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# Employees older than 50 on Croatian labour market – need for a new approach

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## ABSTRACT

Croatia has reached demographic maturity, with ever lower cohorts of youngers (and younger labour force numbers), longer life expectations, and rapidly growing share of older population. In such situation, working population older than 50 becomes more and more significant, not only by number, but also as an important pool of knowledge and experiences. *28,36%* of total employed in Croatia in 2014 were 50+ years old. That same year (2014) *27,7%* of total unemployed in Croatia were 50+ years old. The share of persons 50+ in total number of unemployed grew to *29,6%* in 2015, and *31,7%* in 2016. Long duration of unemployment is especially accentuated among persons older than 50: in 2016 older persons made *41,91%* among those with unemployment duration between 2 and 3 years, *44,00%* among those with unemployment duration between 4 and 5 years, *53,23%* among those with unemployment duration between 6 and 8 years, and even *70,04%* among those with unemployment duration over 8 years. Although Croatian governments for almost quarter of century were devising different "active labour market policies" directed to older persons, their results are questionable. With growing problems to acquire and retain necessary workforce in Croatian enterprises, there is obviously strong need to develop new approach(es) towards people older than 50. This paper is trying to shed new light on this problem and offer new ideas in the field of labour market policies, and human resources management oriented towards older employees in Croatia. The Croatian example (changes, problems, and experiences) may be of interest to other, particularly European, countries in a similar situation.

## 1   DEMOGRAPHIC SITUATION AND TRENDS

Croatia has definitely reached demographic maturity, and as many European countries (Aiyar, Ebeke, & Shao, 2016) entered the phase of demographic decline and significant aging. As can be seen from Table 1, in the last 40 years, major changes have taken place in relation between young and old population cohorts. The share of the young population (below 15 years) has been steadily declining since 1981, and between 1981 and 2011 it dropped from 20.9% to just about 15.2%. On the other hand, in the same period, the number and proportion of the population aged 65 and over, increased steadily - from 9.6% in 1971 to 17.7% in 2011.

Table 1: Changes in the age structure of the Croatian population

|  | 0–14 years | | 15–64 years | | 65 and more years | |
|---|---|---|---|---|---|---|
|  | number | % | number | % | number | % |
| 1971. | 902 789 | 20.4 | 3 072 097 | 69.4 | 427 058 | 9.6 |
| 1981. | 963 700 | 20.9 | 3 087 155 | 67.1 | 524 264 | 11.4 |
| 1991. | 926 179 | 19.4 | 3 230 039 | 67.5 | 556 040 | 11.6 |
| 2001. | 754 634 | 17.0 | 2 969 981 | 66.9 | 693 540 | 15.6 |
| 2011· | 652 428 | 15·2 | 2 873 828 | 67·1 | 758 633 | 17·7 |

Source: Pokos, N., & Peračković, K., (2016), 314.

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Changes in the population stratum between 15 and 64 years were somewhat slower in the observed period, so the share of this group fell only slightly more than 2 percentage points, but the total population between 15 and 64 years has been declining steadily and continuously since 1991.

All this led Croatia to the position of the country with the old population - with an average age of 41.7 according to the 2011 census, the index of ageing reached an index of 115.0 in 2011, and the old age coefficient of 24.1. From the data in Table 1 it could be concluded that Croatia experienced a demographic inflection between 1981 and 1991, although it is clear that the negative trends that led to this turnabout have started much earlier.

In 2011 there were 905 060 inhabitants of Croatia in the age between 50 and 64 years , which means that by 2026, disregarding mortality and emigration balances, there will be 252 632 inhabitants less in the age between 15 and 64 years than there were in 2011. This would further augment the trend of decline of the population in the ages between 15 and 65 . Of course, this trend will not stop even after 2026, because the most numerous age groups in Croatia are those who in 2011 were between 45 and 59. As can be seen in Table 2, these age groups are almost 50% bigger than the youngest age groups (between 0 and 14 years).

Table 2: Comparison of age groups

| Age group | 45-49 | 50-54 | 55-59 | TOTAL 45-59 |
|---|---|---|---|---|
| number of inhbitants | 307 561 | 320 502 | 311 818 | 939 881 |
| Age group | 0-4 | 5-9 | 10-14 | TOTAL 0-14 |
| number of inhbitants | 212 709 | 204 317 | 235 402 | 652 428 |

Source: Data of the Croatian Bureau of Statistics

Such trends in Croatia are bringing, and will increasingly accentuate the problem of the reduction of the population contingent in working age. In addition to the above shown demographic trends, it is important to notice the low rate of activity among the population of Croatia. As shown in Table 3, the share of active population in the total population of Croatia has fallen significantly between 1991 and 2011, and in 2011 it was less than 42%. Just for comparison, in 2011, that rate in the EU 28 countries was on average 46.72%. Or, in 2013, the share of employed in the 55-64 age group was on average 50.2% in the 28 EU countries, while in Croatia this share was only 37.8% (Government of the Republic of Croatia, 2014, p. 10-11 ).

Table 3: Comparison of total and active population of Croatia

|  | Total population | Active population | % of total population |
|---|---|---|---|
| 1971. | 4 169 887 | 1 819 733 | 43.6 |
| 1981. | 4 391 139 | 1 985 201 | 45.2 |
| 1991. | 4 499 049 | 2 039 833 | 45.3 |
| 2001. | 4 437 460 | 1 952 619 | 44.0 |
| 2011. | 4 284 889 | 1 796 149 | 41.9 |

Source: Pokos, N., & Peračković, K. (2016), 308.

While Croatia's basic demographic data are quite comparable to other countries - particularly the Central European countries (e.g. Germany and Poland - see Table 4), what is specific for Croatia is the low rate of population activity, especially in older categories (between 55 and 65), and high proportion of inactive population between the ages of 20 and 65 (Vidović, 2015).

Table 4: Comparison of Croatia, Germany, and Poland

| 2015 (2014) | Germany | Croatia | Poland |
|---|---|---|---|
| Total population | 81 197 537 | 4 225 316 | 38 005 614 |
| % of population 50-64 years | 22.0 % | 21.4 % | 21.1 % |
| % of population 65-79 years | 15.4 % | 14.2 % | 11.4 % |
| Life expectancy at birth (2014) | 81.2 years | 77.9 years | 77.8 years |
| % active population  (20-65) | 78.0 % | 60.5 % | 67.8 % |
| % inactive population (20-65) | 4.6 % | 16.3 % | 7.5 % |
| % active population (55-65) | 66.2 % | 39.0 % | 44.3 % |

Source: Eurostat: http://appsso.eurostat.ec.europa.eu/

It is obvious that with the reduction of the working contingent of the population (which has already happened and which will happen in the future), with a low and declining activity rate, Croatia is entering into a situation where the problem will be to provide the necessary workforce for normal functioning of the economy, not to speak about bigger developmental steps forward . As in general, labour market participation of older workers is of particular relevance for coping with the challenges of demographic ageing (Bennett, & Möhring, 2015).

Hence, while in the last 25 years the key issue of Croatian labour market was unemployment, in the coming period the problem could be quite the opposite - to provide the necessary workforce. The paradigm of functioning under conditions of high unemployment and (deceiving) availability of young and educated workforce, will need to be changed radically - both at the level of the national economy and at the level of individual economic (and other) subjects. And again, although such trends could have been predicted a long time ago, no one seemed to be ready to believe it. The sobering has been surprisingly abrupt – in the short period of the first half of 2017 (boosted, among other things, by a relatively mild increase in economic activity over the past year and an increasing outflow of labour force after Croatia's accession to the EU) quite strong symptoms of lack of the work force and dramatic reactions of economic subjects (especially in the tourist-hospitality sector) became evident.

However, shock and frustration do not mean yet the way to the solution. Lulled in the model of behaviour in which the main problem is the employment of the unemployed, in which large 'pool' of unemployed and young people who are constantly coming from the process of education can easily and thoroughly fill the needs for work, it has become evident that neither economic actors, nor state policy and agencies are ready to cope with new conditions. They did not realize they had to change thoroughly their approach and behaviour pattern. Towards the end of 2015, a serious and comprehensive study initiated by the Croatian Chamber of Commerce, concluded (Vidović, 2015):

„*The current state of the labour market can be seen as a result of the influence of three key factors:*
*• Cyclic weak demand for work*
*• High structural unemployment and low labour supply*
*• Institutional (regulatory) rigidity that enhances adverse effects of cyclic and structural factors*
*The first, cyclical factors outline the short-term adverse effects of recession on the labour market, second, structural factors, refer to longer-term effects that are not dependent on economic activity, while the third, institutional factor could explain the durability and strength of adverse developments, while because of slow adaptation a simultaneous functioning of a greater number of individual weaknesses and overlapping of the cyclic and structural factors occur.*

*In parallel with this line of considerations, we will consider two further explanations of the difficulties faced by the Croatian labour market, which deserve to be considered. These are:*
*• Greater economic context and difficulties in other segments of the economy as an explanation of the majority of unfavourable trends in the labour market*
*• High tax burden on labour.*“

Obviously, in this study, the 'backward view' (high unemployment, weak labour demand, poor economic situation ...) and 'look ahead' (weak labour supply, institutional rigidity, high tax burden) are still mixed.

What should, in short, characterize thinking in 'new' circumstances, is the situation (prospects) of work force scarcity, the lack of workforce in the younger age groups, the need to activate all available labour resources, and to keep active and productive those at an older age. Rather than focusing on unemployment, the focus should be shifted to thinking about bigger and more productive employment. Without denying the need to constantly pay attention to the swift and efficient inclusion of young people into the world of work, bigger attention will need to be dedicated at all levels to the work engagement of older groups.

## 2   OLDER EMPLOYEES AT THE LABOUR MARKET IN CROATIA

As in the total population, older age groups are also significantly represented in the labour contingent. This is also not a specificity of Croatia, but the general characteristic and trend of most developed countries. By some projections (Aiyar, Ebeke, & Shao, 2016, 6), by 2035 in most EU countries (including Germany, Italy, Spain, Poland ...), workers aged 55-64 will represent more than 20% of the total number of employees. From 2001, increasing older workers employment rate has been set as one of priorities in the EU, with the main objective of insuring the long-term financial stability of pension systems. A set of measures aiming at increasing the 55-64 years old employment rate and at lengthening working life were launched in a growing number of EU countries (Anxo, Ericson, & Jolivet, 2010).

As can be seen from Table 5, in 2014 28.36% of all employees in Croatia were older than 50. Nevertheless, it is indicative (as already noted) that activity declines rapidly after the age of 55 and 60, largely due to the widespread use of early retirement practice practiced in Croatia over the last 25 years (Bejaković, 2016a).

Table 5: Age structure of employed persons in Croatia (as of 31 March 2014)

| | Total | Age | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | up to 18 | 19-24 | 25-29 | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 | 65 and more |
| TOTAL | 1 007 456 | 749 | 37 787 | 105 645 | 146 540 | 150 630 | 140 784 | 139 691 | 135 232 | 101 708 | 44 395 | 4 295 |
| % | 100.00 | 0.07 | 3.75 | 10.49 | 14.55 | 14.95 | 13.97 | 13.87 | *13.42* | *10.10* | *4.41* | *0.43* |

Source: Statistički ljetopis (Statistical Yearbook) 2015, Croatian Bureau of Statistics, Zagreb 2015.

However, the share of older than 50 in the number of employees in Croatia was equally matched by the participation of that group in the number of unemployed. That same year (2014) 27.7% of the total number of unemployed in Croatia was older than 50 years. As can be seen in Table 6, this share continued to grow in the following years. In 2015, people over 50 accounted for 29.6% of the total number of unemployed, and in 2016, that number rose up to 31.7%. It is interesting to note that, in parallel with the significant fall in the number of unemployed people after the maximum in 2013, the share of the unemployed older than 50 continued to rise. This trend continues in 2017, so in June 2017, when total unemployment fell to 210 000, even 36.0 % from that number were people older than 50.

All this clearly shows that in Croatia people (unemployed) older than 50 are the most difficult to employ. They obviously find it harder to come to work than the younger categories . In the first half of 2017, people older than 50 made only 15.2% of the number of newly-registered unemployed (2016 and 2014 they made 14%, and 13.5% in 2015), but facer perspective to remain much longer in the status of unemployed. This can be clearly seen from the data in Table 7.

Unemployed people older than 50 are over-represented (over 31.7%) exactly in the groups with the unemployment duration of over 2 years. As can be seen from Table 7, in 2016, people over the age of 50 represented

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41.9% among those with the unemployment duration of 2 to 3 years, 44.0% among those with the unemployment duration of 4 to 5 years, 53.2% among those with the unemployment duration of 6 to 8 years, and even 70.0% among those who have been unemployed for more than 8 years. Obviously, above-average participation of people over 50 in the total number of unemployed must be attributed primarily to their slower and more difficult employment, that is - to significantly longer period they are remaining unemployed.

Table 6: Unemployment in Croatia

| Age | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15-19 | 17 854 | 17 220 | 16 023 | 13 860 | 11 420 | 13 220 | 15 811 | 15 617 | 17 186 | 18 140 | 16 683 | 14 814 | 11 913 |
| 20-24 | 46 175 | 45 140 | 40 558 | 33 998 | 28 416 | 33 644 | 40 007 | 41 078 | 44 875 | 47 619 | 42 593 | 34 910 | 27 962 |
| 25-29 | 39 589 | 39 309 | 36 649 | 32 523 | 28 217 | 33 743 | 41 205 | 41 929 | 45 445 | 47 441 | 43 207 | 35 001 | 28 682 |
| 30-34 | 34 096 | 32 988 | 30 297 | 26 856 | 23 966 | 27 690 | 33 675 | 34 308 | 37 031 | 39 361 | 36 513 | 30 615 | 24 813 |
| 35-39 | 35 530 | 33 719 | 29 753 | 26 121 | 22 974 | 25 398 | 29 342 | 29 936 | 32 146 | 35 013 | 33 440 | 28 940 | 24 117 |
| 40-44 | 35 031 | 33 983 | 31 457 | 27 874 | 24 465 | 26 841 | 30 259 | 29 624 | 31 009 | 32 949 | 31 106 | 27 409 | 23 407 |
| 45-49 | 39 430 | 38 489 | 35 326 | 31 156 | 26 873 | 28 259 | 31 588 | 31 582 | 33 204 | 35 584 | 33 900 | 29 664 | 24 717 |
| 50-54 | 37 346 | 39 997 | 40 937 | 39 823 | 36 955 | 37 863 | 39 466 | 37 430 | 36 553 | 37 653 | 36 380 | 32 541 | 28 580 |
| 55-59 | 19 805 | 22 674 | 24 971 | 25 680 | 26 079 | 28 146 | 31 586 | 33 154 | 35 057 | 37 708 | 39 303 | 36 334 | 32 330 |
| 60 + | 5 019 | 5 223 | 5 644 | 6 555 | 7 376 | 8 371 | 9 486 | 10 675 | 11 816 | 13 644 | 15 061 | 15 678 | 15 818 |
| TOTAL | 309 875 | 308 739 | 291 616 | 264 446 | 236 741 | 263 174 | 302 425 | 305 333 | 324 323 | 345 112 | 328 187 | 285 906 | 242 337 |
| % 50+ | 20.1% | 22.0% | 24.5% | 27.2% | 29.7% | 28.3% | 26.6% | 26.6% | 25.7% | 25.8% | 27.7% | 29.6% | 31.7% |

Source: Croatian Employment Agency, Statistics on-line: http://statistika.hzz.hr/

Table 7: Unemployment duration

| Age | 0 - 3 mo. | 3 - 6 mo. | 6 - 9 mo. | 9-12 mo. | 1 - 2 y. | 2 - 3 y. | 3 - 5 y. | 5 - 8 y. | 8 y. + | 2016. | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15-19 | 5 110 | 2 550 | 1 793 | 1 005 | 1 215 | 189 | 50 | 0 | 0 | 11 913 | 4.9% |
| 20-24 | 9 898 | 5 812 | 3 122 | 1 879 | 3 652 | 1 745 | 1 502 | 350 | 2 | 27 962 | 11.5% |
| 25-29 | 10 147 | 5 906 | 3 178 | 1 937 | 3 456 | 1 560 | 1 471 | 780 | 247 | 28 682 | 11.8% |
| 30-34 | 6 743 | 4 164 | 2 465 | 1 686 | 3 667 | 1 997 | 2 415 | 1 111 | 564 | 24 813 | 10.2% |
| 35-39 | 5 239 | 3 385 | 2 109 | 1 548 | 3 656 | 2 333 | 3 117 | 1 726 | 1 004 | 24 117 | 10.0% |
| 40-44 | 4 221 | 2 879 | 1 882 | 1 417 | 3 448 | 2 472 | 3 509 | 2 068 | 1 511 | 23 407 | 9.7% |
| 45-49 | 3 754 | 2 706 | 1 791 | 1 388 | 3 690 | 2 753 | 4 108 | 2 534 | 1 992 | 24 717 | 10.2% |
| 50-54 | 3 703 | 2 772 | 1 940 | 1 557 | 4 167 | 3 474 | 4 975 | 3 250 | 2 743 | 28 580 | 11.8% |
| 55-59 | 3 108 | 2 475 | 1 868 | 1 574 | 4 513 | 4 157 | 5 219 | 3 978 | 5 438 | 32 330 | 133% |
| 60 + | 1 003 | 862 | 653 | 557 | 1 661 | 1 785 | 2 515 | 2 525 | 4 257 | 15 818 | 6.5% |
| Total | 52 924 | 33 510 | 20 800 | 14 549 | 33 126 | 22 465 | 28 882 | 18 322 | 17 759 | 242 337 | 100.0% |
| % 50+ | 14.8% | 18.2% | 21.4% | 25.3% | 31.2% | 41.9% | 44.0% | 53.2% | 70.0% | 31.7% | |

Source: Croatian Employment Agency, Statistics on-line: http://statistika.hzz.hr/

**When combining previously presented findings: increasing participation of people older than 50 in total population and active population, low and declining activity rates - especially among older than 55 - 60 year, extremely high participation of people over 50 in the number of unemployed and their very difficult employment , i.e. their long stay in the status of unemployed, it can be concluded or confirmed the conclusion that Croatia is very poorly exploiting its (productive) capacities located among people of the age over 50**

**(Bejaković, 2016a). The other side of this medal is the conclusion/fact that there (among the population over 50) lays obviously a source of significant work potential that can and should be increasingly used when the workforce of the younger age becomes scarce. Croatia is obviously already seriously in such a position, but the question is how much Croatia and its economic actors are ready for that.**

## 3    MEASURES OF ACTIVE LABOUR MARKET POLICY IN CROATIA

During the past 25 years, Croatian governments have shaped and implemented various measures and package of measures aimed at encouraging employment and generally to improve the situation in the labour market. It should be immediately said that all these measures and programs were inspired by the paradigm of over-supply in the labour market, i.e. high unemployment as the main problem . Within such an approach, an additional emphasis was placed on unemployment and employment of younger, while older people's employment issues generally had received quite little attention.

After the independence, the active labour market policies in Croatia began to be developed and implemented in late 1992 (IPSOS PULS, 2016). In the period between 1993 and 1996, these were primarily aimed at educating unemployed and people in peril to lose working places, and subsidizing employment of better educated young people without work experience, war veterans, victims of war and members of particular hard-to-employ groups.

Over time, measures aimed at education and training are less present because they are pushed out by employment subsidies, and employers have not shown any bigger interest in measures aimed at specific, hard-to-employ groups of unemployed people.

Measures of active employment policy in the Republic of Croatia before 2005 were largely focused on the issues of increasing the level of expertise, knowledge, employability, and adaptability of unemployed and employed persons.

Throughout the period up to 2005, active labour market policies in Croatia were marked by significant discontinuity  in terms of resources and leverage of subsidies (as a rule lack and inadequacy of funds), used instruments and measures, and terms and procedures of use. The coverage (mostly of unemployed) was generally small and the results weak (Katić, 2006).

