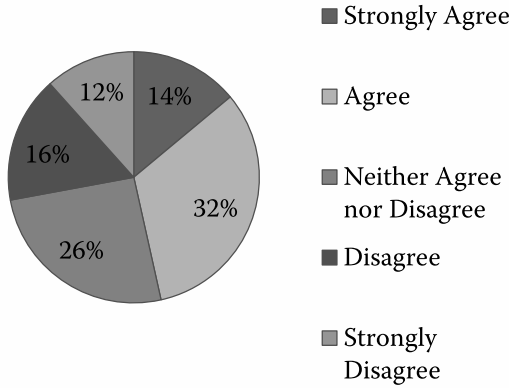
Item 6: The organizational vision/mission statement includes aspects of ISR

Response



Item 7: The institute sets clear objectives towards the practice of social responsibility

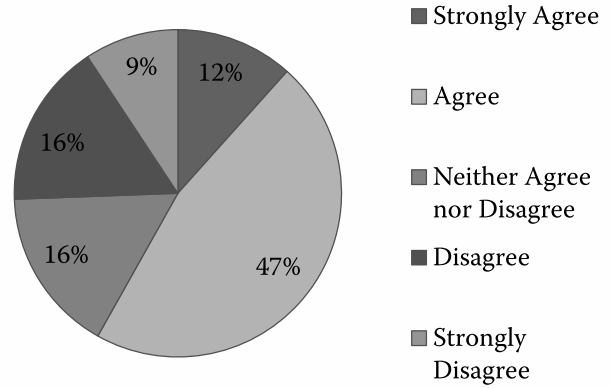
Response



Item 7 revealed that 32% respondents suggested their institute sets clear ISR related objectives, while 25% were unsure, and 16% found no such objectives.

Item 8: The stakeholders of the institute encourage the practice of aspects of ISR

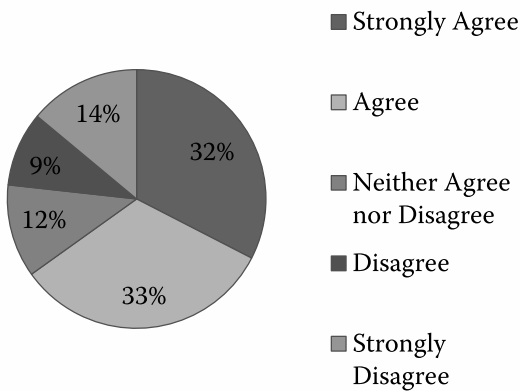
Response



Item 8 was included in the questionnaire to assess if ISR practices were praised by stakeholders. 46% agreed with the statement, while only 9% believed stakeholders did not appreciate ISR.

Item 9: The aspects of ISR should be inculcated in every educational institute's practice

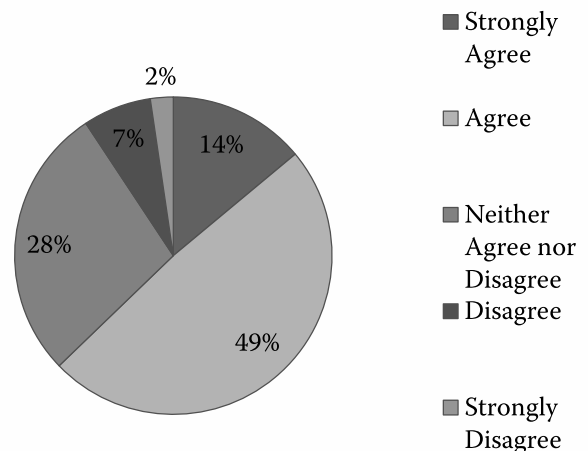
Response



Item 9 found that the 64% respondents were in favor of including ISR in educational institutes. Collectively, only 22% disagreed.

Item 10: (Insignificant) The concept of ISR differs from CSR

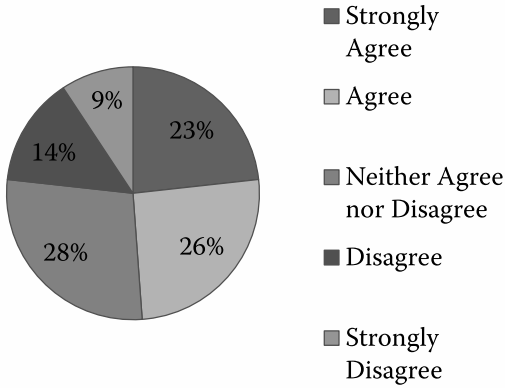
Response



Item 10 was found insignificant upon item-total correlation. ISR and CSR could not be differentiated.

Item 11: Practicing aspects of ISR is beneficial for the institute

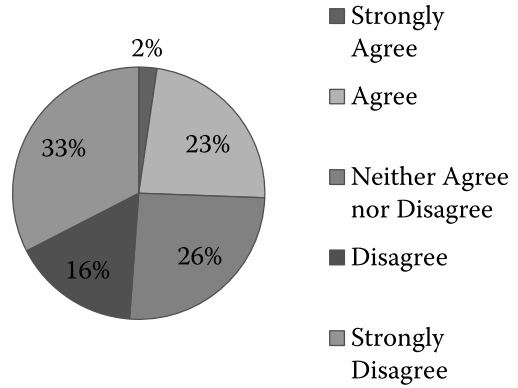
Response



Item 11 assessed whether respondents saw ISR as beneficial or not. 49% respondents agreed with the statement, while only 22% disagreed.

Item 12: ISR is an unnecessary burden on educational institute

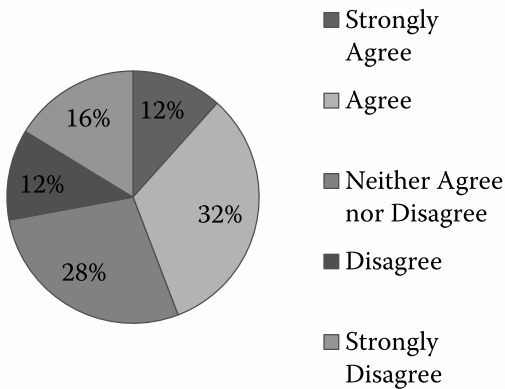
Response



Item 12 discovered that 25% believed ISR to be an unnecessary burden.