Babić (2003), in one of the few evaluations of the active labour market at the turn of century, concluded that these measures often had a bearing on dead loads (focusing on employees that would have been employed even without financial incentives), and the effects of replacement and squeezing out. The evaluation of the effects of the public works program was, for example, that it did not improve the employability nor the participant's wages after its completion,

In another research (Oračić, 2005), based on multiple regression analysis, the author concludes that the change in employment induced by active employment programs was positively related to the change in overall employment, but this relationship was not statistically significant.

It could be said that there was a unsystematic approach - often insufficiently prepared for launching new programs, engaging significant resources and then cancelling programs, subsidizing employment that did not sufficiently improve knowledge, skills, and qualifications of the unemployed, and therefore, overall, did not help to improve their employability (Katić, 2006). Wage subsidies were a major part of total expenditures for active employment measures, but they were not enough to really influence (change) the trends.

The period from 2005 to 2008 was in Croatia (and in its environment) a period of significant economic prosperity, and the number of unemployed decreased by approximately 23%. Based on the National Employment Action Plan of 2004, annual (or bi-annual) national employment action plans were implemented. The process of Croatia's accession to the EU, which required and supported Croatia to develop strategic documents and programs in the field of active employment policy had a significant positive influence on continuous and systematic work during this period. In this period, measures have started to be more systematically directed to people with a lower level of employability and long-term unemployed (IPSOS PULS, 2016).

In spite of a more systematic approach in this period, the coverage by active employment policy was quite small. As can be seen in Table 8, active employment policy measures involved only 1.75% of the unemployed in 2006, or 3.29% in 2007 and 2008.

Table 8: Coverage by the Active Employment Policy Measures 2006-2008

| | 2006 | | 2007 | | 2008 | |
|---|---|---|---|---|---|---|
| | Number of covered | % | Number of covered | % | Number of covered * | % |
| Subsidies for young people without working experience | 1 024 | 20.9 | 1 226 | 14.4 | 1 003 | 13.3 |
| Employment subsidies for long-term unemployed | 1 238 | 25.3 | 1 693 | 19.9 | 1 290 | 17.1 |
| Employment subsidies for people 50+ | 579 | 11.8 | 837 | 9.9 | 706 | 9.4 |
| Subsidies for employment of special groups | 258 | 5.3 | 455 | 5.4 | 351 | 4.7 |
| Aid for training and skills improvement | 1 348 | 28.3 | 3 752 | 44.1 | 3 466 | 46.1 |
| Public works | 512 | 10.5 | 531 | 6.3 | 715 | 9.5 |
| TOTAL | 4 896 | 100 | 8 494 | 100 | 7 531 | 100 |
| *Coverage of the total number of unemployed* | *1.75%* | | *3.29%* | | *3.29%* | |

\* period from 25 march till 31 december 2008
Source: IPSOS PULS, 2016., p. 286-7.

In the period from 2009 to 2014, in the time of the economic crisis, active employment policy programs have been significantly expanded and strengthened (IPSOS PULS, 2016). These include a significantly greater investment in education and retraining of work force, changing the system of unemployment benefits (encouraging the unemployed to participate in education and retraining programs), volunteering and professional training systems for young people, strengthening the capacity of the Employment Service in the development, monitoring and evaluating active employment policy programs. The majority of active employment policy programs/measures taken during the crisis was an extension of what had existed earlier (Matković, Babić, & Vuga, 2012.). The only completely new program introduced in this period was vocational training for work without formal employment (intended for young people without work experience to enable them to acquire concrete work experience and thus to get easier involved in the 'world of work'.) On the other hand, some programs have been completely abolished, precisely the programs of subsidized employment of the unemployed elderly and other vulnerable groups.

In this relatively short period, the number of active employment policy programs increased by more than eight times, from 6 296 participants in 2009 to 56 632 in 2014. The largest increase in the number of users recorded a new program of professional training for work without formal employment (with about 450 users in 2010 to more than 28 000 users in 2014). The number of employment aids has increased by more than five times, and the number of participants in public works has increased by three and a half times (Table 9).

The coverage (rate) of unemployed increased by 5 times in 2014 compared to 2008. However, when looking at the data in Table 6, it is easy to notice that the level of unemployment in this period (measured by number of unemployed and by unemployment rate) was highest in the history of independent Croatia, and that it did not change significantly. Of course, it is hard to argue only based on that, that these measures have not yielded any result, or that without them unemployment would not have been higher. However, one conclusion from this can certainly be drawn, namely that unemployment cannot be successfully tackled by focusing on the unemployed, but that the fundamental problem arises in the area of employment (i.e. economic activity and economic growth), and that there major efforts should also be focused.

Table 9: Total number of persons involved in active employment policy programs for the period 2009-2014

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Employment subsidies | 213 | 2 139 | 2 707 | 5 903 | 9 413 | 10 847 |
| Self-employment subsidies | 298 | 284 | 772 | 1 605 | 5 737 | 7 077 |
| Training support | 116 | 614 | 632 | 661 | 337 | 148 |
| Training and education of the unemployed | 3 090 | 4 566 | 13 788 | 5 096 | 2 132 | 2 149 |
| Professional training for work without formal employment | - | 448 | 4 760 | 9 583 | 19 322 | 28 039 |
| Public works | 1 935 | 5 037 | 10 780 | 17 177 | 15 405 | 6 777 |
| Measures to preserve jobs | - | - | 533 | 703 | 1 310 | 1 595 |
| TOTAL | 6 296 | 13 088 | 33 972 | 40 728 | 53 656 | 56 632 |
| *Coverage rate (coverage of unemployed) in %* | *2.49* | *4.43* | *11.23* | *12.65* | *15.64* | *17.26* |

Source: IPSOS PULS, 2016, p. 288.

The analysis of the system and measures of active employment policy in the Republic of Croatia in the period 2006-2013 (IPSOS PULS, 2016, p.292.) produced conclusions:

*"After reviewing and comprehensively assessing the relevance, effectiveness, and results of the Active Employment Policy measures, the need for introducing a new philosophy into the policy of the Croatian labour market is revealed. This implies the development of appropriate preventive and active measures for target groups through multidisciplinary approaches by combining counselling, training and employment programs. The need for flexibility and regional orientation in the planning of Active Employment Policy implementation is emphasized, so that planning of the necessary financial resources takes into account regional differences. Furthermore, the importance of local partnership development for employment related to the Active Employment Policy implementation, decentralization, and the development of absorption capacities has been emphasized. As a final proposal, it is recalled that monitoring and evaluation of Active Employment Policies is an essential tool to raise the level of policy responsiveness but also to improve the performance and quality of implementation of the measures in general, and therefore there is an obvious need for capacity development for monitoring and evaluation."*

By the end of 2014, the Croatian government adopted "DEVELOPMENT AND IMPLEMENTATION GUIDELINES FOR ACTIVE POLICIES OF EMPLOYMENT IN THE REPUBLIC OF CROATIA FOR THE PERIOD 2015-2017" (Government of the Republic of Croatia, 2014). In the analysis of the situation, as the basis of this paper, it is clearly, though rather shyly, identified that demographic changes occurring in the age groups entering and exiting the labour market represent a significant factor and limitation for the change in the number of employed. *"The contingent of older workers will make an increasing share of the population in the coming years, while the absolute number and share of young people will steadily decrease as the smaller generations born in 1990s and 2000s (...) enter labour force"* (Government of the Republic of Croatia, 2014, p. 6). Based on this, it is clearly, though again rather coyly, that: *"It is therefore very important to maintain and increase the work activity of older people, including activation interventions."* Among the 'key challenges in the field of employment for the Republic of Croatia', only two out of nine 'key challenges' are partially mentioning older employees (Government of the Republic of Croatia, 2014, p. 30-31).

It can be said that in these 'guidelines' the approach of developing a wider approach and an integrated model is represented . High emphasis is placed on education and training (in different phases and in different ways) and on counselling and guidance in a wide range of interventions. From its 143 'intervention', 26 are directly related to education and 23 to counselling and guidance. Still, the perspective is largely focused on young people, those who seek employment for the first time or are only in the process of education for first employment (so out of 143 'interventions', young people are explicitly mentioned in 10, and people in the age over 50 only in 5).

Although the period for which this policy document ('guidelines') has been issued has not expired yet, so it is impossible to judge on the success of its realization, it can be argued that the implementation of its measures and 'interventions' was rather uneven (some measures are implemented with a higher intensity than it was planned, and some were much slower ). It can be said that the already mentioned labour market turnaround that occurred in Croatia in 2016-17 was only in a smaller part based on the results of the measures and 'interventions' from this program. Indeed, the externally induced turnaround has made some of these measures and 'interventions' unjustified and obsolete, and the program would obviously require a thorough audit, even before the end of the period for which it was intended.

# 4   CONCLUSION – THE CHANGE OF PERSPECTIVE

Although the Croatian governments have been designing and implementing various "active labour market policies" for a quarter of a century, their performance so far has not been great, and their results were most often questionable. Nevertheless, from the above analysis it could be seen that, over time, a more complex approach and a system of active labour market policies has been built up. However, this development has always been focused on youth employment, first employment, the acquisition of first work experiences - in one word - encouraging and facilitating the first inclusion in the 'world of work'. Another important determinant of the current model was that it was primarily oriented towards employment of the unemployed. The primary problem was seen in high unemployment, and the main goal was to reduce unemployment.

It could be said that exactly when a wide range of measures appropriate to such a model and such goals were developed, the labour market situation changed abruptly and significantly. From the situation of the excess labour market offer (a large number of unemployed people and easy access to necessary workforce from the large pool of young, educated and unemployed the need to work) within just one year, the situation has become characterized by a lack of (adequate) supply in the labour market and difficulties in finding and retaining the necessary employees. It finally opened up the awareness that Croatia will have a shortage of labour (for the beginning specifically in some sectors, but in the future it would become general), especially of the young. Therefore, the necessity has come relatively rapidly for a substantial turnaround.

The need for such a turnaround had already been noted in professional and scientific circles (see for example: Bejaković & Mrnjavac (2011)), but the policies and practices of the labour market were not seriously understood and prepared for them. Obviously, the conditions have matured for a new approach to be really understood and accepted. Almost prophetic sound the words *"more intensive turning to older workforce in Croatia can only be expected by 2020"* (Pološki Vokić & Grgurić, 2011).

Bejaković and Mrnjavac emphasized (2011):

*„As important recommendations one could propose:*

- *Further efforts in improvement of both the employability and retention of older workers will have to be enacted, in order to assist in contribution to the sustainability of social security systems, and improve the adequacy of incomes in retirement.*

- *It is necessary to continue shifting the emphasis from passive measures (financial support of the unemployed) to active forms of assistance (training measures and education in accordance with the changing labour market needs), in order to increase the employment of those with a low level of education or those with the knowledge and skills that are not in demand on the labour market.*

- *More attention has to be given to creating conditions for employment of the most endangered and vulnerable groups in the labour market, exposed to accumulated problems and the consequences of social exclusion, whose access to the labour market is consequently specially difficult (such as persons with intellectual and health problems, addicts, victims of violence, former inmates, homeless and similar).*

- *It is crucial to focus ALMP measures on long-term unemployed or groups those are at risk of doing so, instead of targeting almost all unemployed persons. In other words, it is necessary to decrease inflow in the long-term unemployment and to decrease the number of those who are already long-term unemployed.*

- *There is a need to provide intense, individualised mediation and career counselling/guidance services in employment, acquisition of job-search and job-creation skills, and training and education programs.*

- *There is a need to constantly design a development plan for professional rehabilitation, vocational education and training, employment and work of people with disabilities (provide professional rehabilitation, employment and work at open labour market according to individual capabilities and needs, and only exceptionally under special conditions and sheltered enterprises).*

- *The priority in the ALMP area is to develop the "culture of evaluation", in other words of examining impacts of the ALMP measures and avoiding a disorganised approach (such as allocating significant funds and then the implementation of the programmes ceased).*

- *Current links with the services that would support integration and social inclusion of service users such as employment and social welfare are generally weak, and there is a need to strength them."*

In such a situation, employment of young people is no longer a basic problem of the labour market (although this should not by no means mean that it is not necessary to constantly and systematically work harder and better to include young people in the 'world of work'). The core labour market issues in the coming period in Croatia will obviously be:

- retention in the country (and in work engagement) of the young population (below 35);
- efficient inclusion in the work and career development of young employees;
- activating the working capacities of the working inactive population contingent aged between 25 and 65;
- work engagement (employment) of unemployed citizens of older age (50+);
- ➢ updating, enlarging, and changing knowledge and qualifications of unemployed citizens of older age (50+);

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- retention in the productive engagement of older employees (50+);
- ➤ updating, enlarging, and changing the knowledge and qualifications of older employees (50+);
- productive work engagement (employment) of hard-to-employ groups and long-term unemployed;
- extension of work engagement even after obtaining retirement conditions (typically through more flexible models and terms of engagement).

One of the important directions of change in the future period should certainly be a much more active employer engagement (at the institutional level, but even more at the level of each individual enterprise) in attracting and retaining employees - especially older employees. This consequently means a much more active role in the labour market of each individual enterprise, but, more importantly, increased attention and work on the internal labour market, within the enterprise.

Obviously, all this requires developing new approaches both at the level of actors and institutions of the national labour market, and at all lower levels, to the level of human resources management in individual organizations (Gratton & Scott, 2017). It is this lowest level that means (requires) a change in the role and function of the human resources function in enterprises (Pološki Vokić & Grgurić, 2011). Companies will face major challenges in the sense of a declining labour force, and ageing workforce. For Human Resources Management that means that the "war for talents" will develop into a "war for employees" (Perlitz, Schulze, & Wilke, 2010). 'Age management' becomes one of the key human resource management components in the enterprise (Mendryk, 2015). A holistic approach that focuses on the entire working life and on all age groups encompassing all HRM aspects from recruitment over development to employment exit is necessary (Perlitz, Schulze, & Wilke, 2010).

In a situation where in Croatia the human resources function in most companies has not been established (yet) at a satisfactory level, such a shift, i.e. the qualitative change and strengthening of human resources management function role and requirements it is facing, is an additional challenge.

Effective response to these challenges will require the joint and coordinated work of all labour market actors - state and state-level institutions, education system, scientists and labour market and human resources specialists, down to each individual business entity and its management.

This is actually where limits and limitations of this paper lay. The analysis presented in this paper opens two very interesting and important directions for further exploration:

a) changes needed in the 'active labour market policies' have been touched here only by citing some (distinguished) authors, but obviously that would deserve further elaboration and comparative analysis with relevant worldwide experiences;

b) repercussions and changes necessary within the human resources function in enterprises could/should also be further elaborated, both in theoretic and empirical way.

However, these limitations are unavoidable considering limited space in a single article. They just open and leave the space for further research. In the other hand, the principal purpose of this paper was to show and prove the need for new approach(es) towards employees older than 50 on Croatian labour market – which hopefully it has achieved.

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# High performance work practices in Albania

Peter Nientied, Dritan Shutina

## ABSTRACT

In this article, HRM practices - articulated as HRM for high performance work practices – are studied in Albanian companies. From a pre-study, the indication was that HRM is still in an early stage of development. A questionnaire based survey and interviews were conducted to substantiate this premise. The empirical results show that indeed HRM is not well developed. The data also reveal only minor differences between foreign owned companies and Albanian companies and between small and larger companies. The results of the study should be understood in the context of the Albanian small economy, slowly picking up. It is concluded that developing HRM high performance work practices has considerable potential for Albanian companies, and that employers' associations and universities should play a role as HRM champions. HRM also deserves much more academic attention.

## 1 INTRODUCTION

In modern organizations, such as most international organisations (subsidiaries of MNC's) present in Albania, HRM is seen as an important management topic and HR practices are implemented, according to the guidelines of the foreign head office. In smaller Albanian companies HRM is often limited to basic personnel administration; the company's director takes the responsibility for personnel matters (hiring, firing, rewarding - the term HRM would be an overstatement), and many of these directors have a far from professional attitude towards HRM. Important basic questions on HRM cannot be answered as yet, such as: - how much and what kind of HRM is practiced in companies in Western Balkan countries?; - how much HRM would companies need to have the right people on board and achieve an optimal performance?; - which arrangements of HRM investments and practices are likely to give the best returns?

The number of studies on HRM in Central and Eastern Europe (CEE) is still limited. An extensive study on HR in the CEE region, including an overview of references and other research work done, has been carried out by Poór et al. (2015). Their study concludes, amongst many other things, that HRM in organisations of the Visegrad region is more developed than in organisations in countries of the Balkan region. In a study of Czech HR systems, Šikýř (2013) states that organizational performance and competitiveness are determined by employee performance, and therefor this subject should figure high on the list of management objectives. He also concludes that the HR function should be further developed. Jawor-Joniewicz and Sienkiewicz (2016) conclude in their work on HRM and competitiveness in Poland, that Polish organizations lag quite far behind European and American ones, and that this distance can be reduced, e.g. by the popularization of tools for measuring human resources in Polish enterprises. Pološki Vokić (2015) studied the situation in Croatia and concludes that on average HRM practices of Croatian organizations cannot be labelled competitive, and Croatian organizations on average are not attractive places for competitive, results oriented employees. Constantin et al. (2006) give a picture of the HRM situation in Romania and conclude that HRM still faces important challenges: "HRM does not seem to be one of the priorities of the managers included in the present study. Most of them have never solicited HRM consulting and do not intend to do so in the near future, nor have they hired an HRM specialist" (2006, 764). In an empirical study in Kosovo, Qehaja and

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Kutllovci (2015, 47) come to the conclusion ".. that wholesale distribution firms of food and non-food products in Kosovo do not consider human resources significant resources in providing competitive advantage. Therefore, they do not possess a standard strategy for human resource development. Another assumption was that most of these firms have human resource departments, but in practice these departments mainly deal with administrative work."

From the HRM literature in CEE countries and from discussions with many management managers and professionals, it looks as if in Balkan countries overall levels of economic development and competitive environments positively correlate with the development of the HRM function. In a study on HRM in Bulgaria, FYR of Macedonia, Romania and Serbia, Psychogios et al. (2016) found that HRM in small and medium enterprises is related to the degree of internationalisation, the particular sector and the organisational size. These three factors positively affect the level of HRM development.

In Albania, the situation looks comparable to what has been described in the studies of Qehaja and Kutllovci (2015) on Kosovo and Pološki Vokić (2015) on Croatia. In Albania, there are very few thoughtful studies on the subject of HRM. Cania (2014) asked to 30 organizations whether they are familiar with the concept of strategic HRM, and a majority confirmed that they were, and expected a positive impact from strategic HR on the results. The study was limited to asking the single question to managers, not checking how the actual situation in the organisations was. Berberi & Ceni's (2015) work is mainly a literature review. In the Albanian public sector HRM has received some attention, due to international programs from EU and UN, in view of accountability and quality of staff (Kraja & Radonshiqi, 2015).

This reflection on HRM in CEE and in particular in Albania sets the context for our study on to what extent modern HRM is applied in Albanian companies. We have first done a literature search and interviews with a number of professionals and managers in different companies. Next, a basic questionnaire was selected and tested. The questionnaire asks for the use of high performing work practices (HPWP) (Boselie, 2014, 133). Since many international companies have entered the Balkan, and they have imported more modern personnel management systems, we also wanted to know whether these systems include HPWP, and to what extent national organisations have adopted HRM practices. Since the maturity of the HRM function is expected to be quite modest and publications on HR in Albanian organisations are limited, this study focuses on stock taking, on making an inventory of the current situation of HRM practices.

## 2   HRM AND PERFORMANCE

Working with a model of HPWP, asks for some explanation. The relationship between HRM and performance has been extensively discussed in theory and studied in practice. Amongst others, Buller and McEvoy (2012) and Ayalew Melesse (2016) give an overview of the discussion. Studies on the return on investment in HR show some positive results (Armstrong, 2014; Aguta and Balcioglu, 2015), but HRM academicians also use the notion of the black box – there is no clear relation between investment in HR, and the financial and production results of the company. Investing in HR practices means an indirect relationship with company performance (Armstrong, 2014; Buller and McEvoy, 2012). Guest (2011) cautions researchers: basic questions on measurement of HR systems and practices, specific conditions, implementation of HR systems, etc., and their effect on performance are far from clear and difficult to operationalize. The relationship between HR and performance is also questioned, amongst others, by White and Bryson (2011; 2013). They conclude that is unclear how exactly the relation between application of HR instruments and performance works, how much HR is needed, and how much HR investment leads to positive results. Indeed, it is difficult to establish a direct relationship between HR and productivity in a complex organisational environment in which many interwoven factors influence productivity. Interesting is the work of Kathou (2014), who studies the reverse causality and suggests that his study supports the view that although HRM policies do not directly lead to high organizational performance, it is high-performing firms that can directly afford HRM policies. In short, the academic discussion on the relationship between HRM and performance is far from conclusive.

HRM does not only work for higher productivity and better financial performance – it also has a task to safeguard the application of legislation, contribute to a company's attractiveness, etc. As Boselie (2014) suggests, HRM has to serve various goals. Instead of performance as a criterion, Francis et al. (2012) prefer the broader concept organisational effectiveness, pointing at the multiple goals to which HRM contributes. They suggest that HRM conducts an important role to enhance the productive capacity of the people, and to achieve other goals such as flexibility of the organisation, corporate social responsibility and innovation.

Despite these questions on the exact relationship between HRM and performance, there is broad agreement among academicians on the significance of HRM's contribution to the effectiveness or performance of companies. The basic logic is simple: motivated people perform better and a chief task of HRM is ensure that the right, and motivated people are selected, that they transform motivation into production and that they are given opportunities

to develop. Already some time ago, Delery and Shaw (2001) have drawn the following conclusions from the literature that still stand today: 1) human capital can be a source of competitive advantage, 2) HR practices have the most direct influence on human capital, and; 3) HR systems can influence the inimitability of the organisation and make sure that performance structures and results cannot easily be copied by others. The development of effective practices for managing the organization's human resources for improved performance has been extensively discussed in literature (Boxall and Macky, 2007; Boxall and Macky, 2009; Boselie, 2014).

There is academic debate about the so-called 'best practice' approach: whether a number of best HR practices can be identified that are universally relevant (Boselie, 2014). The study of Šikýř (2013) on companies in Czech Republic opts for a best practices approach, and Šikýř suggests that "Any organization seeking to achieve excellent performance and sustained competitiveness should therefore systematically compare its actual performance and competitiveness with the performance and competitiveness of the best organizations in a specific sector or region to apply appropriate best practices in human resource management." (2013, 44)  His study shows that his respondents are not very convinced that in human resource management, there are universally applicable best practices that positively influence organizational performance and competitiveness. In contrast to the 'best practice' approach, the 'best fit' approach suggests that context matters a lot, and that the internal context (the organization's history and administrative heritage, its cultural DNA) and external fit (institutional mechanisms and market conditions) are significant factors to be considered (Boselie, 2014). Our stance is the best fit approach, and in a later section of this article, we will contextualize our findings to enhance the understanding of HRM in Albanian companies.

For this study, it was opted for the notion of HPWP / HPWS (high performance work practice, high performance work system). A HPWS is a bundle or cluster of HRM practices that increases company performance; for example in terms of labour productivity, service quality and flexibility (cf. Boxall and Macky, 2009). Important is an internal fit between individual HR practices; coherent and consistent HR is needed for an impact on performance. If for example workforce selection policies and practices of a company are good, but no HR systems are in place for general training or performance evaluation, then the return on the investment in selective recruitment will be suboptimal.

A basic HPWP approach, in rather plain and recognizable fashion, fits the current stage of development of HRM in the Western Balkan better than more comprehensive HWPS models. Investigating a HPWP like talent management would not be very appropriate in the Balkan because first, the concept is still widely discussed in literature (exclusive or inclusive approaches of talent management) and second, many managers in the Balkan do not know this term. Also topics like diversity, competency based HRM and engagement are new terms for many managers, and do not fit (as yet) in the Western Balkan regional context.

The system of HPWP selected in our study is therefore a 'starter's kit'. It follows the list of 15 HPWP's of Boselie (2014), who selects the AMO model as a basis for identifying HPWP's. This model has been elaborated by Appelbaum et al. (2000). The AMO model stands for abilities, motivation, and opportunity for employee participation. The model states that people perform well when: - they are Able to do so; - they have Motivation to do so: and - Opportunities and support are provided in the work environment for people to perform.

-    Ability practices include selective recruitment and selection and training and development (of skills, knowledge and abilities)

-    Motivation practices include fair pay, evaluation and feedback, coaching and mentoring, internal promotion opportunities, etc.

-    Opportunity practices include autonomy for employees, involvement, job rotation, participating in team work and in decision making.

HR practices are built around this logic.

## 3   METHODOLOGY

This study explores the current situation of HRM practices in Albania. After the literature search and a round of informal interviews with company directors and HR managers, the empirical work consisted of a questionnaire a survey asking for basic information on the organization and then reactions to statements HPWP's, to what extent they are used in the company. The questionnaire is based on Boselie's interpretation (2014) of the well-known AMO model, as discussed. There are many HPWP, and their importance varies according to the context. Boselie (2014, 143) has constructed a basic list consisting of 15 HRM practices or HPWP, together forming a HPWS. After the 15 statements in the questionnaire, measured with a 5 point Likert scale, a 16th open ended question asked the respondents' view of possible improvements of the HRM function in their company. The questionnaire was filled out by middle / higher management or professional specialists of a company. Questionnaires have not been sent out via e-mail, but purposive homogeneous sampling was applied, as follows. After a briefing of the objective and the implementation of the study, questionnaire forms were given to post-graduate students studying in Polis University's executive MBA. They were asked to do the questionnaire for their own company, and to visit three other companies,

have the questionnaires filled out and get an answer on the 16th open ended question (that also functioned as a check on the answers given). Post graduate students are typically in the age category of 28 to 40 years, have positions with responsibilities, have enjoyed an academic study before and now aim at a next step in their career and opt for a MBA, broadening their knowledge and study.

The survey sample is not representative for the country as a whole. Most of the interviewers (MBA students) live in the Tirana – Durres region, which is the prime economic region of Albania. They have approached respondents from companies in this region, and therefore the survey conducted has a bias towards more modern companies, towards larger companies and towards international companies. This implies that, in comparison to Albania as a whole, the data are likely to give a more positive picture of HRM. We do not know exactly how significant this bias is.

The survey excluded the government sector because government is not performance based but rule based with centralised guidelines for personnel administration and HR. Also excluded were small enterprises (10 people or less), where HR is expected to be informally organized and based on personal relationships. In total 77 valid questionnaires were processed, and this number should give an adequate insight into HRM practices. In the tables below in paragraph 4, plain results are presented in tables; statistical analysis has been limited because the plain figures speak for themselves, and in categories the numbers are getting small. In the discussion we also submit remarks on interpreting the scores.

After the questionnaire survey, we conducted interviews with 14 managers and HR staff of the participating private sector companies (not necessarily the persons who filled in the questionnaires, and selected on basis of convenience sampling). We discussed two items: - how they react to the ourcomes of the survey results, and – their perspective on HRM in their company and in Albania's private sector in general.

## 4   RESULTS

The companies approached include almost all major companies in the Durres – Tirana regions; banks and insurance companies, service industries and manufacturers. Of all companies approached, 36.4% was subsidiary of a MNC, and 63.6% was Albanian. Sometimes the distinction is not really clear (like a company selling cars – Albania based with Albanian management, but with strict guideless from the supplier). Our criterion was the nature of ownership and management – meaning that for example Opel Cars Albania is an Albanian company, and Raifeissenbank is foreign. Table 1 shows the sizes of the companies.

Table 1: Company size

| Size | Total | Albanian | Foreign |
|------|-------|----------|---------|
| Small, 11-100 employees | 30 | 20 | 10 |
| Medium, 101-500 | 28 | 17 | 11 |
| Large, 501 and more | 19 | 12 | 7 |
| | 77 | 49 | 28 |

Source: own research.

Compared to the overall 2015 figures given by the Albanian statistical office INSTAT (2016), the company sizes are much larger. In the table 'Basic indicators, income statement and investments for all market producers of goods and services, by enterprise size class and economic activity 2015', INSTAT shows that only a few percent of Albanian companies employ more than 50 persons. Our sample thus represents a group of companies that is larger. It is also more international. It is reasonable to expect that this group of companies has the most modern HRM that can be found in the country.

Table 2 shows the overall results of the survey.

Table 2: Overall results

| Question / statement | 1 | 2 | 3 | 4 | 5 | |
|---|---|---|---|---|---|---|
| Q1: Our organisation uses instruments like assessments and psychological tests for senior functions | 26.0% | 24.7% | 27.3% | 18.2% | 3.8% | 100% |
| Q2: All new employees receive training (introduction training, general skills training, etc.) | 5.2% | 15.6% | 9.1% | 44.1% | 26.0% | 100% |
| Q3: Employees – new and old – receive skills training | 5.2% | 18.2% | 28.6% | 33.7% | 14.3% | 100% |
| Q4: The organisation engages in job rotation and/or offers variety of work | 13.0% | 24.6% | 27.3% | 29.9% | 5.2% | 100% |
| Q5: Employees and managers in the organisation receive coaching (on the job) from a mentor / supervisor | 9.1% | 15.5% | 28.6% | 36.4% | 10.4% | 100% |
| Q6: The salaries in the organisation are good (compared to the average in the market) | - | 18.1% | 42.9% | 32.5% | 6.5% | 100% |
| Q7: The organisation applies performance-related pay | 19.5% | 23.4% | 20.8% | 22.1% | 14.2% | 100% |
| Q8: The organisation offers promotion opportunities | 7.8% | 24.7% | 20.8% | 37.6% | 9.1% | 100% |
| Q9: The organisation provides adequate job security | 2.6% | 9.1% | 15.6% | 39.0% | 33.7% | 100% |
| Q10: The organisation gives adequate information and communication to all employees on relevant issues | 5.2% | 6.5% | 33.7% | 36.4% | 18.2% | 100% |
| Q11: There are opportunities to participate in decision making | 10.4% | 20.8% | 36.3% | 27.3% | 5.2% | 100% |
| Q12: Employees get an adequate degree of autonomy in their work | 11.7% | 10.4% | 35.1% | 35.1% | 7.7% | 100% |
| Q13: Employees can participate in teams | 7.8% | 11.7% | 23.4% | 41.5% | 15.6% | 100% |
| Q14: The organisation regularly surveys employees' opinions and satisfaction | 16.9% | 19.5% | 20.7% | 28.6% | 14.3% | 100% |
| Q15: There are regular employee/supervisor meetings with two way communication | 10.4% | 10.3% | 26.0% | 39.0% | 14.3% | 100% |

Source: own research. Explanation: 1 = very little; 2 = little; 3 = neutral; 4 = intensive; 5 = very intensive.
The % refers to the number of times a score to an answer has been given. 100% refers to N=77.

With a range from 1 – 5, the average is 3, and per questionnaire the total scores can vary from a minimum of 15 to a maximum of 75. In the above table, questions Q1-Q5 refer to Abilities, questions Q6-Q10 to Motivation and questions Q11-Q15 to Opportunities. The minimum per factor (Abilities, Motivation, Opportunities) can therefor range from 5-25. The average scores on this Likert scale for these AMO factors are as follows.

The overall score means an average total score of 48,4 points (or 3.3 on a Likert scale). Boselie (2014, 143) suggests that scores below 50 might indicate a mediocre HR system.

Interesting is that the scores between national and international companies do not show much variation. The results suggest that the group of Albanian companies have adopted HRM practices that are present in foreign companies too. It should be noted that the responses of foreign companies were quite divers. International banks for example score well above average, but on the other hand, a large foreign owned call centre with 500+ employees, had a score that was among the lowest in the whole sample.

We expected that large companies would do better than smaller companies. But, as table 4 shows, this is not the case. Differences between small, medium and larger companies are not very significant.

Table 3: AMO scores – averages

| Factor | Overall average | Average Albanian companies (n=49) | Average foreign companies (n=28) |
|---|---|---|---|
| Abilities | 15.7 | 15.3 | 16.7 |
| Motivation | 16.8 | 16.8 | 16.8 |
| Opportunities | 16.0 | 16.2 | 15.7 |
| Overall average | 48.4 | 48.2 | 48.9 |

Source: own research.

Table 4: shows averages of companies of different sizes (n=77)

| Seize, / no of employees | Average total score | Albanian | Foreign |
|---|---|---|---|
| Small, 11-100 employees | 48.9 | 49.1 | 48.6 |
| Medium, 101-500 | 47.7 | 47.0 | 48.7 |
| Large, 501 and more | 48.8 | 48.5 | 49.4 |

Source: own research.

The answers on the 16th open ended question regarding the opinion of the respondents about HRM improvements resulted in quite diverse answers, without a clear set of priorities. Low salaries were mentioned frequently, and also opportunities to grow in the company. The picture that appears from the answers goes in the direction of improving motivation; less priority is given to the categories abilities and opportunities. An explanation for this is, as far as we could get, that respondents are quite concerned with basics (including their own salary and opportunities) and found it difficult to take a companywide perspective. Top management could be expected to have such perspective, but, as mentioned, our experience with interviewing top managers is not very positive.

After the survey, we conducted interviews with 14 managers and HR staff of private sector companies. From these interviews, it was confirmed that most subsidiaries of MNC's import their HR policies and systems from the head office. Not all; we mentioned the case of the large call centre which has a pretty mediocre HRM system. Other forerunners in the HRM field could be found in organisations with specialised, highly educated people who are in direct contact with customers, or run projects, do consultancy assignments, etc. Compared to general managers, HR professionals (with international education or experience) have a broader understanding of what HRM can contribute to the performance of a company. They stress that constructive relationships will benefit both employees and the company. They also comment on the work ethos of Albanian workers that is different from Western European workers, a culture that originates from socialist times. Most managers need to supervise their employees, otherwise their output is low. HR has to help management to find a right balance between supervision and giving more responsibility and autonomy to employees. HR people also often mention managerial mind-sets as a factor hindering HR development, with managers contributing to low trust working environments. From our interviews with managers we conclude that they do see the importance of having good people in their company, but 'good' is often seen in terms of diligent, hardworking, and obedient – not in terms of creative and entrepreneurial. In general, managers don't give a high priority to investing in people, guiding and rewarding them. Most managers are not familiar with topics such as engagement, corporate entrepreneurship and talent management. In contrast to Cania (2014), we came across very few managers only who understand the concept of strategic HR. From the interviews, we conclude that raising consciousness about HRM, along the themes of for example the AMO model is a first requirement to improve the currently low HRM maturity.

## 5   CONTEXTUALIZATION

In the previous paragraph, data were presented that lead to the conclusion that development of HRM in Albania is at a rather early stage. For a better understanding of HRM in Albania, it is important to comprehend the national context. Elsewhere, we have tried to contextualize the lack of innovative capacity of Albanian companies (Nientied and Karafili, 2016). Three pointers regarding this lack of innovation capacity can fittingly be applied to the modest maturity of HRM.

*i Albania is a formerly isolated country, still catching up.*

HRM started in CEE only in the 1990's (Zientara, 2014). More developed former socialist countries like Hungary, Poland, Czech Republic, the Baltic States, Slovakia and Slovenia, experienced an inflow of international companies, modernized their higher education, became member of the European Union and received EU support. As noted earlier, Jawor-Joniewicz and Sienkiewicz (2016) show that despite these favourable developments, Polish

organizations still lag quite far behind their European counterparts. Poór et al. (2015) have explained that developing HRM maturity in Visegrad countries takes time. In the Western Balkan countries it will take more time. In Albania the nature of inflow of international companies has been different from the inflow in the countries mentioned: MNC's were market seeking, be present in the Albanian market with products (all sorts of consumer and producer goods) and services (such as banking or supermarkets). Only few companies have come to Albania to take advantage of low labour costs or specific resources. In other words, Albania, and the Western Balkan countries in general, have befitted less from economic modernization. This has had an impact on the development of HRM practices.

*ii The economy and competitive environment in Albania*

Before 1991 Albania was a closed economy and after 1991 Albania has never entered really into international competition (let alone global competition). The country has a somewhat outdated economy with limited exports (Gabrich et al., 2016). For Prašnikar et al. (2012) the domestic nature of competition of Albanian firms is a key feature; due to the lack of competition, one of the major innovation drivers has been non-existent. The same holds for HRM development. Given that most business is in the domestic market, the nature of competition is largely determined by the characteristics of domestic competition. In other words, the reference of HRM is national, not international. That means that, rightly or wrongly, the perceived push to invest in HRM has been limited.

In many sectors there is sufficient supply of people willing to work. The unemployment rate in Albania is high; it averaged 15 percent from 1993 until 2016, reaching an all time high of 22.3 percent in the fourth quarter of 1993 and a record low of 12.1 percent in the fourth quarter of 1996. End 2016 it was 15.2%, according to www.tradingeconomics.com. Till recently, it was rather easy to fire people. The situation of high unemployment and easy hiring and firing, helps to explain why many firms focus on direct productivity of people, not on engagement and human resource development. In international companies the situation is different. Banks for example do experience (domestic) competition, they aim at increasing their share in the Albanian market and they invest in HRM and HPWP, like selective recruitment, general and more specific skills training and job security for staff showing good performance. A number of organisations in specialized work environments (like IT and other specialized technical or academic environments) experience a shortage of skilled labour. It is a push factor for better HRM. Thus, only in small specialized segments a (modest) 'war for talent' is going on. Short term contracts are common, and for managers with a short term result focus, hiring and firing is more understandable than novel HRM practices that have an unknown positive contribution to the company's result.

*iii Lack of HRM champions*

Business institutions, government and educational organisations have done very little to help companies increase their awareness that better HRM can pay off. Government has focused on labour regulations and administration, and some experiments with employment initiatives for youth. Higher education institutes have paid little attention to HRM, and therefor MBA students have not learned about current developments in HRM. The academic systems in CEE carry a legacy from the past. This has been concisely and well described by Poór et al. (2015) and in more detail by Zientara (2014). The limited attention to HRM in higher education can be seen as part of this legacy.

# 6   CONCLUDING REMARKS

We have illustrated and explained that HRM in Albania is in an early stage of development. Our expectation is that some factors will push for a gradual change in the way companies now conceive HRM. Among these factors are the changing nature of work with more IT and services and less traditional production, changes in society and in the labour force, increased global competition and the need for more innovation. These and more factors have been analysed by World Economic Forum (WEF, 2016). They also apply to the Western Balkan, albeit that the factors need to be contextualised. Elsewhere we have argued that the nature of the Albanian economy is going to change because Albania has to make a shift a focus from the domestic market to the international market (Nientied and Karafili, 2016). This will have mixed implications for HRM. Take for example the tourism sector, which is a sector with positive growth prospects in Albania. On the one hand the sector can employ low skilled labour and this will help reduce unemployment. Managers will feel comfortable to handle the workforce in the conventional management style. But on the other hand, modern day tourism development asks for skills to operate in the global tourism market, and this requires skills in the fields of IT, commerce, innovation, collaboration, value chains and specific managerial skills (Nientied et al., 2017). People with these skills, will not perform well in companies with oldfashioned HRM approaches. For successful tourism development, modern HRM will have to be developed.

Although many managers and organizations recognize the importance of people management, it is remarkable how many firms fail to implement effective human resource management. Indeed, companies can gain a lot if they answer the basic strategic HRM question: how can the people of the company optimally contribute to the strategy and innovation of the company and how should leadership facilitate people to give this optimal contribution. An appropriate starting point for promoting attention to HRM will be a focus on HRM and better performance of the

company – explaining that positive interventions regarding the AMO factors (abilities, motivation and opportunities) are likely to pay off in the middle long run. Return on investment and getting right staff, signifies language that Albanian managers understand better than modern HRM concepts. Higher education, business institutions and the government should strengthen their role as HRM champion, to raise awareness and support companies making the modernization of HRM.