Item 13: ISR should be made mandatory for educational institutions

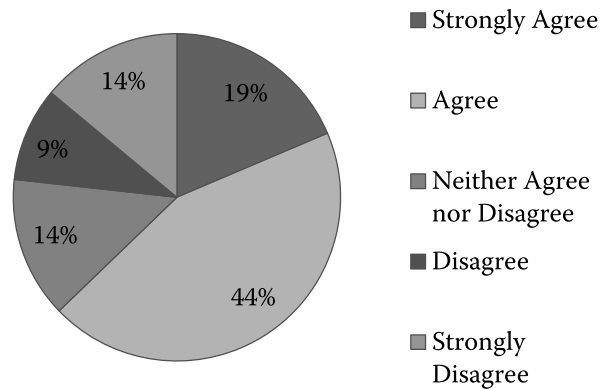
Response



Item 13 asked respondents if they feel ISR should be made mandatory in educational institutes, to which 44% agreed, while 28% disagreed. 28% had no opinion. However, Item 14 revealed that more than 50% respondents believed educational institutes should engage in ISR activities.

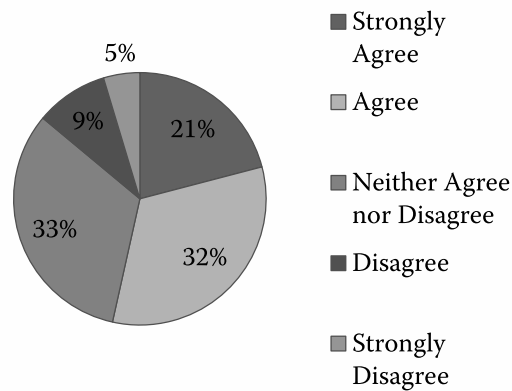
Item 14: The educational institutes need to engage in ISR activities actively

Response



Item 15: It is essential to separate the concept of ISR from CSR

Response



Item 15 sought to ascertain the need to separate ISR from CSR. 53% believed such need existed, and only 14% believed they needn't be defined separately.

Item 16: What possible challenges shall emerge if ISR is made mandatory for Private Universities?

Availability of Time, Cost Burden, Clarity of Goals, Pressure on Academic Front, Participation of Students, Management of Activities, Credibility and Transparency, Burden on Faculty, Monitoring, Changing Mindset, Policy reforms, Acceptance of Society

Item 17: What possible benefits shall emerge if ISR is made mandatory for Private Universities?

Positive Publicity, Betterment of Institutional Reputation, Increased Accountability of Institutions towards Social Advancement, Development of Community and Stakeholders, Value Education, Student Learning, Establishment of Healthy Relationship with Stakeholders, Growth in Literacy and Standards of Living

Item 18: Enlist factors that govern the extent of ISR involvement of your institution.

Top Management Decision, Personnel and Financial Capacity, Pressure from Community, Awareness, Project Duration and Location, Institutional Policy

The study shows that most respondents acknowledge the need for actively practicing Institutional Social Responsibility.

5 CONCLUSIONS

The results indicate that most of the respondents are acknowledge and favour of the aspects of concepts of ISR. Of the total respondents, 49% fell in the third quartile, followed by 35% in the third quartile, showing high acceptance, awareness and agreement towards the practice of ISR. 16% respondents fell in the second quartile, and no respondent fell in the first quartile.

Item 1 and Item 2 wished to derive the extent to which the institute pursues its social responsibility. In Item 1, 48.83% respondents agreed that their institute pursued its social responsibility actively. 23.25% were indifferent, and 18.60% strongly disagreed. Item 2 sought to derive areas where most respondents found the focus of their ISR activities. The top areas included Awareness Drives (18%), Donations and Charity (18%), Health Care (16%), Environmental Care (16%), closely followed by Cleanliness and Hygiene Initiatives (15%).

Items 3, 4, 5, 6 and 7 sought to discover the practice and manifestation of aspects of ISR in institutional strategy. 41.8% strongly relate to the practice of ISR practice in their institutes. 39.53% could not comment on the provision of aspects of ISR in their institutional policy. 34.8% agreed that their institute communicates the concept and practice

of aspects of ISR to their stakeholders. 32.55% agreed that the vision/mission statement of the organization included emphasis on aspects of ISR. 32.55% agreed that their institutes sets clear ISR objectives.

Items 8, 9, 11, 12, 13, 14 and 15 derived the perspective of the respondent towards ISR practice. 46.51% respondents agreed that the stakeholders' encouraged the practice of ISR. 32.55% strongly agreed that ISR practices should be inculcated in every institution's stratagem. However, 27.9% could not assess whether ISR practice has benefits for the institute. 32.55% strongly disagreed to see ISR as a burden on the institute. 32.55% agreed that ISR should be made mandatory, like CSR. 44.18% agreed that institutes should practice ISR actively. 32.55% agreed that ISR differs from CSR, yet an equal number could not draw a clear distinction.

The study shows that most respondents acknowledge the need for actively practicing Institutional Social Responsibility.

6 SUGGESTIONS

The conclusion declares a favourable result and suggests that it is indeed necessary to spread the awareness towards concept and practice of ISR.

Following suggestions can be made in the area:

- The contribution of Universities towards social betterment should be actively studied and documented
- Certain aspects of ISR should be formally included in Institutional policy and practice
- Faculty and students should be included in determining the ISR strategy
- To battle challenges of finance, personnel and time management, partnerships should be formed between educational institutes, companies and social organizations
- Evaluators of higher education quality in Universities should include practice of ISR as a factor in the assessment
- ISR should be taught as a subject, and should include practical exposure for students
- Further research should define ISR concretely, and should develop best practice models and stencils to help Universities satisfy their ISR.