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# Employee engagement in discussion: goals, perspectives and recommendations

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ABSTRACT

This paper represents a summary of a debate on employee engagement that was conducted in a Business School setting. In this debate, representatives from key stakeholders group participated in this debate. The debate highlighted several critical concerns. These centered on the contextualization and employee-centered nature as well as the importance of clear goals and 'framing' of these activities. The consideration of multiple perspectives in combination with research and practice reports provides those interested in engagement with an overview of the matters that may emerge and need to be addressed prior to and following the implementation of any engagement initiatives.

## 1 INTRODUCTION

In the classroom or the board room, several questions are repeatedly debated: What is engagement and what does it mean to us as an organization? What purpose and end goals do engagement initiatives serve? We can address the previous questions by looking at the main points of debate when key stakeholders discuss employee engagement. In the following short article, we distil key issues around engagement from a half-day debate that took place in a Business School in September 2015 as part of a postgraduate degree course on Human Resource Management (HRM). A number of stakeholder participated in this debate. The debate was led by a panel of experts in HRM and aimed at future professionals seeking a career in this field. This included two academics in HRM and Union Studies based at Edinburgh Napier University. A professor in HRM also acted as the moderator. In addition, the panel was composed of two consultants, and three business representatives (working for companies) and one certifying body. The debate was attended by 48 postgraduate students in HRM and a number of subject-area specialists. The decision to opt for a debate rather than focus a group was preferred because the debate format would allow more attendees (Krueger & Casey, 2000). The debate was therefore selected as the most suitable approach in this case in order to share different approaches and perspectives that exist around engagement with a larger audience. In order to facilitate the debate, the second author of this paper had prepared a short handout that prioritized debate points, listing first the varying definitions of engagement employed in business, the level of analysis used to understand engagement, and finally the prospective influence of national culture. The paper focuses on the first two topics, as the last topic received less consideration in the debate due to the interest that the first two topics generated. The current paper originated from the notes, areas of confusion and (dis)agreement that were recorded by the first author during the debate. These were subsequently organized around major themes, taking an approach similar to thematic analysis advocated by Braun and Clarke (2006).

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## 1.1 FOCUS OF OUR DEBATE REFLECTIONS

Our main focus in this article is to outline differing stakeholder interpretations of engagement as awareness of these points may improve mutual understanding of others stakeholders' positions. The multi-stakeholder debate, summarized in this manuscript, will help practitioners in two ways. First, we provide a nuanced picture of engagement by blending a systematic overview of the literature on engagement with the differing interpretations stakeholders have of this concept. This may help practitioners in their own quest to identify what they aim to accomplish (with whom and with what purpose) in their own employee engagement strategies. Second, we hope that our reflections on points of contention and disagreement will enable practitioners to anticipate and select strategies to tackle potential conflict about the meaning, goals and purpose of such engagement activities. The next section introduces the term engagement.

Engagement has been at the forefront of HRM literature for the past fifteen years for several reasons. First, most professionals expect that engaged employees will provide a competitive advantage for employers in that they are more productive, offer better customer service and are less likely to leave their employer for other opportunities (Noe, 2013). Second, engagement has been found to be positively associated with innovation, talent retention, training, compensation, and development (see Anitha, 2013; Noe, 2013; Rana et al., 2014). However, while such evidence speaks for the positive benefits of engagement for the employer, our debate and the literature suggests that engagement is not as easily defined – for two reasons.

Defining engagement is the first hurdle (see Garton & Mankins, 2015; Macey & Schneider, 2008). One of the debate participants proposed that "engagement is 'socially constructed' through the use of language, action and mutual understanding". We can further illustrate the trickiness of defining engagement by considering several definitions of engagement. For example, engagement has been defined as "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption" (Schaufeli et al., 2002, pg. 74). An alternative definition is provided by Robbins, Judge, and Campbell (2010, pg. 64) who defined employee engagement as "an individual's involvement with, satisfaction with, and enthusiasm for, the work they do." A final definition of employee engagement considers employees engaged when these are fully involved in their work and are both committed to their jobs and organizations (Vance, 2006), demonstrating "a genuine willingness to contribute to organizational success" (Albrecht, 2010, pg. 5).

These definitions demonstrate that engagement may be defined in different but related ways, which is why engagement is usually considered a multidimensional construct (Christian et al., 2011; Rich et al., 2010). For example, authors have suggested that engagement encompasses several dimensions - including trait engagement, psychological state engagement, and behavioral engagement (Macey & Schneider, 2008). That is, engagement may reflect employee personality and manifested as employee immersion and involvement. Or it may be positioned as behavior and captured in employee discretionary efforts (e.g., which may be exhibited in the form of extra-role behaviors, personal initiative, or self-initiated role expansion).

Engagement operates and emerges at several levels – the individual, the job, and the organization. At the micro-level, personal engagement reflects the extent to which an employee can express their 'preferred or personal self' (Kahn, 1990, pg. 700), which Truss et al. (2013, pg. 2659) also refers to the 'authentic expression of self'. Thus the engagement of an employee may be subject to the extent that the employee can express their own self freely in the work setting (Kahn, 1990). At the next level, employee engagement is thought to reflect employee involvement and satisfaction with their job, specifically the work they complete (see Harter et al., 2002). Thus, the term employee engagement also captures engagement with the job, so engagement is not only seen as a function of the employee's experience but also seen in relation to the job that the individual holds. And finally, at the organizational level engagement can also be construed in relation to an employee's involvement in organizational affairs and priorities. The contribution of engaged workers at work is that they not only act within their role but while doing so, go beyond contractual obligations (i.e., extra-role). That is, they are emotionally engaged with those around them and the organization itself, rather than just doing the minimum that is contractually required of them. These notions may, however, be very much dependent on the job/organizational characteristics. For example, authentic expression of the self is unlikely to be supported in military or similarly hierarchical settings where the organization expects significant affective commitment but does not necessarily encourage employee voice and self-expression.

While often identified by organizations as 'desirable' and a 'key to performance', employee engagement is therefore a concept that generates challenges due to the different ways in which it is defined and the ambiguities around what exactly employees are engaging with e.g. task absorption or affective organizational commitment. Therefore, it is often unclear as to whether employee engagement initiatives should be primarily aimed at increasing individual, team or organizational performance outcomes. These circumstances generate a number of areas for misunderstandings and disagreements. In the next section, we focus on two potential tensions in terms of what key stakeholders wish to achieve via employee engagement initiatives. The points of contention emerged during our debate and focus primarily on the possible orientation and focus of engagement activities versus the different (and potentially incompatible) goals that stakeholders feel such activities would serve.

## 2  POINTS OF CONTENTION

In the following sections, we outline some of the key points that were raised in our debate exercise by the various stakeholders (union representatives, business leaders, HR managers, students and faculty members). The first section explores where stakeholders placed responsibility for engagement and its outcomes, i.e. with the organization as a whole or employees themselves. The second segment discusses the differing interpretations of the orientation and goals of engagement activities.

### 2.1 DECIDING WHO IS (JOINTLY) RESPONSIBLE FOR ENGAGEMENT

During the debate, it became apparent that responsibility for employee engagement was attributed to a variety of stakeholders. Perspectives included situating engagement as solely subject to the individual employee; or as due to good line management and support; or to the organizational characteristics overall. Participants were also likely to differentiate between activities that were primarily employee-centered compared to initiatives that were more contextualized (e.g., activities that also considered the larger team and organizational context within which employees performed their job). Not surprisingly, different performance expectations would arise depending on which actor or entity was expected to bear the most responsibility for engagement at work.

The separation of engagement into personal, job, and organizational dimensions has several implications for what relevant stakeholders expect to gain from engagement activities. Indeed, we noted that many debate members discussed engagement as functional and employee-driven, with less mention made of the industrial or organizational context that may facilitate or detract from engagement. Many stakeholders assumed that engagement can be "fixed" at the level of the employee, rather than the team or organizational level. This is only partially accurate as an employee does not operate in a vacuum, without colleagues or an organizational framework that determines which resources and demands are placed on them. In support of this, research shows that job resources can influence personal and work engagement and vice versa (Llorens et al., 2007). When no incentive exists (e.g., long-term commitment to the job or employee), it is unlikely that greater engagement will emerge. Much of the engagement research concentrates on the 'job resources' of supervisor support and colleague support (Brough et al., 2013).

Engagement is now seen as an integral part of HRM (Arrowsmith & Parker, 2013) and features in the debate around 'high performance work systems' and employee performance (Macduffie, 1995). More and more research and practitioner-oriented work has focused on linking engagement to organizational performance (e.g., Anitha, 2013; CIPD, 2011). When responsibility for engagement is predominantly placed on employees, it is easy to understand why some initiatives fail to generate the results management seeks to achieve. The relationship between increasing engagement and performance is likely to be mediated by a large number of additional variables. This is also known as the "black box" issue in HRM, where the relationship between HRM practices (inputs) and performance (outputs) is often subject to a number of unknown third variables (e.g., Gardner et al., 2001). Similar effects are likely to play a role in engagement initiatives as well (see work by Jiang et al., 2012, 2013). Other relevant "black box" variables (particularly in the case of employee-centered initiatives) include the effectiveness of the activity in terms of how it is implemented, the support this intervention has among employees and supervisors alike, but also the extent to which the jobs feature autonomy and room for employees to maybe change and amend their work in ways that increases their engagement with the job. The lack of recognition of these variables is likely to shape the extent to which engagement initiatives can or are even able to affect certain performance outcomes in the first instance.

While resources at work can build engagement, demands or constraints in the work environment may detract from it. For example, if the individual is forced to act in a manner that does not allow for an authentic expression of self (Truss et al., 2013), they may experience the work environment as more stressful. This is one of the reasons why engagement has been discussed in relation to burnout at work (see Maslach & Leiter, 1997; Leiter & Stright, 2009). If employees are less satisfied with organizational communication, lower engagement is likely to coincide (Iyer & Israel, 2012). Lower employee engagement has also been linked to both lower organizational commitment and higher turnover intention (also called withdrawal cognition in Iyer & Israel, 2012). Indeed, less engagement is often linked with poorer individual well-being but also lower performance and citizenship behavior (Christian et al., 2011; Hakanen & Schaufeli 2012; Soane, 2014). Disengaged employees may also participate in fewer activities (e.g., training, meetings) and be more likely to disengage entirely (e.g., in terms of high turnover rates, absenteeism). This means that teams featuring disengaged employees may also report less mutual commitment and team relations, which may further reduce overall team performance. By creating employee-centric initiatives that disregard the wider work context, such activities are likely set to fail. As a result, in the preparation of engagement initiatives, those responsible for their development and implementation have to first understand which factors already exist (including resources such as work tools and organizational communication platforms, see Iyer & Israel, 2012), may need to be added or addressed to ensure these activities will succeed in raising engagement at a personal, job or organizational level.

The variables which will be considered key in the preparation of the engagement initiatives may depend on whether the goal is to raise engagement of the individual employees in relation to their job, their team or the organization overall. In the next section, we continue with this theme on clearly framing such activities.

## 2.2 CLARIFYING GOALS OF ENGAGEMENT INITIATIVES

What are the expected outcomes and goals of engagement activities? The feedback from our participants in our debate suggested that employers are likely to seek the positive benefits of work and organizational engagement such as higher productivity. For example, engaged employees are expected to make a difference and have a real impact on outcomes valued by the organization (Garton & Mankins, 2015). This focus also narrows their view of the organization as the provider of such projects – but may not necessarily lead them to recognize the organization as a constraining contextual factor. Many union representatives may be wary to support any initiatives that seem to push employees towards more discretionary effort or when the benefit for the employees or anything but the 'bottom line' is not apparent to the union (see also MacLeod & Clarke, 2009).

Our debate further suggested that our participants had been part of engagement activities that focused on achieving, often widely divergent, goals. For example, they were, predominantly, focused on employees' personal engagement (e.g., people-oriented). Others, however, were aimed to support and develop organizational engagement in pursuit of a specific performance goal instead. This categorization as either one or the other is unfortunate. Previous work suggests that HR practices are often classified as "people initiatives" of potentially of minimal economic value to the organization, rather than activities that are compatible with business objectives (see Evans & Novicevic, 2010). Regrettably, many well-intentioned HR-led engagement projects may be perceived similarly – as "people initiatives" without business benefits. This situation may then give rise to fundamental disagreements between stakeholders involved in the design (such as HR managers), delivery (such as manager), and recipients (such as employees) regarding the value to those organizing and those participating these projects.

The key message from this part of the debate is this: Practitioners and HR managers need to review how engagement initiatives are framed. This is highlighted by the conclusion of one of the panel members who also represented a professional body: "The debate is continuing to rage; what it actually is, how you apply it and how and what to measure". Success is more likely when all key stakeholders agree on and clearly identify what kind of expectations are connected to running such projects, as they may be expected to meet (possibly diverse) objectives. As soon as it is clear which employee and business values will be addressed by these initiatives, it will also be easier for practitioners and those running these projects to develop performance expectations (or to at least outline a business or people-related rationale to combine people-oriented and business interests). Based on our debate and the literature, we outline three approaches that can be utilized to help ensure engagement activities will be implemented to so that multiple goals and purposes can be achieved.

The first option for implementers of engagement projects is to frame these as a means to enhance greater organizational performance. However, this creates an outcome measure that is a distant rather than proximal (close) performance outcome for employees. Framing activities in this manner may not be particularly motivating for employees to whom the burden of 'more engagement' would fall. Linking engagement and organizational performance directly may potentially overlook the role of workplace conditions that operate as barriers and hurdles to performance on a broader scale, such as existing resources and skill level of employees. Research and practitioner reports have identified many antecedents and predictors of engagement (e.g., Anitha, 2013; CIPD, 2011; Garton & Mankins, 2015; Sarti, 2014). Which factors may be particularly relevant are dependent on the kind of engagement activity that is run (e.g., goals, purpose, and assessment form). Several of the factors also appear particularly relevant to personal engagement, including employee involvement, authenticity of managers, and good person-job fit (CIPD, 2011). When job or work engagement is the focus, it may be worthwhile to not just consider predictors of personal engagement itself but also those that shape interactions with others. Thus, it may be particularly relevant to consider the extent to which employees have supportive work environments (Rana et al., 2014).

A second option to frame an engagement activity is to point to the organizational investments in its workforce. Unfortunately, such attempts may be perceived as manipulative in that they try to make the employee feel indebted to the organization or morally obliged to participate. Heyman and Ariely (2004) furthermore noted that when individuals receive no or only low payment in monetary exchanges their performance decreases. While this research was conducted with students, employment situations, in which employees are asked to deliver more for little or no financial benefit, are unlikely to generate higher performance outcomes. Heyman and Ariely (2004, pg. 792) thus propose that "money itself can be a cue to the type of exchange that individuals consider themselves to be in, which in term influences their propensity to exert effort."

If an engagement project is described as merely financially driven employees may not be as intrinsically motivated as in the case of initiatives that are conceived of as being mutually beneficial to employees and the organization. This was a point particularly raised by the union representative at the debate: engagement needs to be reciprocal and requires trust, justice and employee voice. In contrast, a HR practitioner at the debate argued that the focus of engagement is to support strategic business objectives. This means that communication around the benefits of certain HR practices for employees can create a conundrum. On the one hand, it may serve to fulfill certain employee expectations that are part of the psychological contract – especially when the HR practice is based on

notions of social exchange and mutual benefit (e.g., development and support). On the other hand, employees may feel unduly pressured when the perceived objective of such practices is to foster financial performance of the organization. This is a distant goal that emphasizes the market-driven nature of the exchange relationship, which may highlight the fact that employees are not financially gaining themselves when extending additional discretionary efforts. In addition to creating untrustworthy engagement feedback or reducing voice, such an initiative may undermine trust in management (see also Dundon & Gollan, 2007) and any discretionary effort that is not linked to financial performance.

Good leadership is a central element in engagement, as it not only has a direct and positive effect on trust, but can also indirectly affect behavioral engagement via the creation of trust (e.g., Kahn, 1990). Managerial leadership may also play a key role in terms of how such activities are interpreted – an investment or bribe. For example, the importance of the managers being engaging and practicing a more participative management style (e.g., by supporting employee participation in decisions, helping them to achieve their goals) to foster engagement was observed by Sarti (2014). Exhibiting behavioral integrity in line with the core values and good leadership skills was emphasized by MacLeod and Clarke (2009).

The third option is to frame the engagement activities around the personal benefits to be gained if employees participate. The literature suggests that both economic and socioemotional resources will increase the amount of personal (cognitive, emotional and physical) resources an employee will be willing to devote to their work (Saks, 2006). If the engagement also feeds into some form of training assessment or skill profile analysis, the individual employee may be more open to participating (see work by Anitha, 2013; Garton & Mankins, 2015). If efforts to maintain and increase employee engagement are complemented with career progression options, such as mentoring or coaching (a form of support in exchange for greater engagement, see Saks, 2006), turnover might be lowered, and the reputation of the company may also be enhanced.

We would like the reader to consider one more aspect that may outline the difficulties that practitioners may encounter when they want to initiate an engagement activity. One of the debate participants in an HR role argued that organizations can tackle engagement from different angles: One is to build emotional engagement (satisfaction and liking), another is to build rational engagement (which may involve fostering value and mission driven understanding), while the third option is to build motivational engagement (in the hope it leads to more discretionary effort). Each of these angles may serve different objectives. Whatever goal is adopted, it is very likely that the purpose of a workplace initiative often captures power dynamics and is likely to mirror the interests of those who have or want to gain more influence in the workplace. Any engagement survey is likely to be an expression of power dynamics between stakeholders. That is, power can operate on different levels. In the workplace, power dynamics may influence the in differential use and access of resources, result in the participation in or the exclusion from decision-making, help clarify meaning and support empowerment, but also emergence the use of disciplinary power (see overview on power and empowerment in Hardy & Leiba-O'Sullivan, 1998). For the sake of brevity, we draw some general suggestions on how power is linked to engagement.

At a very basic level, engagement initiatives are influenced by various motives. This might also concern the implementation, participation in, and use of feedback from evaluations as they become instruments of and expressions of existing power brokers. Wilkinson et al. (2004) reported that managers still exercise a significant amount of control over the degree to which employees have a voice – although several organizational representatives in their study believed in a direct relationship between voice and performance. We would argue that this link is again subject to many "black box" variables, very much like the link between greater engagement and performance. This highlights yet again that the conceptualization of employee engagement may differ: Engagement as one focused on task completion, or engagement at a political and social level, in line with empowerment and voice. In addition, engagement at work is often limited by the control mechanisms or resource restrictions in place – these restrictions may not be given due consideration in engagement initiatives. As outlined above, they may merely function as a means to control opinion (suppress voice or indirectly reduce employee voice, also a concern raised by union representatives, see MacLeod & Clarke, 2009). In this case, employees are constrained in terms of what they experience, what they are exposed to in terms of information – all ways that may limit their ability to resist management action. Information may further be used to discipline rather than develop employees and punish non-compliance.

We summarized the points of contention and aspects often in need of clarification in Table 1. These may, in addition to the following recommendation section, support the development and success of future engagement initiatives.

Table 1: Main points to consider when running engagement initiatives

| Points of contention | Points needing clarification |
|---|---|
| Understanding and definition of engagement | Transparent, measurable and mutual understanding of performance (e.g., nature and change expected) |
| Dimension of engagement (and level: individual, team, or organizational) | Goal agreement and purpose at appropriate levels regarding the framing and motives behind initiatives |
| Responsibility for supporting, running and evaluating engagement initiatives | Potential benefits (e.g., benefit of increase, types of increase) |
| Presence of resources (and level, as above) to support engagement – might also extend to management | Role of leadership support |
| | Critical evaluation and consideration of who is involved (e.g., power dynamics and stakeholders) |

Source: own research

# 3    RECOMMENDATION FOR HR PRACTITIONERS AND MANAGERS

The discussion around the issues that arise in terms of the focus, purpose, clarity and assessment of engagement initiatives resulted in several insights. Some of these are based on our experience of how the debate supported, clarified, but also highlighted the different perspectives that some stakeholders may have on engagement. As a result, we would like to outline a number of learning points and recommendations for practitioners and managers who are tasked with raising engagement levels.

First, it is recommended that HR practitioners and managers critically reflect upon what level and kind of engagement is being sought within their specific context and at what levels (e.g., employee, job, team and/or organizational). Gaining clarity about what is the main goal is essential when deciding how to achieve engagement via support or campaign mechanisms (e.g., engagement campaigns aimed at increasing personal or work/job engagement are unlikely to succeed if they are not aimed at individuals and considerate of their work relationships). As we outlined in the introduction, engagement may differ in terms of its antecedents and determinants depending on whether or not initiatives are aimed at personal, job and work, or organizational engagement (the type of engagement, see Saks, 2006). Employees may be more likely to show greater engagement when they have received the resources and benefits that support such engagement or warrant some degree of reciprocity via engagement (Saks, 2006). This more tangential relationship with the organization may discourage personal engagement, yet allow the temporary workers to 'uncouple' themselves from their role (Truss et al., 2013, pg. 2659).

Second, engagement initiatives can be a means to explore the process of learning of role-specifics, team dynamics and organizational dynamics. We recommend that the kind of activities facilitate learning at employee, team and organizational level are carefully evaluated. Situated learning is likely to be critical for such evaluations (see Hotho et al., 2014). In this case, learning may occur in a more informal setting and be the result of everyday interaction. By observing the role of these relationships and the role of pro-social norms, team climate and organizational culture, HR managers and trainers may also be able to identify which particular elements are fostering engagement and at what level (e.g., the individual or the team). The process of situated learning may also be compatible with the notions of interaction-interdependence and schema diversity as means to understand how tension can facilitate organizational learning (see Antonacopolou & Chiva, 2007). These authors use the term 'schema' which denotes structures that reflect the social systems and enable actors to anticipate and learn how to engage with certain situations. These schemas are created by the actors in interaction with others and shape how agents' view each other (which may therefore also be influenced by historical animosity and different goals, e.g., trade unions and businesses). Interaction-interdependence recognizes that social systems – such as organizations – include numerous heterogeneous agents [stakeholders] that are interdependent. Only through interactions can heterogeneity of both actions and schemas and reach a degree of conformity (or agreement) be addressed.

A third recommendation stems from our own experience with engaging stakeholders in debates. The current article was the result of a debate held in a Business School setting in partnership with businesses and various

representatives from various sectors, union representatives, and instructors. The insight we gained may also be replicated in a similar fashion by employers who seek out Business School contacts. Strategic partnerships between educational partners and businesses may help to at least minimize conflicts about and inform workplace initiatives. For example, debates such as these may allow business partners to learn about counterintuitive or novel viewpoints (see also Paton et al., 2013). This exchange may therefore enable business stakeholders to gain insight into complexities behind the ineffectiveness of certain practices. In particular, participation in debates with other external stakeholders will contribute to stakeholders' knowledge about inherently held, but potentially not explicitly discussed, assumptions about the benefits and goals of workplace initiatives. Such debates can therefore bring to light the potential conflicts that may arise between stakeholders when new activities are conceptualized or initiated in organizations. Only through this conflict may stakeholders become aware of their values regarding the pragmatic, moral or overall legitimacy of certain projects (see discussion about managerial perceptions of HR practice in Evans & Novicevic, 2010).

And finally, such debate participation will enable all stakeholders to engage in conflict-driven learning (situated learning) and knowledge exchanges on neutral ground (e.g., in a Business School). The participation of the different stakeholders will pave the way to improved understanding and effective learning from conflict or critical incidents. Evidence suggests that cooperative conflict management styles can play a positive role in shaping employee voice behaviors (see Erkutlu & Chafra, 2015). By teaching staff communication skills that emphasize cooperative conflict management, stakeholders are enabled to identify mutually beneficial gains of engagement initiatives (rather than the 'financial bottom line' alone). This will be particularly helpful when trying to gain the commitment of employees, employee representatives, and managers tasked with carrying out engagement-oriented activities. In addition, teaching such skills and working towards complimentary and cooperative solutions will help the different actors to recognize the potential roles and responsibilities for managing and running future initiatives that may face resistance. Such approaches may also be combined with the development of organizational authorship, or the degree to which individuals take responsibility for their contributions to achieving the goals of the organization to which they belong (Gorli et al., 2015). Simultaneously, the concept of organizational authorship assumes that stakeholders take responsibility for their part in decision-making and contributions. This then may foster a more cooperative rather than competitive and defensive discourse when stakeholders meet to discuss workplace activities. As "willingness to contribute to organizational success" is part of the definition of engagement (Albrecht, 2010, pg. 5), the concept of organizational authorship may support a more inclusive and effective discussion of the different priorities in the development of initiatives aimed at increasing organizational engagement. Gorli et al. (2015, pg. 1360) developed a potentially useful tool called the 'Actionability Chart' that enables practitioners to map out individual and collective demands as well as the technical, structural and procedural elements involved.

## 4   CONCLUDING REMARKS

The purpose of our paper was to highlight that while employee engagement is a popular and contemporary issue for academics and practitioners, key stakeholders diverge in their perspective on where they situate responsibility for engagement, how they design initiatives, and what the key drivers and expected outcomes are.

More often than the not, the debate focuses on increasing engagement. The debate about less engagement and the performance implications are largely negative in connotation, although the outcomes of engagement may depend on the type of engagement that is targeted (Saks, 2006). However, even acknowledging that, some circumstances may foster disengagement but may not always or immediately results in significant reductions in performance. For the sake of brevity, we make just one short observation here. Yes, disengaged employees may show less personal engagement with the job and the responsibilities. That is, their behavior and engagement levels suggest they inhabit a role within the workplace without fully embracing this role. That said, detachment from one's role or workplace may, in some temporary circumstances, enable some employees to cope more easily with roles and tasks when these allow not for self-expression or best utilization of their skills (which would potentially foster more engagement). It may also be a potential means to counter-balance the demands due to work intensification (see discussion around the problematics that arise from high engagement and insufficient reward strategies in George, 2011).

In some instances, too much engagement may also fail to achieve objectives and lead to exhaustion and over-commitment. In other words, some detachment may be functional – and thus disengagement may not always be automatically negative for performance. For example, many temporary, part-time workers may be harder to engage as their jobs may not give them the opportunity to express themselves or the job choices were limited. Further research would allow practitioners to identify when disengagement is functional and not detrimental to performance compared to dysfunctional disengagement levels that also results in poorer performance.

A second and related point regards the role of fit in the discussion around engagement (CIPD, 2011; Rothman & Welsh, 2013). In order to achieve engagement at the micro- to macro-level, employers should review how

effectively they have selected, trained and placed their employees to ensure good job-person or job-organization fit. However, like functional, undesirable or dysfunctional engagement, defining (mis)fit and the extent to which this might have negative compared to desirable consequences for the organization may be difficult to differentiate. The role of good person-job fit as a precursor to engagement has been emphasized in previous work (CIPD, 2011). For example, poor person-job fit has may lead to more dysfunctional engagement leading to burnout and loss in productivity. However, there is no guarantee that good person-job fit will avoid a similar outcome if the organizational changes but resources and demands are not adjusted. Instead of focusing on engagement, it may often be necessary to assess whether or not the basic building blocks for engagement to emerge are actually in place (e.g., if demands on employees and in the job are met by the right resources; see also Rothman & Welsh, 2013). Potential starting points include reviewing and potentially eliminating organizational practices that can undermine engagement such as insufficient upskilling and training, overtime working and pressures, poor work-life balance and presenteeism at work (see also CIPD, 2011).

We conclude with possible questions for further deliberation and future research. First, do we need to change our questions from "How can we engage our employees?" to "How we can make work and our organizations more engaging?" Furthermore, given that the importance of linking of HR and performance reflects the need to enhance organizational outputs (such as productivity and financial performance), more careful attention needs to be given to key mediating constructs such as engagement,  commitment, organizational citizenship behaviors (HR 'inputs') - and how HR policies influence such mediators (Jiang et al., 2012). Indeed, if engagement carries little weight, we may need to re-evaluate the importance given to engagement.

In conclusion, it is essential for organizations clarify how they define engagement, in their contexts and at relevant levels and what they seek to achieve by enhancing employee engagement.  The value that engagement contributes to organizational performance outcomes must also be carefully evaluated. However, despite differences in individual perspectives between academics and practitioners, employee engagement is not a matter of supervisory responsibility alone but only comes about as a result of careful resource management and mutual knowledge sharing and learning.

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# The impact of psychological contract on organisational commitment: a study on public sector of Maldives

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ABSTRACT

The purpose of this study is to investigate the impact to psychological contract on the organisational commitment of public sector employees in Maldives. The research draws a sample of 100 respondents from Ministry of Youth and Sports, Maldives, using simple random probability sampling technique. A Likert-Scale with 1-5 rating was used to obtain. The Questionnaire distributed included five variables to measure the Psychological Contract construct. These are 'trust, 'mutual obligation', 'perceived fairness, and 'length of contract'. The dependent variable was organizational commitment (affective commitment), which is measured using 'sense of belonging to the organization', pride in organization membership', and meaning associated with the work'. The data collected was processed using the Statistical Package for Social Science (SPSS) version 22.0 for windows. The correlation analysis shows that the dimensions of psychological contract have positive correlation with affective commitment. The main results indicate that psychological contract dimension such as fulfillment of mutual obligations, perceived fairness and length of contract has a positive and significant impact on affective commitment. However this study found that psychological contract dimension, trust in employer has a positive correlation although it does not have a significant impact on affective commitment. Implications and suggestion for future researches are discussed

## 1 INTRODUCTION

The purpose of this study is to examine the impact of Psychological contract on employee commitment in public sector of Maldives. Psychological contract is the implied employment contract produced by the interaction between employer and employee, outlining one's perception of the obligations to and promises made by the other (Anderson & Schalk, 1998; Antonaki & Trivellas, 2014). The concept of psychological contract emerged in 1960's and caught popular attention in 1990's as it became a method of understanding employee behavior in the changing dynamics of employment, where job security has become a particular challenge (Freese & Schalk, 2008). Early pioneers of this field include Argyris, Schein and Levinson while Rousseau have been acknowledged as the most influential recent researcher of psychological contract whose conceptualization of differentiating psychological contract as an employee perception has taken root in researches (Anderson & Schalk, 1998).

Prior research on this topic has been exploratory and descriptive, focusing mainly on the formation of psychological breach and violation, outcomes and factors affecting psychological contract, although researchers have well establish the positive relationship between psychological commitment and organisational outcomes in terms of employee behavior such as commitment, job satisfaction, production quality and customer satisfaction. (Deepthi & Baral, 2013; Gupta, 2015; Jose, 2008; Pei-ling, Yi-shyuan & Tung-han, 2013;) Past researches have been conducted in public and private sector in an academic and organisational context. (Antonaki & Trivellas, 2014; Agarwal 2011; Calo, 2006; Cheng-Ping & Po-Chiun, 2009; Deepthi & Baral, 2013; Gupta, 2015; Pei-ling, Yi-shyuan & Tung-han, 2013).

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Psychological contract became particularly of interest to the Human Resource field, having found that the outcomes of well-established psychological contract lead to employee commitment and job satisfaction while poorly-established psychological contracts have a negative impact on employee behavior such as disengagement in work and high levels of retention, showing that a balanced psychological contract improves the organisational effectiveness (Calo, 2006). However, Psychological contract differs between individuals based on personal characteristic, generation, perception and the level of interaction between employer and employee (Deepthi & Baral, 2013). Therefore it is evolving in nature with the change in work dynamics such as relational contract being regarded as a tradition type of psychological contract compared to the transactional contract which has become more common since relational contract is established on the grounds of trust and mutual respect born out of long-term relationships whereas transactional contract is an economic exchange on short term agreements (Anderson & Schalk, 1998).

*Research objectives*
- ✓ To examine the impact of trust on affective commitment.
- ✓ To examine the impact of mutual obligation on affective commitment
- ✓ To examine the impact of perceived fairness on affective commitment
- ✓ To examine the impact of length of contract on affective commitment

## 2   LITERATURE REVIEW

In 1989, Denise Rousseau simplified psychological contract by defining it as "an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party", bringing into focus the subjective nature of it (Pei-ling, I-shyuan & Tung-han, 2013). This definition simplifies psychological contract into a unilateral view while including the concept of mutual exchange and reciprocal obligations (Coyle-Shapiro & Parsifal, 2008).

Seeing into the theoretical perspective, Adam's (1965) equity theory is based on interpersonal exchange relationship which Huseman et al (1987) describe as individuals evaluation of their relationships based on outcome received against input exerted (Arnold, Cooper & Robertson, 1998). Perception of a deficit in outcome compared to input leads to inequality resulting in distress where the higher the perceived inequality, the higher is the distress (Arnold, Cooper & Robertson, 1998). Further, social cost theory was introduced by Blau (1964) differentiates social exchange theory as cooperation between two or more parties for mutual benefit, elaborating it as an exchange relationship where unspecified future obligations exist resulting in expectation of future return in exchange for a contribution made (Konovsky & Pugh, 1994). Adding another theoretical concept in the shelf is expectancy theory by Vroom (1964) who conceptualized that an individual's actions are a product of their thoughts and beliefs, shaped in a way to enhance pleasure and reduce pain, through which Porter and Lawler (1984) proposed expectancy theory, illustrating the process of individuals exerting effort expecting their actions to generate outcomes where the magnitude of this effort is directly proportional to the value of the outcome (Isaac, Zerbe & Pitt, 2001). Lastly Iceberg Model is derived from Ernest Hemingway's writing approach and its principles are incorporated in business context such as marketing and psychological contract(Darzikola, 2013). This model depicts that the seven-eight of the iceberg hidden beneath the surface puts emphasis on the one-eighth of the iceberg that remains visible, making the hidden portion remarkably important in order to fully capitalize the visible portion (Darzikola, 2013).

Guest (1998) developed a concept of psychological contract within the disciplinary boundaries of social psychological where the model shows psychological contract to be comprised of trust, fairness and delivery in deal. Organisational commitment is seen as an outcome of psychological contract. Therefore this aspect of the model is adopted for this research. Sels, Jansenns and Brande (2004) researched psychological contract using a feature oriented approach where 6 dimensions of psychological contract were identified and empirically validated. Their framework states tangibility, stability, scope, time frame, exchange symmetry and contract level creates the outcome of affective commitment.

While looking into empirical evidence, Coyle-Shapiro and Kessler (2003) focused their research" The Employment Relationship in the U.K. Public Sector: A Psychological Contract Perspective", on understanding how public servants differ in orientation and motives The findings of this research shows fulfillment of psychological contract to be positively linked with organizational commitment, concluding that psychological contract is a platform can be a platform for understanding UK's public sector perception of employment relationship. Further, Sels, Janssens and Brande (2004) developed a feature-oriented study of psychological contract to theoretically identify and empirically investigate the dimensions of psychological contract. Agarwal (2011) conducted the research to study the relationship between psychological contract and organisational commitment in the Indian Information Technology sector. The findings of the research show that Psychological contract of employees in Indian IT industry is positively and significantly correlated to their organizational commitment. Behery, Paton and Hussain (2012)

conducted their research "Psychological contract and organizational commitment; the mediating effect of transformational leadership" on service industries of United Arab Emirates (UAE). Their research generated the results that relational contract has an impact on organizational commitment whereas no meaningful relationship exists between transactional psychological contract and organizational commitment. Moreover, McDermott, Heffernan and Beynon (2013) contributed to establish the relationship between psychological contracts, organizational commitment and employment characteristics in their research, Findings of this result indicates that level of perceived obligation in psychological contract impacts differently on 3 sub-dimensions of organisational commitment. Lastly, Jabeen, Behery and Elanian (2015) conducted their research, "aiming to find the impact of psychological contract on organizational commitment, considering transactional leadership as a mediator. The results of the research shows that both relational and transactional psychological contract is positively and significantly related to transactional leadership and organizational commitment with a conclusion that fair psychological contract induces higher levels of organisational commitment.

Figure 1: Conceptual Framework

CONCEPTUAL FRAMEWORK
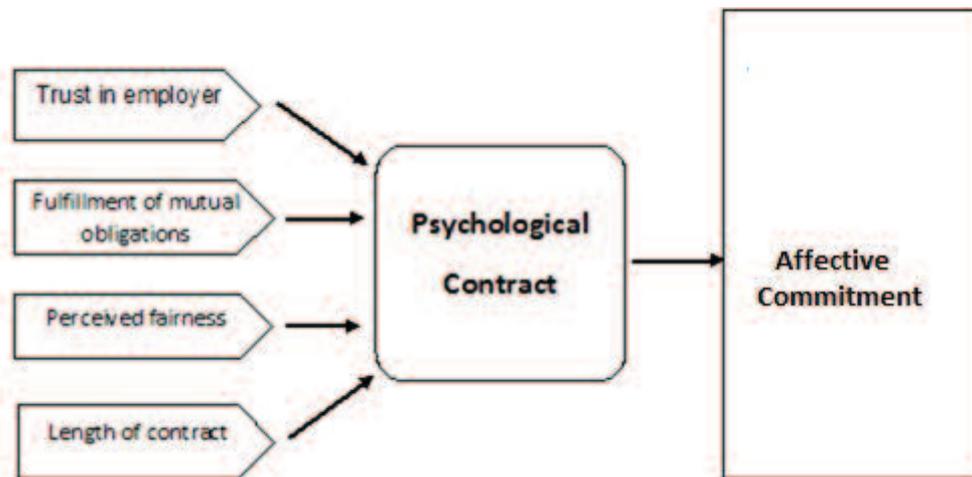


Source: Rousseau et al (1998); Agarwal (2014); Rosen et al (2009); Sels, Jansenns and Brande (2004)

In psychological contract, trust is perceived as a social occurrence, based on concepts of equity and social exchange theory where one fulfills their own obligatory tasks on the expectation that the other will not fall short in fulfilling theirs, heavily depending on one party's trust in the other.( Konovsky & Pugh, 1994) Empirical research shows evidence that trust is associated with elimination of psychological barriers that hinders the enhancement of the quality of relationship due to which trust and psychological contract breach is inversely related generating results of lower organisational commitment, showing that trust is positively related to psychological contract where the stronger the trust in the relationship, the stronger is the psychological contract. (Konovsky & Pugh, 1994 ).

*H1: Trust in management has a positive and significant impact on affective commitment*

Mutual obligations are considered as the core of psychological contract which establishes the relationship between employer and employee as it is defined as a belief of an employee or employer that they are indebted to each other through a course of action related to the respective party (Agarwal, 2014). Likewise employers have the expectations from their employees in terms of loyalty, engagement and willingness to work (Pei-ling, Yi-shyuan & Tung-han, 2013). In psychological contract these obligations are mostly implicit where both parties believe their expectations will be met (Pei-ling, Yi-shyuan & Tung-han, 2013).

*H2: Fulfillment of mutual obligations has a positive and significant impact on affective commitment*

Perceived fairness or procedural justice is the individual's perception of fairness of rules and procedure which in turn determines the outcomes (Rosen et al, 2009). Being fair in decision making procedures, distribution of power and other processes enables to eliminate uncertainty and biasness, making the outcomes of it beneficial in the long-term, since not only the fairness of the outcome is considered but it is of equal importance the fairness of the process through which the outcome was produced (Rosen et al, 2009).

*H3: Employee perception of fairness has a positive and significant impact on affective commitment*

Duration of employment is conceptualized to affect how individuals perceive the bond with their employer (Sels, Jansenns & Brande, 2004). Neil and Rousseau in their research of conceptualizing 5 dimensions of psychological contract stated that psychological contract is subjected to change as the employees advance in their employment status, based on how they perceive their relationship with the employer and the organization (Sels, Jansenns & Brande, 2004).