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Emotionally intelligent leadership as a key determinant of strategic and effective management of human capital

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ABSTRACT

The purpose of this paper is to outline the strategic importance of Emotional Intelligence (EI) in contemporary approaches to management of Human Resources (HR). The aim of this study is to provide a conceptual theoretical insight of the relationship between EI and leadership. The paper also reflects the conditions within the present business environment in Slovakia with the emphasis on leadership in the context of EI (based on the research conducted in this field), while answering the following question: to what extent do Slovak organizations incorporate EI measures into the hiring process for managerial positions? The answer to this question would consequently disclose whether organizations in Slovakia consider Emotional Intelligence as a factor determining effective performance of managers – leaders.

KEY WORDS

emotional intelligence, leadership, leader, manager, performance, Slovak organizations

JEL Code: M12

1 INTRODUCTION

The post communist political, social and economic changes, followed by the rapid development of IT, fundamentally influenced the course of both everyday lives and of the work environment. Increasing demands on employees, the constant emphasis on productivity, the growing pressures of competitive business environment, inevitably resulted into overall changes within the structures and organizational cultures of business entities. This created an intense demand for redefinition of roles, relations, working procedures and communication approaches in organizations.

During the forty-year period of communism human capital in Slovakia was in rather a passive situation, feeling absolutely secure, with no concern about losing jobs. However, after the fall of the regime everyone had to start defending its own work position. The post-revolution euphoric state of mind, together with the general excitement for new hi-tech goods (that were supposed to serve as a miraculous tool in making the working process and everyday life easier), were gradually exchanged for the feeling of stress, frustration and exhaustion.

The new situational context of a consumer society evolved in a state where people feel joy or happiness in shorter and shorter intervals. German psychiatrist Michal Weinterhoff (2014) in an interview for Tages Anseiger magazine stated that people are searching for the feeling of security, which, however, the society can no longer provide them with. David Goleman (FMET, 2014) claims that: “The criteria for success at work are changing and therefore it is not enough to demonstrate our expertise but we must also prove how mature we are in handling ourselves and each other” (p.16). According to Sulíková (2013), “The needs of employees are changing and there is a greater demand for the necessity to satisfy the higher intellectual demands” (p.62). Today, the words depression and burnout syndrome are used with greater and greater frequency and as a result, more and more people are becoming aware of the importance of finding the balance between professional and private life. Cultivating ones own Emotional Intelligence can be a great tool on the way to finding inner peace. An exhausted and a burned out employee cannot perform effectively (Ptáček, et al, 2013:22). Moreover, such employee will represent enormous cost for the organization.

In order to answer what is intelligence, what it means to be intelligent, and what are the features of intelligent behavior, it is inevitable to take into consideration what role emotions play in the thinking process? We must not omit the fact that emotions affect our attitudes, our opinions, our interpersonal relations, or the way we respond and

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react. Emotions form the way we perceive and evaluate the reality around us. As everything is interconnected the sphere of influence of emotions would thus even affect our performance. Many research studies have revealed that it is the Emotional Intelligence itself that plays the key role in leadership skills rather than the technical or intellectual capabilities (Rudy, et al., 2013:106).

2 EMOTIONAL INTELLIGENCE IN THE CONTEXT OF 20TH CENTURY

Before defining Emotional Intelligence it shall be explained how modern psychology describes and understands the concept of intelligence in general. The cognitive part of intelligence and its assessment through the Intelligent Quotient (IQ) is widely known. However, the cognitive part of intelligence is just one of its many components and therefore the IQ as an indicator of intelligence has rather a relative value. Various research studies have already proved that a high level of IQ does not necessarily have to predict the persons achievements. Goleman (2011:40) states that the level of IQ determines the person's success by only 20 percent. What is important though is the fact that the level of IQ stays approximately unchanged throughout life (Bradberry & Greaves, 2013).

A more holistic view of intelligence can be found in the comprehensive conceptualizations of Gardner and Sternberg. Gardner (Goleman, 2011:43) claims that the key feature of intelligence is its heterogeneity and that it is rather a spectrum of various abilities. Gardner (Fleskova & Dolinska, 2010:63) identified seven key types of intelligence: linguistic; spatial; musical; logical-mathematical; bodily- kinesthetic; interpersonal; and intrapersonal. Thus, if a person does not possess a linguistic intelligence he can still excel as a musician for example. Therefore a person can be successful in various fields as different fields require different types of intelligence.

Sternberg (Flešková & Dolinská, 2010:63) understands intelligence as being composed of three major sub-parts: of analytical intelligence, of creative intelligence, and of practical intelligence. Practical (or impractical) approach to everyday problem solving reflects how effectively a person is able to respond to daily demands or unexpected situations and challenges. People with above average IQ could be extremely impractical which would prove that IQ as the only indicator of persons' intelligence does not provide a complex or complete evaluation.

Emotional Intelligence which can also be referred to as Emotional Quotient (EQ) is a relatively new concept as it came to be scientifically explored with greater emphasis only in 1990's. In order to understand the complexity of this construct, it is essential to understand how it gradually evolved over the past century. The following chart summarizes the major milestones in the evolution of Emotional Intelligence.