*H4: Length of employment contract has a positive and significant impact on organizational commitment.*

## 3   RESEARCH DESIGN AND METHODOLOGY

This research is both descriptive and explanatory as it aims to establish the relationship between independent and dependent variable, describing how they exist with each other while analyzing the impact of individual variables on the dependent variable, making it fall under the category of explanatory research (Sekaran & Bougie, 2009; Agarwal 2011; Deepthi and Baral, 2013).Among the two research methods, quantitative method is adopted for this research as the hypotheses generated for this research is tested using instruments such reliability tests in order to generalize the results. Qualitative method is not feasible for this study as this research is not based on the detailed exploration of the topic by understanding the individual participant's perception.

### Data Collection

Primary data is collected for this research as it enables to understand the employment relationship between employer and employee directly, without the interference of a third party where as secondary data opting secondary data will lose the essence of this research as it may not be produced for the sole purpose of understanding the employee perception and there is a high risk of gaining outdated information (Sekaran & Bougie, 2009). A survey Instrument is being developed based on the selected readings. The instrument has 3 sections.

Section A: This section has four variables such as gender, age, educational background, length of service.

Section B: This section has four which includes trust, mutual obligation, perceived fairness, length of contract where each part has five questions. The five items used to measure trust is adopted from Cook and Wall (1980) where the overall reliability score for these 5 items are 0.866, which exceeds the cut off value of 0.7 (Hair et al , 2009). The fulfilment of mutual obligation was adopted from Dabos and Rousseau (2004) has a reliability score of 0.761 for the five items. The five items included to measure perceived fairness was adopted from Sels, Janssens and Brande, (2004) has a reliability score of 0.766, the overall reliability score of the five items included to measure length of contract is adopted from Sels, Janssens and Brande (2004) has reliability score of 0.780.

Section C: This section has covered only one aspect of affective commitment comprises of five questions. The seven items used to measure affective commitment is adopted from Cook and Wall (1980). Affective commitment has a reliability score of 0.875 for the five items used.

The overall reliability score of the whole scale is 0.933 indicating the scale used to measure items are internally consistent and reliable to measure the intended dimension of psychological contract as all the dimensions has reliability value which are higher than 0.7 (Hair et al, 2009).

### Population and Sampling

The scope of this research is the public sector of Maldives, the target population for this research is the employees of Ministry of youth and sports, Maldives, employing 350 people. Therefore the sample size for this research was chosen as approximately 1/3 of the target population, distributing 130 questionnaires. However 100 questionnaires were returned fully completed. This research adopts simple random sampling technique as all elements of the population have an equal chance of being selected which allows higher generalizability of the results (Tongco, 2010).

### Data Accessibility, Ethics and Limitations

Mail questionnaires enables to ensure the a collection of successfully completed questionnaires in a short period of time, the downfall remains that some participants may ignore the questionnaire resulting in low response rate and biasness of the results will be difficult to trace (Sekaran & Bougie, 2009). The data collected for this research will be

addressed in an ethical manner such as taking the responsibility of the privacy of respondent as a high priority while ensuring the confidentiality of the information provided by the respondent, along with no violation of self-esteem and self-respect of the involved participants (Sekaran & Bougie, 2009).

**Data Analysis**

Descriptive statistics, correlation and multiple regression analysis is used to analyze the data for this research by using the statistical software SPSS. Descriptive analysis enables the data to be presented in a summarized and significant form (Jaggi, 2012). A correlation coefficient shows the strength and direction of the relationship between independent and dependent variable. Regression analysis is used to analyze quantitative data to evaluate the model parameters and make forecasts. In this research multiple regression analysis is used to measure the statistical association among variables.

# 4   DATA ANALYSIS AND FINDING

Demographic Analysis

Table 1: Gender Profile

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male | 39 | 39% |
| Female | 61 | 61% |

Source: own research

Table 1 illustrates the results for gender which shows among the 100 respondents, 39% were male and 61% were female. The majority of the respondents being female could be an indication that majority of the employees in Ministry of youth and sports are women.

Table 2: Age Profile

| Age | Frequency | Percentage |
|-----|-----------|------------|
| 18 to 28 years | 76 | 76% |
| 29 to 39 years | 16 | 16% |
| 40 to 50 years | 7 | 7% |
| 51 to 61 years | 1 | 1% |

Source: own research

Table 2 illustrates the classification of respondents according to age categories, showing that 76% of the respondents were between 18 to 28 years of age, 16% of the respondents were between 29 to 39 years of age while 7% of the respondents were between 40 to 50 years and only 1% of them were between 51 to 61 years of age. Majority of the respondents being 18 to 28 years of age indicates that the workforce in Ministry of youth and sports is young.

Table 3: Educational Background

| Education level | Frequency | Percentage |
|-----------------|-----------|------------|
| High school | 25 | 25% |
| Diploma | 35 | 35% |
| Undergraduate | 30 | 30% |
| Postgraduate and above | 10 | 10% |

Source: own research

Table 3 illustrates the highest educational qualification attained by the respondents which shows that 25% of the respondents have completed high school and 35% of the respondents have completed diploma level. Furthermore 30% of the respondents have undergraduate qualification while 10% of them has educational qualification of postgraduate level and above. This trend in educational background points towards the fact that employees of Ministry of youth and sports have employed a workforce where majority of them have diploma and undergraduate qualifications.

Table 4: Tenure

| Tenure | Frequency | Percentage |
|---|---|---|
| Less than 1 year | 29 | 29% |
| 1 to 2 years | 34 | 34% |
| 3 to 4 years | 20 | 20% |
| 5 years and counting | 17 | 17% |

Source: own research

Table 4 illustrates the length of service to the company which shows that 29% of the respondents have served the company less than 1 year while 34% of the respondents have served the company for 1 to 2 years. 20% of the respondents have served the company for 3 to 4 years where as 17% of the respondents have been with the company for 5 years and are still continuing to work for the company.

Table 5: Descriptive Statistics

| | N | Mean | Std. Deviation | Skewness | Kurtosis |
|---|---|---|---|---|---|
| Trust | 100 | 3.3480 | .86765 | -.351 | -.599 |
| Obligation | 100 | 3.5540 | .73077 | -.432 | -.298 |
| Fairness | 100 | 3.8000 | .71124 | -.777 | 1.179 |
| Contract | 100 | 3.9520 | .67756 | -.494 | .382 |
| Commitment | 100 | 3.8700 | .74745 | -.416 | -.317 |

Source: own research

As seen from Table 5, Length of contract has the highest mean value corresponding to 3.952 and standard deviation value of 0.677 indicating that among the four components used to measure psychological contract, employees perceive their length of contract to be closely connected with organisational commitment. Likewise, perceived fairness scores the second highest mean with a value of 3.800 and standard deviation of 0.711 showing that employees perceive fairness to be connected to their organisational commitment. Fulfillment of mutual obligations and Trust in management, according to this study, are the components of psychological contract that has the least connection to organisational commitment with mean values of 3.554, 3.348 and standard deviation of 0.730, 0.867 respectively.

Correlation

Table 6: Correlation

| | | Trust | Obligation | Fairness | Contract | Commitment |
|---|---|---|---|---|---|---|
| Trust | Pearson Correlation | 1 | | | | |
| Obligation | Pearson Correlation | .644** | 1 | | | |
| Fairness | Pearson Correlation | .594** | .501** | 1 | | |
| Contract | Pearson Correlation | .356** | .322** | .547** | 1 | |
| Commitment | Pearson Correlation | .603** | .686** | .682** | .589** | 1 |

**. Correlation is significant at the 0.01 level (2-tailed).
Source: own research

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Interpretation of table 6 indicates that trust in employer variable is positively significantly correlated to affective commitment with a strong Pearson's correlation value of 0.603 and a significant value of 0.000 which is lower than 0.01. Likewise variable fulfillment of mutual obligations is positively significantly correlated with the Pearson's correlation value is 0.686 and a significant value of 0.000 which is lower than 0.01. Perceived fairness shows a positive significant correlation with affective commitment with a Pearson's correlation value of 0.682 and a significant value of 0.000 which is lower than 0.01. Lastly, Length of contract is seen to be positively significantly correlated with affective commitment with a moderate relationship with a Pearson's correlation value of 0.589 and a value of 0.000 which is lower than 0.01.

Regression Analysis

Table 7: Model Summary-Determinant of Organizational Commitment

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .825ª | .680 | .667 | .43150 | .680 | 50.514 | 4 | 95 | .000 | 2.279 |

a. Predictors: (Constant), Contract, Obligation, Fairness, Trust
b. Dependent Variable: Commitment
Source: own research

Table 7 Summarizes R square value as 0.680, showing that 68% of the variables are relatively associated with affective commitment. Therefore the remaining 32% that is not associated with affective commitment will not be included in this study. Table 10 shows adjusted R square value to be of 0.667 from which it is understood that LC, FMO, PF and T predicts the variance of affective commitment by 66.7%. Further, as seen in table 10, the Durbin-Watson value corresponding to the data set of this research is 2.279, which falls within the acceptable range, showing that no autocorrelation is present in the variables. Moreover the F test conducted on the data shows a result of 50.58, which is within the acceptable range showing the regression model is significant with the value of 0.000

Table 8: Regression Beta Coefficient- Organizational Commitment

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | -.162 | .298 | | -.543 | .588 | | |
| | Trust | .063 | .072 | .074 | .885 | .378 | .487 | 2.054 |
| | Obligation | .417 | .079 | .407 | 5.262 | .000 | .562 | 1.780 |
| | Fairness | .297 | .086 | .283 | 3.469 | .001 | .507 | 1.974 |
| | Contract | .306 | .077 | .277 | 3.995 | .000 | .698 | 1.433 |

a. Dependent Variable: Commitment
Source: own research

Table 8 shows results of VIF value to be below the acceptable range of 10, predicting Multicollinearity is not present between variables. Moreover the Tolerance test shows all the values to be exceeding 0.10 predicting the variables are strongly significant. Table 11 shows that fulfillment of mutual obligations has the highest standardized beta coefficient value of 0.407 with a significance level of 0.000 whereas the second highest standardized beta coefficient value 0.283 corresponds to perceived fairness with a significance level of 0.001. Likewise length of contract has the third highest standardized beta coefficient value of 0.277 with a significance level of 0.000 while trust in management is seen to have the lowest standardized beta coefficient value of 0.074 with a significance level of 0.378.

Further, The independent variable trust in employer is found to be insignificant with the dependent variable affective commitment as the significance level of the variable is higher than 0.05 at 0.378. This finding was supported

with the findings of Kraatz (2008) which shows that trust does not impact on organizational citizenship behavior, therefore the hypothesis Trust in employer has a positive and significant impact on affective commitment is rejected.

The independent variable fulfillment of mutual obligation is found to be significantly related to the dependent variable affective commitment with the significance level of 0.000, lower than 0.05 confirming the results of the research as fulfillment of mutual obligations has a positive and significant impact on affective commitment. This finding corresponds with Pei-ling, Yi-shyuan and Tung-han, (2013). Based on these findings hypothesis 2 is accepted. The independent variable perceived fairness is found to be significantly related to the dependent variable affective commitment with the significance level of 0.001, lower than 0.05. Perceived fairness has a positive and significant impact on affective commitment which corresponds with the Sels, Jansenns and Brande, (2004).Therefore the hypothesis is accepted. The independent variable length of contract is found to be significantly related to the dependent variable affective commitment with the significance level of 0.000, lower than 0.05. Similar results were found by Sels, Jansenns and Brande, (2004). Therefore the hypothesis is accepted.

Table 9: Hypothesis Acceptance and Rejection

| Hypotheses | Relationship | Significance (p<0.05) | Result | Explanation |
|---|---|---|---|---|
| **H1:** Trust in employer has a positive and significant impact on affective commitment**.** | Positive | Not Significant (0.378) | Rejected | The p value is 0.378 which is more than 0.05, showing that trust in employer is not significant with affective commitment. |
| **H2:** Fulfillment of mutual obligation has a positive and significant impact on affective commitment. | Positive | Significant (0.000) | Accepted | The p value is 0.000 which is less than 0.05, showing that fulfillment of mutual obligation is significant with affective commitment. |
| **H3:** Perceived fairness has a positive and significant impact on affective commitment**.** | Positive | Significant (0.001) | Accepted | The p value is 0.001 which is less than 0.05, showing that perceived fairness is significant with affective commitment. |
| **H4:** Length of contract has a positive and significant impact on affective commitment**.** | Positive | Significant (0.000) | Accepted | The p value is 0.000 which is less than 0.05, showing that length of contract is significant with affective commitment. |

Source: own research

## 5 DISCUSSION

According to the findings by Kraatz (2008) trust does not have an impact on organisational commitment neither does it mediate the relationship. Likewise the correlation results for this research shows that trust in employer is positively and significantly related to affective commitment. However, the regression analysis depicts that trust in employer has a positive but insignificant impact on affective commitment. Therefore a psychological contract consisting of high levels of trust in employer does not necessarily prove that employees will be willing to stay with the organisation. This finding was supported with the findings of Kraatz (2008) which shows that trust does not impact on organisational citizenship behavior, neither does it act as mediator between psychological contract and organisational commitment.

Many researchers have found that fulfillment has a positive and significant impact on the organisational commitment of the employees. Supporting this theory, the correlation results for this research shows that fulfillment of mutual obligations is positively and significantly related to affective commitment. Likewise the regression results show positive and significant value indicating that having a psychological contract where the expectation of employees are fulfilled enables them to be loyal and committed to the organisation. The findings of this study corresponds with Pei-ling, Yi-shyuan and Tung-han, (2013)'s results as it shows general reciprocity of psychological contract is positively and significantly related to organisational commitment. However, Jose (2008) found that significant differences remain in the perceived mutual obligations of temporary and permanent employees indicating that psychological contract impacts on organisational commitment differently

Sels, Jenssens and Brande (2004) identified that acceptance of unequal relationship between employer and employee is related to affective commitment and connected to organisational commitment. As such, this research refers to unequal exchange symmetry as perceived fairness where the results of correlation analysis shows that perceived fairness has a positive and significant relation with affective commitment. Moreover the results of regression analysis shows that perceived fairness has a positive and significant impact on affective commitment. Therefore this research concludes that psychological contract consisting of perceived fairness impacts on organisational commitment. Perceived fairness has a positive and significant impact on affective commitment which corresponds with the Sels, Jansenns and Brande, (2004) where the results shows that perceived fairness in psychological contract impacts on organisational commitment. Similar results were achieved by Sels, Jansenns and Brande, (2004), who stated that length of psychological contract impacts positively on organisational commitment.

Sels, Jenssens and Brande (2004) identified time frame as a dimension of psychological contract and it is related to affective commitment. This research relates to time frame as length of contract where the correlation analysis shows positive and significant relation between length of contract and affective commitment. Furthermore the regression analysis yielded a result where length of contract has a positive and significant impact on affective commitment. Hence, this research concludes that the length of psychological contract has a positive and significant impact on psychological contract, indicating that employees who have served for the company for a long time is associated more with the organisation where they feel a sense of belonging and ownership.

## 6 CONCLUSION AND RECOMMENDATIONS

The study concludes psychological contract consisting of high levels of trust in employer does not necessarily prove that employees will be willing to stay with the organisation. Further it highlights that having a psychological contract where the expectation of employees are fulfilled enables them to be loyal and committed to the organisation. Therefore this research concludes that psychological contract consisting of perceived fairness impacts on organisational commitment. Hence, this research concludes that the length of contract has a positive and significant impact on psychological contract, indicating that employees who with long term contracts tends to feel sense of belonging and ownership.

This research summarizes that a psychological contract consisting of fulfilled mutual obligations and perceived fairness enables the employees to be committed to the organisation and engaged in their work. Moreover, it shows that employees with a longer tenure ship with the organisation shows loyalty to the organisation and has a sense of belonging to the organisation. This research also contributes the findings that an employee's loyalty and commitment to the organisation does not depend on their trust in employer.

**Recommendation**

Future researchers of this topic are recommended to examine the impact of psychological contract with the help of the dimensions of psychological contract that was no focused on in this research such as scope and stability. As psychological contract has not been researched in a Maldivian context, it is recommended to analyze whether there are external factors influencing psychological contract and extend the outcomes of psychological contract to

relate with other employee behaviors and organisational factors. Government institutions such as Ministry of sports and other related organizations must ensure the obligations are fulfilled to improve employee relations through positive psychological contract. Also public sector or government organizations must emphasis on improving perceived fairness to develop positive psychological contract. Lastly government or public sector organizations must ensure or offers long-term contracts to its employees to create positive psychological contract.

### Future research direction

The scope of future researches can be extended to the private sector of Maldives which will help to analyze whether there remains any differences or similarities among how psychological contract impacts on organisational commitment. Moreover, the research can be constructed longitudinally to examine the change of results and understand the subjective nature of psychological contract better.

### Research Limitation

This study exhibits certain limitations such as the small sample size adopted in this research as a result of time constriction. Secondly, this research has obtained data from one organisation in the public sector of Maldives as a result of organisation restriction their approval of conducting such an investigation based on their organisation. Third limitation is that it would be very difficult to generalize the findings due to the limited sample size and sample is derived from one organsiation.

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# Eastern and western happiness in work behavior

Jaroslava Kubátová

## ABSTRACT

The purpose of this article is to clarify what motivates East Asian work behavior. The research question is: How can a Western manager better understand work behavior and motivation in East Asian cultures? Knowledge about national culture, motivation and the concept of happiness are connected via deductive and comparative methods, while pointing out their new connections and relations. We argue that work motivation in East Asian cultures can be explained using the self-concept-based motivation meta-theory as it corresponds to the East Asian concept of face and that the East Asian self-concept originates with the Eastern concept of happiness.

# 1   INTRODUCTION

The research question addressed in this paper is to determine how a Western manager can better understand work behavior in East Asian cultures and the motivation behind it. Western cultures are meant to be countries influenced by ancient Greek philosophy, namely European and North American countries. East Asian cultures are countries influenced by traditional Chinese philosophy, especially Confucianism. In particular, this includes East Asian countries with China being the main and typical representative thereof (Nisbett, 2003).

Questions regarding human resource management in the East Asian region remain important today. Despite the fact that the amount of literature focused on management in this area is increasing, further research toward understanding the regional elements of human resource management is required (Budhwar et al., 2016). China is the most important economy in the East Asian region. The more important China is in the global economy, the more important it is to understand the Chinese way of thinking (Rarick, 2009). At the same time, Redding (1993) points out that it is very difficult for Western people to understand how strongly Chinese tradition influences the everyday life of the Chinese. Regardless of historic events, traditional Chinese culture is very much alive. In order to understand Chinese organization, it is first necessary to grasp its basic unit – the Chinese individual. China significantly differs from Western countries culturally, socially, politically, and also with respect to its system of economy (Stening & Zhang, 2007). Mainly the challenge of managing people remains under the strong influence of traditional Chinese culture.

National culture is one of the dominant factors that should be taken into account while managing an organization and its workers (Thomas & Peterson, 2014; Moran et al., 2014). National culture is manifested as the predominant ways of doing things and socioeconomic traditions that are effective at the macroeconomic level of an organization (Budhwar et al., 2016). At the organizational level, it is possible to see the distribution of power and the nature of social relations or communication channels. These phenomena, however, are controlled by shared values, biased propositions, and timeless self-evident truths, which are conditioned by national culture. Culturally conditioned socially psychological specifics are historically deeply rooted and practically unchangeable (Nisbett et al., 2001).

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Steers and Sanchez-Runde (2002) claim that a person's national culture conditions three groups of factors, which influence work behavior and the motivation of its members: (a) people's self-concept, including personal beliefs, needs and values; (b) norms connected to work ethics and the essence of achievement, and (c) factors connected to the environment, such as the course of socialization and education. These groups of factors influence individuals' confidence in self-efficacy, the level of work motivation, and also what are motivators and demotivators which influence the work motivation of an individual.

## 2   APPLICATION OF THE SELF-CONCEPT-BASED MOTIVATION META-THEORY TO EAST ASIAN CULTURES

Based on findings made by Steers and Sanchez-Runde (2002), it can be inferred that the self-concept-based motivation meta-theory (Leonard et al., 1999) can be applied to explain work motivation in China and culturally close East Asian countries due to the fact that it takes into account factors, whose importance is firmly embedded in Chinese culture. Based on this meta-theory, an individual's self-concept is formed by three interconnected components: perceived self, ideal self, and a set of social identities.

One's perceived self represents a set of notions that an individual has of their attributes, abilities and values, which determine their behavior. An individual forms this perceived self either by comparing himself to others or by setting his own criteria and goals, and assesses whether or not he has achieved them. The ideal self is determined by such attributes, abilities and the values an individual would like to have because he considers them to be ideal. Social identities are those aspects of self-concept that are inferred from social categories, a part of which this individual considers themselves to be (e.g. man, son, manager, etc.). Social identities help individuals determine who they are.

One's self-concept is formed through interaction with social surroundings, which provides an individual with feedback. The concept of the ideal self is formed through contact with the reference group of the given individual, i.e. a group whose values and norms this individual takes on. Individuals consider the norms and values of their reference groups as ideal and adapt their attributes to them in order to receive positive feedback. This reference group can also be a work group, in which a particular individual belongs. Reference groups also influence the formation of individuals' social identities. They create expectations, norms and relational scenarios, which determine individuals' behavior in regards to their particular social identity.

Man has the need to maintain and improve the inner picture of himself and to act in accordance with how he perceives himself, thereby affecting his self-concept. It means that he chooses behavior that gives rise to positive feedback within the context of the given individual's social surroundings. In that case, their self-concept is controlled from the outside. At the same time, individuals create their own inner standards, which correspond to their ideal self. In that case, their self-concept is controlled internally. For various individuals, it is also important to know how they are evaluated by their social surroundings and how close they are to attaining their ideal self. The way an individual is perceived by their social surroundings, (i.e. the external self-concept of an individual) and the way they perceive themselves (i.e. their internal self-concept) are some of the strongest motivators. As the self-concept of an individual is formed based on interactions with their social surroundings, which reflect those values and norms considered as ideal, it is obvious that an individual's self-concept is dramatically influenced by the national culture in which he lives, since values and norms are culture-specific.

According to the self-concept-based motivation meta-theory, there are five basic sources of motivation: inner satisfaction, outer rewards, identification with goals, external self-concept, and internal self-concept. For various individuals these basic motivators have different importance, but for each individual one of them is dominant. The finding that an individual chooses behavior that induces positive feedback from the person's social surroundings is crucial in understanding what motivates work behavior in China and other East Asian cultures. The basic characteristics of traditional Chinese thinking are explained in the next part of this paper, as well as key values that prove that the position of individuals in the social relations network is of great importance in this culture. Awareness of traditional Chinese thinking and values is necessary to understand the most significant sources of motivation in Confucianism-influenced cultures.

## 3   TRADITIONAL CHINESE THINKING AND SELF-CONCEPT

Traditional Chinese thinking has three significant characteristics (Yuan, 2013), which can be hard to imagine for people with a Western type of thinking. These three characteristics and their Western counterparts are mentioned in Table 1.

Table 1: Characteristics of Chinese and Western thinking

| Characteristics of thinking | |
|---|---|
| **Chinese** | **Western** |
| Naive and holistic | Abstract and scientific |
| Fuzzy and processual | Binary and static |
| Indirect and long-term | Direct and short-term |

Source: own research

Naive Chinese thinking is subjective, relational, and specific. It pertains to a specific phenomenon or situation which is perceived in a complicated structure of relations, and contains holistic and ambiguous phenomena. Western thinking is scientific, abstract, and oriented to measurable aspects of "unambiguous truth", while the Chinese have no such concept. Chinese thinking lays an emphasis on holistic harmony, simplicity, and dialectical change (Hansen, 1985).

To understand the essence of man and the world, the Chinese use fuzzy and processual thinking. Western thinking is logical, unambiguous, and static. Traditional Chinese thinking represents a multivalent ambiguous nonlinear view of the world. Paradox and contradiction are considered normal and natural (Lowe, 2003). Phenomena, which are in contradiction from the Western point of view, are considered as mutually complementing in China. Chinese fuzzy thinking is based on the fact that everything is unstable, temporary, ambiguous, and changeable (Chia, 2003). Chinese thinking lays an emphasis on every experience as one of the links of a whole chain of life events, which supports its long-term orientation.

Indirectness is not just a feature of traditional Chinese thinking, but also a special way of how the Chinese express themselves. The Chinese have an innate aversion to direct confrontation and disputes. Indirectness is considered as a suitable way of expressing one's thoughts. Therefore, Chinese culture is a high-context one, uses implicit, indirect language in which the meaning of words and phrases is derived from context (Ma, 2006).

The above mentioned characteristics of Chinese thinking are manifested in the main social values, which are:
1. Harmony (He)
2. Doctrine of mean (Zhongyong)
3. Hierarchy, seniority and loyalty
4. Personal connections and relationship, favor (Guanxi and Renqing)
5. Face (Mianzi and Lian)

These values lead to the fact that the Chinese prefer the collective and also permanent harmonious relationships among its members to the interests of an individual (Yuan, 2013). The phenomenon of He is connected to both harmony between people and nature, and harmony in the human society. Confucian harmony is the main goal of the family and organizational life (Ip, 2009). Doctrine of mean, Zhongyong, is closely connected to harmony. It is the basic Confucian ideal of balance, moderation and adequacy. The Zhongyong principle significantly influences the Chinese style of management, relationships among employees, and also relationships between superiors and subordinates.

The Confucian social hierarchical order provides a philosophical basis in order to preserve the social structure. The Chinese prefer the vertical order of the society. Managers in Chinese organizations specify clear differences between them and their subordinates (Lockett, 1988). Employees accept and respect this hierarchy and the superior – subordinate relationship. As there is no absolute authority in Chinese society as that of God Almighty, the Chinese adore concrete people, especially those from their vicinity (Redding, 1993). Thus the Chinese self is strongly embedded in social relationships, and a social network is a part of man. This fact is reflected in the phenomena of Guanxi and Renqing, and face in both its forms, Mianzi and Lian.

Guanxi mainly lies in mutual commitment and responsibility, and is the basis of Chinese relational reciprocal behavior. In Chinese organizations, formal and informal relationships ensuing from Guanxi overlap. Informal relationships are much more important than in the West (Chen, 2004). Guanxi is cultivated and strengthened through mutual exchanges called Renqing. Renqing can be of material nature, e.g. money or a gift, or of intangible and abstract nature, e.g. an activity or spiritual support. Despite the fact that Chinese Guanxi and Western social networking have some common characteristics, they are based on completely different basic principles.

The Chinese concept of face leads to the formation of a noble personality and at the same time is a way how to ensure harmonious interpersonal relationships and the right social order. Face significantly influences the superior – subordinate communication, and communication within a work group (Jia, 1998). The general concept of Chinese face has two specific meanings: Mianzi and Lian. Mianzi, the social face, means prestige or a good reputation which can be achieved through social status and success. Lian, the moral face, is represented by respect that a group pays to an individual with a good reputation. A loss of face is always a big problem that needs to be prevented.

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From the comparison of the descriptions of the external and internal self-concepts and the Chinese concepts of social face Mianzi and moral face Lian it is clear that they are very similar. Thus it can be deduced that in respect to Chinese values, external and internal self-concepts are strong motivators for the Chinese. Since the loss of Lian is perceived as worse than the loss of Mianzi, it can be assumed that the internal self-concept will be the stronger of the two motivators.

Taking into account the fact that the external and especially internal self-concepts are considered to be strong motivators, it is necessary to investigate further and deeper by what they are confirmed. The realization of what makes man happy will contribute to the understanding of this since happiness is a basic human need.

## 4    VARIOUS CONCEPTS OF HAPPINESS

At the fundamental level, where differences such as culture, religion, gender or language play no role, all people are the same. Everyone aspires for happiness and tries to avoid suffering (His Holiness the Dalai Lama & Cutler, 2009). Although the term happiness is frequently used, it is not unambiguously defined. The same applies to the related term of well-being. These two terms are often used as synonyms. Lu and Gilmour (2006) define happiness as an aspect of subjective well-being. They emphasize that even if the experience of happiness may be universal, the cultural conceptions are different. Understanding the different concepts of happiness in Eastern and Western societies leads to a better understanding of the specifics of work behavior and the motives behind them.

According to Joshanloo (2014), to a great extent the Western notion of happiness is based on hedonism, while the Eastern notion inclines to eudaimonism. Hedonic concept claims that happiness lies in achieving delight and avoiding suffering. Eudaimonic concept claims that happiness is experienced when man acts nobly in harmony with his conscience (Ryan & Deci, 2001). While hedonism emphasizes physical delights, eudaimonism emphasizes inner well-being.

Based on an analysis of influences of East Asian philosophies and religions such as Confucianism, Buddhism, and Taoism among others, Joshanloo determines six elementary differences which influence the Western and Eastern concepts of happiness:

1. Whereas the Western notion of self-concept originates mainly with the ideas of individualism, Eastern traditions associate the self-concept to the collective and to the cosmos. The self is just a small part of these two other entities.
2. In the West, one's autonomy and the ability to assume control over their environment and life are appreciated. In the East, unselfishness, one's adaptability to the environment and the fulfillment of commitments ensuing from social relationships are considered as virtues.
3. In the West, man is considered to be the lord of creation with the right and ability to control the environment. In the East, mankind is considered as a small part of the cosmos that lives in harmony with nature.
4. In the West, it is desirable to achieve satisfaction in the sense of satisfying the needs and fulfilling the desires of individuals. In the East, the balance in the sense of accepting the joys and sorrows as inseparable and mutually complementing parts of life is appreciated.
5. Western cultures strive to maximize positive experiences and to eliminate the negative ones. In the East, a happy life is connected to both positive and negative experiences, with an emphasis on the need to be able to accept both.
6. In the West, which is influenced by materialism, positivism, and rationalism, it is generally accepted that satisfaction and happiness must be reached in this earthly life. In the East, the perception of life and happiness is more strongly connected to spirituality and religion, and does not place an emphasis on having positive experiences immediately.

Also according to Lu (2008a), culture is the main power influencing the way people think about happiness, and culture conditions the right ways to achieve it. The traditional East Asian self is socially oriented with an emphasis on roles, statuses, positions, commitments, and responsibilities. The essence of the East Asian self is relational. The basic goal of this self is to achieve unity with the society via self-cultivation, self-control, and self-transcendence.

The Western self is individual-oriented, emphasizing personal rights, needs, effort, potential and talent. In the West, an individual's transition from the state of dependency to the state of independence is considered as a natural development of every individual. The Western self is considered to be whole, independent and detached. Lu (2008b) denotes this Western self as individual-oriented, while the East Asian self as social-oriented.

In response to these culturally different concepts of the self, there are also culturally different concepts of well-being. Western theories of well-being are based on a strongly individualistic concept of self and on a premise that happiness is a natural and unalienable right of every individual, and that everyone is responsible for achieving their own happiness. Thus, people are supposed to actively try and achieve happiness, and this effort must not be

jeopardized in any way. The East Asian approach to well-being originates with a relationally understood self, according to which happiness is based on the fulfillment of duties given by social roles, and may be achieved via self-cultivation. Self-cultivation lies in realizing one's own weaknesses, working on their removal, and the cultivation of a modest self, sensitive to the needs of the others. In Eastern cultures, people do not try to achieve extreme happiness but to achieve a deeper state of inner balance. The experience of happiness is connected to the piece of mind, which can be described as an inner state of calmness and harmony (Lee et al., 2013).

In respect to the current intensive contact between the West and China, Lu (2008b) accepts also the possibility of one's expressing their bicultural self, namely in the sense of Western individualism penetrating the current Chinese society. There are also other authors who point out that Chinese society is becoming individualized, e.g. Yan (2010) or Lu and Yang (2006), according to whom, however, individualization in Chinese society does not mean substituting the traditionally socially oriented self with the Western individual-oriented self, rather some form of coexistence of the traditional Eastern values with the newly accepted Western values. That is why they speak of a traditionally modern bicultural self. Besides that, Faure and Fang (2008) state that the penetration of Western values into Chinese society does not mean that the Chinese are giving up on their traditional values. According to them, this process shows one of the specific features of Chinese culture – the ability to connect elements perceived in the West as incongruent.

## 5   HAPPINESS AND MOTIVATION BEHIND WORK BEHAVIOR

Interconnecting all the above mentioned knowledge into new relationships contributes to understanding a different motivation behind work behavior in the Western and East Asian cultures. These relationships are depicted in Figure 1.

Figure 1: The mechanism of the influence of happiness on motivation
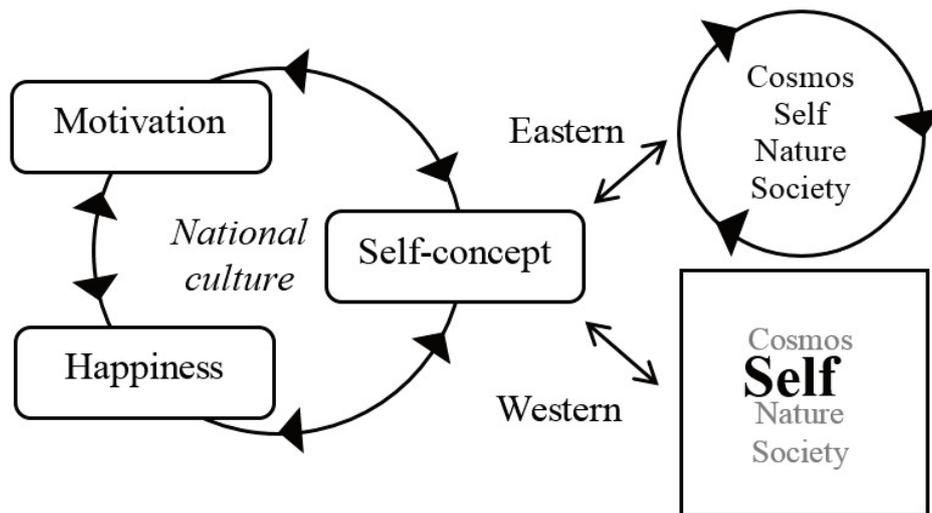


Source: own research

In the background of national culture, which is manifested through the traditional ways of thinking and respected values, the concept of motivation, the concept of self, and the concept of happiness are being formed. There are mutual bipartisan links between these concepts. An individual is positively motivated by what confirms their self-concept. At the same time, self-concept influences what the individual is motivated by. The confirmation of one's self-concept leads to the feeling of happiness, which is conditioned by the perceived self-concept. Perceived happiness conditions work motivation, and, at the same time, a motivated person feels happy. The place where cultural differences are manifested the most in this mechanism is self-concept.

Self-concept is formed in interaction with social surroundings. The influence of social surroundings is more important in East Asian cultures, which is projected into the concept of face - both the social face Mianzi, and namely the moral face Lian. Both are strong motivators in East Asian cultures. In order for an individual to gain Mianzi and Lian, they behave in such a way as is expected in their social surroundings. As the conceptions of happiness are, at the same time, moral judgments on what leads to it, this individual behaves in such a way to be happy. This mechanism works analogically in Western cultures, too. Therefore it is necessary to analyze and compare different Eastern and Western concepts of happiness.

Simply put, we can say that the Western concept of happiness is connected to individualism, hedonism, autonomy, maximization of positive experiences, and immediate satisfaction. The Eastern concept of happiness is connected to the pertinence of an individual to a society, to eudaimonism, social relationships, balance, and humbleness. The corresponding Western and East Asian (Eastern) self is shown in the right part of Figure 1. The Western self is shown in the foreground of the diagram, in the background of which there are the other elements of the society, nature and the cosmos. This situation is perceived as stable (at least in the sense of the ideal), and at the same time as final (it ends in the death of an individual). The Eastern self is a part of a wide relational complex of the other beings, nature and the cosmos. This complex is constantly changing and is infinite. These different self-concepts lead to differences in work behavior and the motivation behind it. Behind this general statement it is necessary to see what specifically conditions the feelings of happiness in individual cultures, and adapt one's motivation behind work behavior accordingly.

## 6  CONCLUSION

This paper intends to contribute to the understanding of work behavior in East Asian countries and the motivation behind it. It widens the existing literature in the area of intercultural management and HRM. Managerial literature is mainly based on Western theories, which, however, do not capture the specifics of traditional East Asian thinking. When members of the Western and East Asian cultures collaborate, misunderstandings and inefficiencies occur. In order to acquire new comprehensive knowledge, it is necessary to combine findings from more areas - those of management, sociology, psychology, philosophy, etc. In this way we can understand the behavior of an individual, which is conditioned by deep cultural influences, and is demonstrated in their intuitive side.

The basic finding being submitted is that in order to understand work behavior and the motives behind it, it is first necessary to understand what makes an individual happy. Happiness is a basic culturally non-conditioned need. Culturally conditioned are factors that lead to subjectively perceived happiness. Therefore it is necessary for Western managers to understand the traditional East Asian thinking and values, and also realize that the Western and Eastern concepts of happiness are different. Thanks to this knowledge, managers can better understand work behavior of their colleagues, and can use it for effective decision making regarding the ways of motivation in an intercultural environment.

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# Workplace spirituality and organizational citizenship behaviour among Nigerian academics: the mediating role of normative organizational commitment

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## ABSTRACT

The research reported in this paper examined the mediating role of normative organizational commitment on the relationship that exists between workplace spirituality and organizational citizenship behavior amongst academics at some selected Nigerian Universities. A non-experimental research design was adopted utilizing the quantitative and correlational methods. With the aid of the convenience sampling technique, 350 questionnaires were distributed at an equal proportion to academic staffs at two Nigerian public universities. Three hundred and thirty-one questionnaires were retrieved, of which 328 were found usable for analyses in the study. Three hypotheses were proposed and tested using inferential statistics with the aid of SPSS version 20 and the IBM SPSS AMOS version 22. The outcomes of the study brought to the fore that, there exists a statistical significant and positive relationship between workplace spirituality and normative organizational commitment. Correspondingly, a strong and positive relationship was found between normative organizational commitment and organizational citizenship behavior. Finally, a partial mediating influence of normative organizational commitment was established on the workplace spirituality and organizational citizenship behavior relationship. Conclusively, this study recommended that, universities management should recognize workplace spirituality for the attainment of normative commitment to foster more organizational citizenship behavior among the academics.

# 1 INTRODUCTION

The problem solving role of academics in promising universities for example, in Nigeria, cannot be over accentuated. Getting work done with little or no supervision in a university system is chief to solve societal snags. Owing to this, management of universities anticipated that academics will exercise some efforts beyond the laid down rules and regulations to help their universities provide qualitative education, bring quality development, unceasing innovation and gain competitive advantage (Tsai & Wu, 2010; Waiganjo, Mukulu & Kahiri, 2012; Özduran & Tanova, 2017). Thus, the efforts academics make to achieve the aforementioned objectives are encompassed in a behavioural configuration known as the organizational citizenship behavior (OCB). OCB according to (Ahmadi, Nami & Barvarz, 2014; Arthaud-Day, Rode & Turnley, 2012; Groves & LaRocca, 2011; Podsakoff, MacKenzie, Paine & Bachrach, 2000) are articulated set of willing actions perpetuated by individuals outside the scope of the work agreement they have with their employers. This presupposes that a behaviour exhibited by individuals which are not captured by the organization's rewards arrangement but adds to organizational success should be termed OCB (Organ, 1988). The efforts academics makes, certainly goes beyond the management profit-making orientation, it goes on to affect the end-users which are students' and the community at large (Lopez-Dominguez, Enache, Sallan & Simo, 2013). OCB replicates the preparedness of the workers to dedicate themselves to the organization outside their in-role duty (Moorman & Harland, 2002; Zhang & Jia, 2010). In line with this submission, the concept of OCB is essential to be studied among academics especially within Nigeria, where the roles of academics in the universities

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are not properly enunciated. The burden lies on the academics to rework their job description to bring efficiency and value to the work they do in term of qualitative education provision.