Table 1: Emotional Intelligence timeline

Period	Author	Description
1930s	Thorndike	Social intelligence – the ability to get along with other people
1940s	Wechsler	States that affective components of intelligence may be essential to success in life
1950s	Humanistic psychologists, (eg. Maslow)	Describe how people can build emotional strength
1975	Gardner	Introduces the concept of multiple intelligence in his book <i>The Shattered Mind</i>
1985	Payne	Introduces the term emotional intelligence in his doctoral dissertation entitled 'A study of Emotion: Developing Emotional Intelligence; Self – integration; Relating to Fear; Pain and Desire.'
1987	Beasley Bar-On	Use the term 'emotional quotient (EQ)' – Beasley in a <i>Mensa Magazine</i> article and Bar-On in the unpublished version of his graduate thesis.
1990	Salovey, Mayer	Publish their landmark article, 'Emotional Intelligence', in the journal <i>Imagination, Cognition, and Personality</i> .
1995	Goleman	Popularizes the concept of EI in his book <i>Emotional Intelligence: Why It Can Matter more Than IQ</i> .
1996	Consortium for Research on EI in Organizations	Conducts research to identify emotional and social factors that are important in job success.

Source: FMET (2014:19)

As the table shows, until the 1990's, there had not been conducted any extended scientific exploration on the subject of Emotional Intelligence. Two American psychologists John Mayer and Peter Salovey were among the first to actually define this term. According to Mayer and Salovey, (in Wharamová, 2013) Emotional Intelligence shall be understood as: “The ability to perceive emotions, to feel and to produce such emotions that enhance thinking, to understand emotions and emotional knowledge and to consciously regulate emotions in a way that they would boost emotional and intellectual development” (p.18).

In the same year when Mayer and Salovey published their landmark article, another psychologist Daniel Goleman, by mere coincidence became aware of their study. Salovey and Mayer's publication in fact inspired Goleman to start his own scientific inquiry into EI, findings of which he published five years later. Thanks to Goleman's book, the conceptualization of Emotional Intelligence became known among the scientists and general public all over the world. Goleman's (FMET, 2014) definition of EI states that it is: “The understanding of one's own feelings, empathy for the feelings of others and the regulation of emotions in a way that enhances living” (p.6).

2.1 The Concept of Emotional Intelligence

According to the Encyclopedia of Applied Psychology (Bar-On, 2013:par.1), there are three major models of Emotional Intelligence: the **Mayer-Salovey model** (defines EI as “the ability to perceive, understand, manage and use emotions to facilitate thinking”); the **Goleman model** (perceives EI as “an assortment of emotional and social competencies that contribute to managerial performance and leadership”) and the **Bar-On model** (understands EI as an “array of interrelated emotional and social competencies, skills and behaviors that impact intelligent behavior”).

This paper will examine more closely the Goleman model of Emotional Intelligence. Based on the works of Gardner and Salovey, Goleman (2011) summarized five major domains of Emotional Intelligence:

1. Know your emotions (self- awareness)
2. Manage your emotions (self- management)
3. Motivate yourself (self- management)
4. Recognize and understand other peoples' emotions (social management)
5. Manage relationships - others' emotions (relationship management)

The most fundamental and notable fact presented by Goleman (2011) is, that unlike IQ, the level of **EQ** can be **improved**. The cognition of this fact happened to be a key milestone in the perception of human intelligence. The premise that there is the possibility of personal growth and self'- development within the dimensions of Emotional Intelligence is immensely significant as it affects a broad spectrum of factors that determine both professional and personal success, including self- actualization and self-satisfaction. Hence, the interrelation of emotions of the thinking process, and of performance was disclosed and accepted. Based on the claim that the level of EQ can be improved, the development of a person's Emotional Intelligence can be divided into **personal competencies** (self-awareness, self management) and **social competencies** (social awareness, relationship management). The table below summarizes 19 personal and social competencies.

The influence of emotions on performance, productivity and profitability is nowadays widely known. Emotions distract a person's ability to see, to evaluate and to understand the reality in an unbiased way. The more the person is affected by the forces of his moods and emotions, the less he is able to think rationally and to judge objectively. It is known that emotions can spread from one person to another as infections. The best example can be seen among small children. When there are two infants in a room and one starts to cry, the other one will start crying within few minutes. In general, adults within the working environment would respond to such emotional stimulus in a quite similar way. For instance, when there is one employee with positive mood his coworker would be ultimately (to certain extent) positively influenced by his behavior. And vice versa, an irritated, anxious or depressed employee will negatively affect those who happen to work directly with him. The extent to which this person will be affected by such behavior depends on the level of his Emotional Intelligence. These appearances have ultimate impact on the effectiveness of employee's performance and simultaneously on the overall level of productivity. The influence on the person's private life and on ones' self - satisfaction is therefore obvious. As Sulíková (2013) indicates, “It is the high level of a manager's Emotional Intelligence that indirectly but positively determines the satisfaction and performance of his subordinates” (pp.62-63). A leader (and a manager) must be aware of his emotions, emotional expressions and of the impact of his mature (or immature) behavior on those who work directly with him, as it affects them the most.

Table 2: Personal and social competencies within the EI

Self-Awareness <i>Know your emotions</i>	Self-Management <i>Manage your emotions</i> <i>Motivate yourself</i>	Social Awareness <i>Recognize and understand</i> <i>other peoples' emotions</i>	Relationship Management <i>Manage relationships</i>
Emotional self-awareness: recognizing one's own emotions and understanding their impact	Emotional self-control: keeping disruptive emotions and impulses under control	Empathy: sensing others emotions, understanding their perspective	Inspirational leadership: guiding and motivating with a compelling vision
Accurate self-assessment: knowing one's strengths and limits	Transparency: displaying honesty and integrity, trustworthiness	Organizational awareness: reading the currents, decision networks, and politics at the organizational level	Influence: wielding a range of tactics for persuasion
Self-confidence: a sound sense of one's self-worth and capabilities	Adaptability: flexibility in adapting to change situations or overcoming obstacles	Service: recognizing and meeting follower, client or customer needs	Developing others: bolstering others' abilities through feedback and guidance
	Achievement: the drive to improve performance to meet inner standards of excellence		Change catalyst: initiating, managing, and leading in a new direction
	Initiative: readiness to act and seize opportunities		Conflict management: resolving disagreements
	Optimism: seeing the better side of events		Building bonds: cultivating and maintaining a web of relationships
			Teamwork and collaboration: cooperation and team building

Source: adjusted according to FMET (2014:16-17)

With regards to Emotional Intelligence, the term “**soft skills**” is used very often as a synonym or as another term for the EI competencies. There is a vast number of examples of soft skills, however, the ones that are most frequently required by employers are: communication skills, ability to work in a team, interpersonal skills, adaptability, flexibility, time management, stress management, conflict management, presentation skills, etc. All of the mentioned are part of the EI competencies.

3 THE LEADERSHIP PHENOMENON

With an attempt to provide a brief insight into the Leadership phenomenon, it is inevitable to enrich the reflections with the notion that it naturally evolved together with the history of mankind. In order to understand its meaning it is essential to take into consideration that it was determined and formed by interactions of social, political and psychological factors. The first written mentions can be found in ancient Greece in the works of Plato or Aristotle (Lukas & Smolik, 2008). The ancient philosophers were asking the same question as today's modern scientists – who is the **ideal leader**? What are his virtues? What does he do and how does he behave? Although Plato and Aristotle were thinking about a leader in a political context, the essence of this concept can also be applied in modern theories of management. Because no matter if it is in politics or in business environment, the moving forces of the interactions between the leader and those who are being lead stay the same. (For the sake of simplicity, this study will not make a distinction between a leader and a manager, since the author identifies with the idea that a manager should also be a leader, as leading is one of managerial competencies.)

Leadership (together with planning, organizing and control) is one of the four basic functions of management. Leadership is a dynamic process that affects motivation, interpersonal relations and a process of communication, while having a direct impact on both individual performance as well as performance of an organization (Cejthamr, Dedina, 2010:93). There is a vast number of definitions of leadership and each one offers a slightly modified interpretation of its meaning. The following table summarizes the most popular definitions that enable us to understand the phenomenon of leadership more closely.

Table 3: Definitions of Leadership

Period	Author	Description
1950	Stogdill	“Leadership may be considered as the process (act) of influencing the activities of an organized group in its efforts toward goal setting and goal achievement.”
1988	Hersey & Blanchard	“Leadership is the process of influencing the activities of an individual or a group in efforts toward goal achievement in a given situation.”
1990	Bass	“Leadership is an interaction between two or more members of a group that often involves a structuring or restructuring of the situation and the perceptions and expectations of members... Leadership occurs when one group member modifies the motivation or competencies of others in the group. Any member of the group can exhibit some amount of leadership.”
1992	Zaleznik	“Leadership requires using power to influence the thoughts and actions of other people.”

Source: adjusted according to University of Warwick (Leadership definitions.doc)

From the above table it can be seen that leadership involves a minimum of two participants (a leader and his follower) who inevitably influence each other within a context of a specific situation. This influence may not necessarily be one way directed. Although the leader is the one who officially influences his followers, people that are being lead also (in a conscious and unconscious way) influence their leader. It is the specific form of behavior of the subordinate that determines how the leader will act and react. Then there are the situational variables that also influence both the leaders and followers behavior. Hence, the interactions between these two parties are truly very complex and as such should be evaluated from various angles.

Remišová and Lašáková, (2013) propose another view in order to identify what leadership means. As they suggest, when defining leadership, we must ask these four questions:

1. “Who (the leader)”
2. “What? (influencing toward goal achievement)”
3. “Who? (group members)”
4. “How? (with certain specific leadership style)”

The above mentioned understanding of leadership process shows the form and the structure of this conceptualization, while pointing to its main determinants. When analyzing the leadership as a process, it needs to be mentioned that there are four primary **factors of leadership**: leader, follower, communication and situation (Steingauf, 2011:15). These factors are influenced by various forces such as interpersonal relations, expertise, personal competencies and capabilities, organizational structure, etc. (Steingauf, 2011:15). McGregor (Cejthamr & Dedina, 2010:96) argues that leadership is a dynamic form of behavior and identifies these main **variables**:

1. Leader's characteristics
2. Needs, attitudes and other characteristics of followers
3. The nature of organization (eg. mission, vision, structure, goals)
4. Social, economic and political environment

Another view of leadership is the one that examines and evaluates this process from the perspective of **needs**. According to Adair (Armstrong, 2012:255) when achieving the goal, the leader must satisfy the following needs: the need to perform the given task, the need to maintain the group and the needs of individuals. To be able to identify and to be capable of understanding the needs of individuals within a group requires one to dispose of a high level of Emotional Intelligence. These needs are interdependent because decisions in one sphere ultimately influence the other two – decisions oriented towards satisfying the group or individual needs must take into consideration the need to achieve the task (Armstrong, 2012:255).

Different methodical approaches to leadership (such as the trait, behavioral or situational theories) had attempts to explain all these hidden forces of the leadership phenomenon. The enormous range of perspectives, and explanations only prove how complex this concept is. Each group of scientists was trying to answer different questions as they were examining the leadership – its factors and variables from their own specific point of view. The key points of leadership theories are briefly summarized in a table below.

Table 4: Theories of Leadership

Approach/Period	Theory name	Author	Description
Trait Theories (1920s-1940s/50s) <i>Who is effective leader?</i>	Trait Theory (Great Man Theory)	e.g. STODGILL, MANN	Searching for the typical characteristics of a successful leader (height; intelligence; extroversion; etc.)
Behavioral Theories (1940s-1960s) <i>How does the effective leader behave?</i>	Theory X-Y	Mc GREGOR	Autocratic vs. democratic leadership
	Classical Theories of Leadership	LEWIN/ University of Iowa	Autocratic, democratic and liberal style
	Two Dimensional Theory	OHIO State University	Two independent dimensions: consideration (good interpersonal relations) and initiating structure (goal achievement)
	Managerial Grid	BLAKE & MOUTON	5 types of leadership styles based on two dimensions: concern for people and concern for production
Functional Approach (from 1960s) <i>Leadership can be taught and does not depend on traits.</i>	Action – Centered Leadership Model	ADAIR	3 groups of needs that overlap: task needs, team's needs, individual's needs
Situational Contingency Theories (1960s-1990s) <i>When and under what circumstances is the leader effective? (The best leadership style is contingent to the situation.)</i>	Theory of Effective Leadership (LPC Contingency model)	FIEDLER	3 dimensions that influence the effectiveness of a leader: leader – member relations; task structure; position power
	Model of Participative Leadership	VROOM & YETTON	There are certain factors that the leader should take into consideration when making decisions.
	Situational Leadership Theories	HERSEY & BLANCHARD	Emphasizes the importance of a situational variable – the so called “maturity” of subordinates
	Path - Goal Theory	HOUSE	4 styles of leadership dependent on the situation variables (directive; achievement – oriented; participative; supportive leader behavior)
New Leadership Theories (from 1980s) <i>People can choose and learn to become leaders.</i>	Transactional & Transformational Behaviors	BASS	Meeting the higher needs of employees

Source: adjusted and supplemented according to Bláha, (2013:163)

As Rudy (1997) emphasizes, there is a “very significant finding, that the managers do not fully realize”, such as, that their “managerial work is ultimately linked with a specific leadership style” (p.132). As he later continues to point out, a universal leadership style that could be applied in all situations does not exist (Rudy, 1997:132). The ability to identify the need for a modification of a leadership approach, together with ability of perceiving and understanding the needs of individuals within a group requires one to possess solid EI competencies.

Hence, the level of Emotional Intelligence also determines the leadership style, its form and its appropriate or inappropriate usage. The classification of leadership styles itself may to great extent disclose the leader's EI competencies. Autocratic, democratic and liberal leadership style; transformational or transactional leadership. There are many categorizations of leadership styles and the daily reality proves that it is often very difficult to identify the prevailing style, if there is one. Nonetheless, the descriptive naming of the mentioned styles may suggest the nature of interactions between leader and his followers. Barták (2011) claims that the most successful leaders are altruists who apply democratic and coaching leadership style (p.145). On the other hand, Kubalák (2013) argues that in standard conditions the most effective leadership style might be the participative one (based on a democratic

principle), however, as he later continues, in nonstandard conditions it is more effective to apply the autocratic leadership style (484). Sulíková (2013) concludes, that today's managers must manifest new differentiated approaches as they are required to be able to adopt their leadership style with regards to specific employee(s) and with concern to a specific situation (p.62).

4 THE STRATEGIC DIMENSION OF EMOTIONALLY INTELLIGENT LEADERSHIP

Emotionally Intelligent Leadership is a widely used collocation with regards to EI and leadership. In an effort to provide its definition or explication, it shall be understood as such leadership that encompasses all of the already discussed EI competencies. Thus, Emotionally Intelligent Leadership is leadership based on the attributes and qualities that the concept of EI emphasizes and considers as determining in contemporary approaches to management of human resources including the leadership.

The **character of interactions** between the leader and those who are willing to follow him is considered to be the most fundamental determinant of leadership (Tureckiova, 2009:60). All of the leadership factors and variables that were mentioned in the previous section has its significance and impact but the nature of interpersonal relations is the key predictor of effectiveness and success. Only a motivated employee is able to perform in an effective way (Bajzíkova et al, 2013:13). Creating a motivating environment, being a motivating boss, manager, or a leader requires one to dispose of strong EI competencies. Positive emotions and attitudes (as an expression of high Emotional Intelligence) are themselves a motivating factor. According to Hroník (Schwarz, 2012:51), the question of motivation is more important than what the person knows to do or is capable of doing – because if the person **wants**, he can always learn what is needed from him.

A similar conjunction also outlines Plamínek. With regards to effectiveness of leadership, Plamínek (2011:62) states that it is indispensable to know what the employees *can* do but also whether they *want* to perform what is expected from them (as those **capabilities** and **attitudes** can be influenced and developed). The evaluation of human capital from the perspective of capabilities and attitudes, distinguishes four types of personalities, of which each require a different managerial approach and leadership style. The following table describes the influence of attitudes and capabilities on human behavior.

Table 5: Influence of attitudes and capabilities on human behavior

sufficient	CAPABLE but NOT WILLING	CAPABLE and WILLING
	INCAPABLE and NOT WILLING	INCAPABLE and WILLING
insufficient	negative	positive
ATTITUDES		

Source: adjusted according to Plamínek (2011:63)

As it can be seen from the table, although the person disposes of sufficient capabilities, if he/she has negative attitudes, this person will not be willing to perform what is required of him. The performance is thus determined not only by the general predispositions and capabilities but also by the willingness to perform the given task in a first place. In fact, the table illustrates how the level of Emotional Intelligence affects the person's behavior and consequently the performance. Hence, to have a negative attitude towards something is a demonstration of low EI competencies. On the other hand a positive attitude is a promise of the persons' willingness to show the effort even though he/she does not possess the required capabilities (which could be with a positive approach learned and acquired). The manager's and leader's role in this process is to positively influence the employee so that his attitudes will change accordingly. To be able to manage such shift in employee's behavior, the leader (and the manager) must have high EQ and advanced soft- skills. Also according to Sulíková (2013), "The form of leadership can be more effective only when managers are motivated to such behavior, and when they dispose of a sufficient level of Emotional Intelligence" (p.62).

A recent study of Glowan Consulting Group (Barták, 2011) named: "Applying Emotional Intelligence – Why Successful Leaders Need This Critical Skill" showed that the "EI has through soft skills a direct impact on the organization's overall economic outcome" (143). There are many concrete examples of the impact of EI on occupational performance (including the impact of EI on leadership) from the business environment. For instance,

an extremely high fluctuation in one company was the reason why the top management asked a psychologist Martin Seligman to perform a research study that would explain this phenomenon (Märtinová & Boecková, 1998:84). During this study, a group of 15 000 new workers took two tests – an old entrance test and a Seligman's test of optimism. Two thirds of employees that quit after the first year were pessimists, whereas the optimists managed to sell 37% more of the company's product during the first two years than the pessimists (Märtinová & Boecková, 1998:84).

The Hay Group states (Poskey, 2005) that a study of 44 companies (from the Fortune 500) showed that salespeople with high EQ produced twice the revenue of those with average or below average scores. Poskey (2005) mentions another similar case of a Fortune 500 company based in Texas. This company had utilized personality assessments for candidate selection with few results in term of reducing fluctuation. However, after turning to EI- based selection assessment and EI training, the company managed to increase retention by 67% (Poskey, 2005).

According to the latest survey conducted by the Society for Human Resource Management "72% of employees rank: *Respectful treatment of all employees at all levels* to be the most important factor in job satisfaction. The other factors in the top five are trust between employees and senior management (64%), benefits (63%), compensation (61%), and job security (59%), while the work itself was ranked as number eleven" (Sahady, 2015, par.1). The result of this study shows how much people value and appreciate an equal, respectful and trustworthy working environment. To show respect regardless of the organizational hierarchy shapes the maturity of organizational culture and enhances the positive and motivating working atmosphere. To show respect and to act in a way that people have trust in you is a demonstration of strong social competencies.

The premises of Barták (2011) are grounded on similar bases as could have been observed on the previously mentioned study. He concludes that: "The success of a leader's influence depends: on his ability to create an atmosphere of trustworthiness and cooperation; on how he is able to eliminate concerns, fears, and feelings of uncertainty; on how he is able to create bonds and manage conflicts" (Barták, 2011:145). All of the mentioned qualities belong to the spectrum of soft- skills and other EI competencies which can be learned and cultivated.

With regards to the strategic importance of emotionally intelligent leadership it is essential to emphasize two fundamental facts. The first one is that leadership skills (as well as the soft skills, or the level of EQ) can be improved and mastered, and the other one is that the best leaders enhance in others their abilities (Kouzes & Posner, 2014). If the leader is through the social competencies and soft skills able to build up positive interpersonal relations, and if he manages to create pleasant and motivating working atmosphere, then the employees will not only be willing to work, but they will enjoy working and their performance will be effective. As a result, this effective performance will ultimately and automatically affect the overall profitability of an organization.

4.1 Emotionally Intelligent Leadership in Slovak Conditions

The impact of Emotional Intelligence on the economic outcome of an organization is still a relatively new concept in Slovakia and many organizations do not realize its significance (Rudy, et al, 2001:109). Despite the fact that various research conducted abroad (in the field of EI), already proved that there exists a strong correlation between the organizational productivity and profitability, and the level of employees EQ (regardless of the position held), there is still little attention paid to this reality. A major research inquiry that would explore and analyze the impact of Emotional Intelligence on leadership and on performance in Slovak organizations has not yet been conducted. Nevertheless, there have been done some partial studies analyzing for instance the methods used within the recruiting process for managerial posts. (As it was mentioned previously leading is one of managerial competencies.) Thus, this information could show whether and to what extent Slovak organizations incorporate EI measures into the hiring process. Subsequently it would also suggest whether or not the Emotional Intelligence considered (by Slovak organizations) to be one of the key determinants of the candidate's (in this case manager-leader) success.

The following is a summary of a study conducted among Slovak organizations from major regions in Slovakia within the years 2010 and 2013 on a total number of 239 respondents for the year 2010 and of 340 respondents for the year 2011 and 2012 (Kachaňáková, et al., 2013:13). The majority had organizations with the number of employees ranging from 50 – 300. These organizations represented a total of 62% in 2010; 70% in 2011; and 72% in 2012 (Kachaňáková, et al., 2013:13). For illustrations, the distribution of organizations from different parts of Slovakia was for the year 2010: Bratislava: 24% of organizations; western region: 30%; middle region: 21%; eastern region: 8%; whole Slovakia: 17% (Kachaňáková, et al., 2013:13). There was no significant shift in the figures for the other two years. The following table summarizes the list of methods that were used when recruiting for a position of a manager during the years 2010 and 2013.

Table 6: Recruiting methods for selection of managers

Method used	Share of organizations (in%)		
	2010	2011	2013
References	62	45	36
Combined interview	54	31	37
Structured interview	-	39	30
Unstructured interview	59	18	22
Interview with a case study	-	29	25
Questionnaire	36	24	21
Test of technical competencies	39	21	16
Psychological tests	23	12	8
Stress interview	-	17	11
Assessment center	20	13	8
IQ tests	-	11	8
Interview with a psychologist	-	6	4
Graphological tests	5	5	1
Physical tests	1	1	3

Source: Kachaňáková, et al., (2013:50)

From the presented research data it can be seen that when recruiting for the position of a manager the Slovak organizations preferred mostly personal references together with various forms of interview (for all three years respectively). However, the percentage of the utilization of psychological tests, assessment centers or of an interview with a psychologist is very low – there is the assumption that when deciding for this type of interviews, the employer (or the person in charge of the recruiting process, which might be an HR specialist or the employer himself – this was not specified) would seek for the information regarding the competencies within the frame of Emotional Intelligence. As it can be seen there is not included any type of interview method that would measure exclusively the EQ.

Equally interesting is the question of education in Slovak organizations. Since the level of EQ can be improved, organizations could offer or provide training that would help employees improve their EI competencies. Nonetheless, the reality is quite different and not very promising. The following table shows the fields of education that are considered by organizations as being the most perspective in the following three years. The employers were asked to present their personal opinion while naming three respective fields (Kachaňáková, et al., 2013:66 – 67).

Table 7: Fields of education considered by organizations as being perspective

Which fields of education do you consider to be perspective?	Share of organizations (in%)		
	2010	2011	2012
Managerial skills	42	35	40
Improving qualification (the degree of education)	21	15	15
Economics and marketing	15	20	20
Technical and technological fields	15	20	25
Foreign languages	14	44	50
PC skills	14	20	22
Legislation	8	4	4
Utilization of euro- funds	2	4	7

Source: Kachaňáková, et al (2013:67)

According to the findings of this research study, Slovak organizations consider managerial skills together with the knowledge of foreign languages to be the most perspective field of education. Yet, the term 'managerial skills' is very broad and comprises diverse areas such as human skills, technical skills and conceptual skills. Thus, even if we considered the EI competencies, to lie somewhere within the "human" area of managerial skills, the percentage would still be very low as it was for all three examined years only around 40%. The organizations that were examined stated that the method of education they utilize the most is the self-education of employees or education via seminars and presentations, while assessment centers were assigned to be the least used educating method (Kachaňáková, et al., 2013:64). This research also revealed that organizations do not reward employees for gaining knowledge and improving their skills. Around 60% of organizations do not reward in any way (financially or non financially) the knowledge of employees (Kachaňáková, et al., 2013:65).

5 DISCUSSION AND CONCLUSION

To be aware of how your words and behavior affect others means to be emotionally intelligent. Many research studies have disclosed that a high level of Emotional Intelligence is an essential prerequisite of effective leadership. Employees can be lead in a positive, enriching way, but on the other hand, the leading approach or the leadership style might also be very demotivating and destructive. According to Bradberry & Greaves (2013:33), the EQ is so fundamental for success because it determines performance by 58%. Sulíková (2013) argues that it is the “Form of leadership itself that might be the cause of insufficient performance, dissatisfaction, low loyalty and high fluctuation” (p.62). This means that it is the leadership style, the form of communication, the interpersonal relations that arise from a certain specific approach to great extent influence the performance, overall effectiveness, productivity and profitability. Thus, the presence of Emotional Intelligence in leadership is absolutely vital. Especially nowadays, when the society is so exhausted and tired, the need for the implementation of mature – emotionally intelligent leadership approach becomes more and more urgent. And this especially applies for the contemporary Slovak business environment.

The impact of the leadership style on the employees' performance is undoubted. Because as Sulíková (2013) concludes, “The closer the interaction with human capital, the higher the need for Emotional Intelligence” (p.64). However, as the analysis of the available research data presented in this paper shows, there is still a prevailing tendency among Slovak organizations to underestimate its immense significance. This proves the fact that the vast majority of Slovak organization do not take into consideration the level of EQ when recruiting for a position of a manager. The reality that less than half of examined organizations consider “managerial skills” as perspective suggest the extent to which these business entities consider soft skills (which should be part of managerial skills) as important (or perspective). The research data that was used for the purposes of this study had its limitations and the conclusions that arose from the analysis presented in this paper might be considered as mere assumptions. Nonetheless, in order to fully answer to what extent Emotional Intelligence determines leadership and effective performance (with regards to Slovak organizations) it would be necessary to conduct an extended research focused primarily on this subject matter.

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Lifelong Learning Programme
Erasmus Multilateral Project

Governance and Adaptation to Innovative Modes of Higher Education Provision
539628-LLP-1-2013-1-NL-ERASMUS-EIGF

Project Duration: 01.10. 2013 to 31.03.2016 (36 months)

Project Coordinator: Cecile Hoareau McGrath-University of Maastricht, Netherlands and RAND Europe, UK

Within the Lifelong Learning Programme, funded by EACEA, the Erasmus Multilateral Project entitled: Governance and Adaptation to Innovative Modes of Higher Education Provision (539628-LLP-1-2013-1-NL-ERASMUS-EIGF) sets out to examine the evolution of the innovative modes of HE provision in teaching and learning across Europe, the motivations for their emergence as well as the ways in which higher education management and governance have responded and adapted to such new modes of provision. The project is carried out by a consortium of twelve European university partners and is coordinated by the University of Maastricht and RAND Europe.

More information is available on the project website: <http://www.he-governance-of-innovation.esen.education.fr/>

Governance and Adaptation to Innovative modes of Higher Education provision

The GAIHE project examines innovative modes of higher education, in terms of both teaching and learning, and their evolution across Europe. It considers how and why they emerged, and how the management and governance of higher education have adapted to change. The project tracks the rising popularity of computer-enhanced learning (E-learning) and free web-based university courses (OpenCourseWare), among many other innovations.

Higher education is an increasingly competitive sector, and one in the grip of change. Over the last decade, the traditional university has been challenged by a growing range of providers. By encouraging new delivery models and “unbundling” through franchises, partnerships and spin-offs, these providers are shifting the educational landscape. They are ushering in major changes to the management and delivery of higher education, while seeking improved quality in teaching and learning.

The GAIHE project will identify and analyse the new landscape in the governance of higher education. It will provide the first Europe-wide analysis of innovative modes of provision, and give policy recommendations to the various actors and stakeholders in higher education.

Consortium partners

- Maastricht School of Governance (Netherlands)
- Ecole Normale Supérieure de Lyon (France)
- Lucian Blaga University of Sibiu (Romania)
- Higher Education Policy Research Unit of Dublin Institute of Technology (Ireland)
- Academic Unit of the University of Latvia (Latvia)
- Comenius University and the University of Ss. Cyril and Methodius (Slovak Republic)
- University of Maribor (Slovenia)
- University of Salamanca and the University of Alicante (Spain)
- University of Strasbourg (France)
- RAND Europe

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Aims

What is the impact of innovative modes of provision on the management and governance of higher education?

- Identify educational innovations
- Analyse the motivations, drivers and barriers to innovative education
- Examine the impact of innovative provision on the management and governance of higher education
- Understand how the management of higher education institutions adapts to innovative provision
- Make recommendations and disseminate findings

Innovative modes of provision



MOOC: is a course of study made available over the Internet without charge to a very large number of people (Oxford Dictionary)
http://www.openeducationeuropa.eu/en/european_scoreboard_moocs