In bringing value to their job, thus, a relatively different concept known as workplace spirituality can be linked to what type of behaviour an employee demonstrates at work. Workplace spirituality has been seen from a viewpoint of helping employees discover vital significance and drive in their work and reinforce their interconnectedness (Kazemipour, Mohamad Amin & Pourseidi, 2012). Furthermore, workplace spirituality helps in the alignment of employees' fundamental principles and their organizational standards (Kinjerski & Skrypnek, 2004; Kolodinsky, Giacalone & Jurkiewicz, 2008), which will ultimately bring about organizational triumph and effectiveness (Giacalone & Jurkiewicz, 2003; Chan & Lai, 2017). However, normative commitment has been affirmed to be that type of commitment that arises when an employee feels a sense of responsibility to their organization at the detriment of their happiness and career advancement (Guntur, Haerani & Hasan, 2012) and also it has not been seen as a predictor of OCB (Meyer, Stanley, Herscovitch & Topolnytsky, 2002). Thus, the current study revolves around the examination of workplace spirituality through inner life, meaningful work and conditions for community as a basis of organizational citizenship behaviour among Nigerian academics is imperative.

Past researches have not assessed together these three variables within the Nigerian context. Furthermore, we presume that workplace spirituality dimensions if properly and fairly applied by the university management, it can be of help to university academics performing beyond the rule book. In return for these practices, Pradhan and Jena (2016) noted that employees respond with commitment, loyalty and dedication. These factors shows that the mediatory role of normative commitment is apt for extending the frontiers of knowledge, and for evaluating the relationship between workplace spirituality and organizational citizenship behaviour. Based on the forgoing, the aims of this study is to examine the interaction of workplace spirituality and organizational citizenship behavior among academics in selected higher institutions in Lagos State, Nigeria. Similarly, this paper strives to ascertain the mediating effect of normative organizational commitment on the relationship between workplace spirituality and organizational citizenship behavior so as to foster organizational triumph and sustain competitive advantage among academics in Lagos State, Nigeria.

# 2   LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This section presents a summary of relevant works on the relationship between workplace spirituality and normative organizational commitment in relation to organizational citizenship behaviour in the present-day organizational environment. The researches that bonds workplace spirituality and OCB is not in existence within the Nigerian context. Although, OCB in Nigeria has been linked with different construct(s) such as: job satisfaction (Itiola & Alabi, 2014), organizational climate and leader-member exchange (Chovwen & Ogunsakin, 2013), organizational support (Ehigie & Otukoya, 2005), demographic factors (Uzonwanne, 2014), perceived occupational stress (Oladipupo, 2016) and so on. Earlier works on OCB, for example Organ (1977), Bateman and Organ (1983), Smith, Organ, and Near (1983) to Snape and Redman (2010), Chiaburu, Oh, Berry, Li, and Gardner (2011), Fox, Spector, Goh, Bruursema, and Kessler (2012), Runhaar, Konermann, and Sanders (2013), and recently, DiPaola and Tschannen-Moran (2014), Chen and Yu (2015), Luo, Cheng, and Zhang (2016) and Li, Kim, and Zhao (2017) all established that workers who get more fulfilled with their job are bound to exhibit OCB constantly.

### 2.1 WORKPLACE SPIRITUALITY AND ORGANIZATIONAL CITIZENSHIP BEHAVIOUR

Characterizing Workplace spirituality in setting with religion and different disciplines will at last figure out whether the development is a novel collection of learning or simply an expansion of effectively existing discipline (Geigle, 2012). Regardless of the growing works on workplace spirituality, little progression has been made towards the foundation of a broadly acknowledged meaning of the concept (Gotsis and Kortezi, 2008).

For instance, workplace spirituality alludes to the endeavors required to locate one's definitive reason in life, to build up a solid association with colleagues and other individuals connected with work, and to have consistency between one's convictions and organizational qualities (Mitroff & Denton, 1999). Ashmos and Duchon (2000) characterized workplace spirituality as the acknowledgment that employees' have an internal life that feeds and is fed by important work happens with regards to group. Adams and Csiernik (2002) saw workplace spirituality as including the constructive valuation, affirmation and appreciation of employees' natural capacities in a connection of significant, objective arranged conduct that energizes inventiveness, belongingness, and individual satisfaction. Giacalone and Jurkiewicz's (2003) conceptualization of workplace spirituality placed accentuation on quality framework and group, working by characterizing individual feelings of association. Thus, workplace spirituality is seen as a system of organizational qualities confirmed in the way of life that advances employees' experience of greatness through the work procedure, encouraging their feeling of being associated with others in a way that brings sentiments of culmination and bliss. Marques (2005) gave further advancement to the concept by characterizing

workplace spirituality as an affair of interconnectedness and trust among those included in a work procedure, incited by individual goodwill, prompting the aggregate production of a motivational hierarchical society, exemplified by correspondence and solidarity; and bringing about improved general execution, which is at last deciphered in enduring organizational greatness. In spite of the absence of clarity and concession to a proper meaning of workplace spirituality, Duchon and Plowman (2005) presumed that most meanings of workplace spirituality consolidate the ideas of significance, reason, and being associated with others.

Ashmos and Duchon (2000) distinguished three parts of workplace spirituality namely: meaningful work, inner life and conditions for community. They created and accepted a measurement instrument for three levels of investigation: individual, work group, and organization. In their component investigation, they removed seven measurements for the individual level, two for the work group level, and two for the organizational level. With a view of simplicity, Milliman et al. (2003) in view of the work of Ashmos and Duchon (2000), concentrated on just three of their measurements. These are: important work (Individual level), having a feeling of group (team level), and arrangement with the organization's qualities (organizational level). They contended that these measurements were prone to be connected with employees' work state of mind and practices. The main measurement, "meaningful work", includes having a profound feeling of importance and reason in work. It speaks to how one cooperates with his or her day by day work at the individual level (Milliman et al., 2003). The second measurement, "sense of community", identifies with the connection among workers. It includes having a profound association with, or associations with others (Ashmos & Duchon, 2000). The third measurement, "alignment with organizational values", is when workers encounter a solid feeling of arrangement between their own qualities and their organizational central goal and reason (Milliman et al., 2003). To Krishnakumar and Neck (2002), the support of workplace spirituality can be profitable to people and at last the organization. It has been recommended that workplace spirituality adds to improved imagination (Freshman, 1999), expanded genuineness and trust inside the organization (Wagner-Marsh & Conley, 1999), expanded feeling of individual satisfaction (Burack, 1999), higher organizational commitment (Leigh, 1997), knowledge sharing (Wahid & Mustamil, 2014), and more noteworthy organizational performance (Garcia-Zamor, 2003; Nasurdin, Nejati & Mei, 2013). As indicated by Bienstock, DeMoranville and Smith (2003), OCBs can build service workers' performance and improve view of service quality. Similarly, Ahmadi, Nami & Barvarz, (2014) found a statistical significant relationship between workplace spirituality and organizational citizenship behaviour. Since academics key part in the conveyance of superb and quality education, the need for OCBs among these employees gets to be remarkable (Nasurdin, Nejati & Mei, 2013). Thus, we propose that:

*H0: There is no significant relationship between workplace spirituality and organizational citizenship behavior.*

*H1: There is a significant relationship between workplace spirituality and organizational citizenship behaviour.*

## 2.2 WORKPLACE SPIRITUALITY AND NORMATIVE ORGANIZATIONAL COMMITMENT

Meyer and Parfyonova (2010) defined normative commitment as being an honest responsibility or an awareness of gratefulness, which enhances employees' work behavior. Normative commitment has been affirmed to mean the degree to which staff of any organization feels they must stay with an organization as a mark of obligation (Balassiano & Salles, 2012). Furthermore, the employees feel they are indebted to that organization because they feel so (Gelaiden & Ahmad, 2013), without expecting a financial or non-financial rewards for staying. Sow, Anthony & Berete (2016), noted that owners of organizations should ensure that, a moral bond (normative commitment) for employees' is created in their organization for fostering organizational citizenship behaviour towards the accomplishment of the organization's vision and mission. This point to the interaction between normative organizational commitment and organizational citizenship behaviour. Based on this we hypothesized that:

*H0: There is no significant relationship between workplace spirituality and normative organizational commitment.*

*H2: There is a significant relationship between workplace spirituality and normative organizational commitment.*

## 2.3 NORMATIVE COMMITMENT MEDIATES THE RELATIONSHIP BETWEEN WORKPLACE SPIRITUALITY AND ORGANIZATIONAL CITIZENSHIP BEHAVIOUR (OCB)

Organizational citizenship behaviour (OCB) is theorized as a helpful activities and drive by an employee of any organization to utilize his/her energy for organizational accomplishment (Itiola & Alabi, 2014), with a view of not expecting any returns for the work done, but will want to do more if cheered. Anwar and Osman-Gani (2015) observed that OCB exerts much impact on an organization's environment, although, it is not seen has being fundamental to the job. But it helps the organization to achieve its stated aims and objectives with a view of sustaining competitive advantage. Konovsky and Organ (1996) recognized five components that reinforce OCB: sportsmanship, altruism, civic virtue, courtesy and compliance. Sportsmanship alludes to any conduct exhibiting resilience of not as much as perfect conditions without grumbling. Altruism alludes to deliberate activities that help someone else with a difficulty. Civic Virtue alludes to useful practices demonstrating an ability to take an interest mindfully in the life of the organization/institution. Courtesy incorporates endeavors not to keep malice with others and to abstain

from mishandling the privileges of others. Compliance involves executing his/her obligatory duties rightfully even when no one is watching.

It has been noted that spirituality in the workplace will foster greater organizational citizenship behaviour (OCB) for achieving organizational effectiveness and efficiency. Anwar and Osman-Gani (2015), discovered that employee spiritual intelligence plays a vital part in initiating citizenship behaviour among employees of service and manufacturing sectors in Malaysia. Furthermore, Kaya (2015), on the other hand, found a significant positive relationship between leadership spirituality and organizational citizenship behaviour among primary school teachers in Sanlıurfa, Turkey. Based on this, we hypothesize that:

*H0: Normative organizational commitment does not mediate the relationship between workplace spirituality and organizational citizenship behaviour among Nigerian academic.*

*H3: Normative organizational commitment mediates the relationship between workplace spirituality and organizational citizenship behaviour among Nigerian academic.*

Based on the empirical evidences brought to the fore, it enunciates further that, the role of workplace spirituality in any university that seeks long-lasting competitive advantage in this global economy cannot be over-emphasized. To this end, it is pertinent to look at how more of the organizational citizenship behaviour of employees' can be acquired in other to foster a thriving business environment.

### 2.4 THEORETICAL FRAMEWORK

A typical theoretical structure that explains the mutual reinforcing/mutual interpenetrating link between this three constructs are the theory of planned behavior as proposed by Ajzen (1991). This approach grasps that the linkage is an individual's connection related to possessing a set of attitudes (spirituality) which gives room for wanting to perform beyond the rule bok (OCB) and sees a responsibility of working for the organization (normative organizational commitment). This study moved away from using the common social exchange theory on the fact that it stressed reciprocation of effort in the short or long term, which organizational behaviour attitude does not explicitly supports, but leans with the theory of planned behaviour that opines that when an individual evaluates an object as being bad or good (attitude) then these attitudes are transformed into a behaviour which eventually affects performance of the individual, team or organization.

The results will be appreciated by suggesting methods to improve academics organizational citizenship behavior, in order to help their universities, sustain competitive advantage and achieve organizational efficiency and effectiveness. The theoretical framework is illustrated in Figure 1.

Figure 1: The conceptual framework for the relationship between workplace spirituality and organizational citizenship behavior.
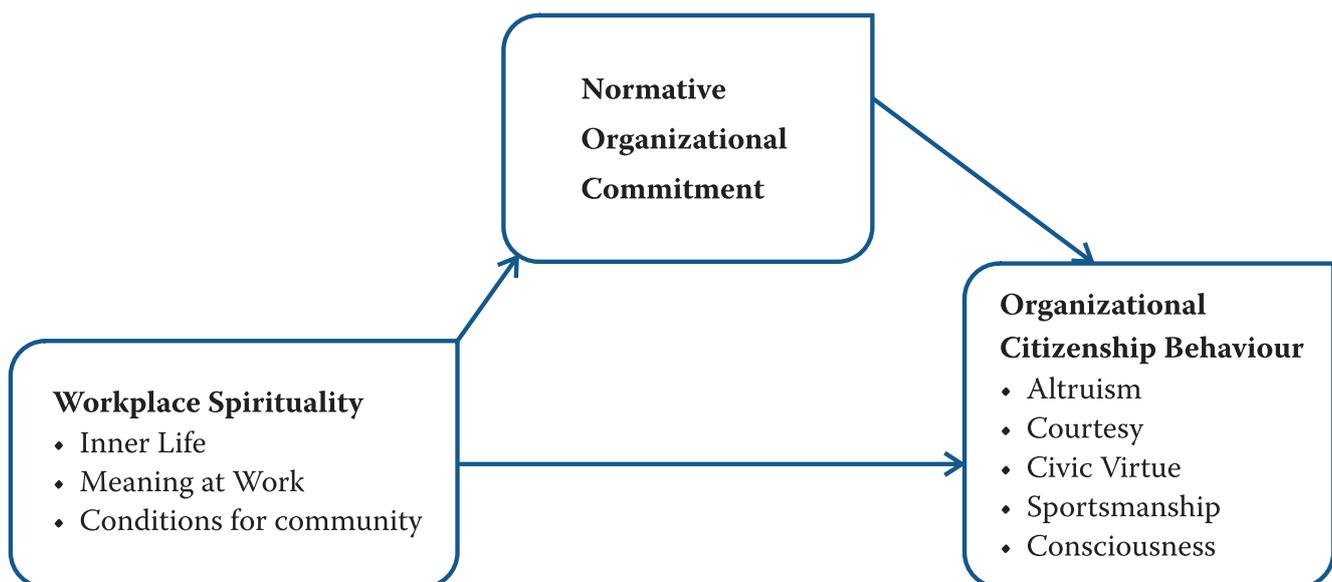


Source: own research

# 3   RESEARCH METHODOLOGY

The research methodology was a cross-sectional survey and descriptive in nature, aimed at examining the relationship between workplace spirituality and organizational citizenship behaviour, plus the degree to which normative organizational commitment mediates the relationship between workplace spirituality and organizational citizenship behaviour among academic staff of universities in Nigeria. Structural equation modelling was engaged for statistical account of the mediating effect of normative organizational commitment on the relationship between workplace spirituality and organizational citizenship behaviour.

## 3.1 RESPONDENTS AND SAMPLING

This study examined two government-owned universities in Lagos State, Nigeria. The research population was 2,740 lecturers. With the aid of convenience sampling technique, 350 survey-forms were equally allocated to the two universities at 175 each in the universities.  At the end of 5 weeks of survey-form administration and follow-up, a total of 331 survey-forms were collected. Three of the survey-forms was not appropriately completed and was not included in the analysis. Nevertheless, a 95% response rate was gotten from the remaining 328 survey-forms.

## 3.2 INSTRUMENT OF MEASUREMENT

The instrument of measurement was established based on the reworking of the following scale:
- The workplace Spirituality Scale (WSS) to investigate the workplace spirituality concept;
- The normative organizational commitment Scale (NOCS) to investigate the normative commitment concept;
- The Organizational Citizenship Behaviour Scale (OCBS) to investigate the organizational citizenship behavior concept.

The rationale for choosing this developed measuring instrument for this study is premised on the fact that, it has been found to be reliable and valid. The instruments have widely been used by scholars and researchers to elicit information on the subject matter. Measures of the three concepts examined in this study are reviewed beneath.

### 3.2.1 Workplace Spirituality

The concept workplace spirituality was adapted from the WSS developed by Ashmos and Duchon (2000). WSS is a three-dimensional scale comprising of 20 items on a 5-point Likert-type rating scale ranging from 5 (strongly agree) to 1 (strongly disagree). The overall Cronbach alpha coefficient for the scale was 0.907 while the dimensional Cronbach alpha coefficients are 0.823, 0.843 and 0.834 respectively. The scale was found to be reliable in the Nigerian educational sector based on Pallant (2011) measure of internal consistency benchmark.

### 3.2.2 Normative Organizational Commitment

The concept normative organizational commitment was adapted from the Meyer and Allen (1990) organizational commitment scale. It is a dimensional scale measuring normative commitment on a 5-point Likert-type rating scale; ranging from 5 (strongly agree) to 1 (strongly disagree). The Cronbach alpha coefficient of the 8 item scale was 0.876 which recommends reliability according to Pallant (2011).

### 3.3.3 Organizational Citizenship Behaviour (OCB)

The concept organizational citizenship behaviour was adapted in this study with a five-dimensional scale with 15 items of civic virtue, altruism, sportsmanship, conscientiousness and courtesy. The scale was developed by Podsakoff (1990). The scale was used on a 5-point Likert-type rating scale ranging from 5 (strongly agree) to 1 (strongly disagree). The overall Cronbach alpha for this scale in this study is 0.878. This is also reliable based on Pallant (2011)'s submission.

## 3.4 DATA ANALYSIS TECHNIQUES

The articulated hypotheses were analyzed using inferential statistics through the use of two statistical software packages. The IBM Statistical Package for Social Science (SPSS) version 20 was significant in running bivariate correlations between the variables, as well as statistical reliability and validity of the measuring instrument. The IBM SPSS statistics AMOS version 22 was also helpful in processing structural equation modelling (SEM). This facilitates a robust bootstrapping statistical analysis in order to provide suitable clarifications on the mediating effect of normative commitment on the relationship that exists between workplace spirituality and organizational citizenship behaviour. Three latent variables were incorporated in the measurement and structural models namely: workplace spirituality which served as an exogenous variable, normative organizational commitment and organizational citizenship behaviour performed the function of endogenous variables. Similarly, normative organizational commitment acts as a mediator in the model as epitomized in figure 2 and figure 3 respectively.

# 4   RESULTS AND DISCUSSION

This section puts forward clarifications on the relationship that exists amongst variables in this current study. The correlation matrix on the link between workplace spirituality, normative organizational commitment and organizational citizenship behaviour is presented in table 1. This is premised on the fulfillment of hypotheses one and two.

Table 1: Results of bi-variate correlation with descriptive analysis

| Variables | Means | Std. Deviation | 1 | 2 | 3 |
|---|---|---|---|---|---|
| 1   Workplace Spirituality | 3.89 | 0.55 | - | | |
| 2   Normative Commitment | 3.92 | 0.67 | .57** | - | |
| 3   Organizational Citizenship Behaviour | 3.82 | 0.59 | .62** | .69** | - |

** Correlation is significant at 0. 001 level (2-tailed)
Source: own research

## 4.1 RELATIONSHIP BETWEEN WORKPLACE SPIRITUALITY AND NORMATIVE COMMITMENT

As illustrated in table 1, workplace spirituality is positively correlated with normative commitment amongst academics at Nigerian Universities. In explicit expressions, the correlation coefficient between workplace spirituality and normative commitment is 0.57 (n = 328, p < 0.01). That is, greater levels of sense of belongingness and meaningful work by Nigerian universities academics are connected with greater levels of loyalty to the organization. This study substantiated earlier studies on the assertion that greater level of workplace spirituality is connected with greater level of normative commitment (Leigh, 1997; Krishnakumar & Neck, 2002; Rego & Cunha, 2008; Campbell & Hwa, 2014). Additionally, Suleiman, Ismail, Nor and Long (2012) found a positive relationship between the dimensions of workplace spirituality and normative organizational commitment among academics in Malaysia. They noted further that, the implementation of workplace spirituality might not be easy but managers of organizations should encourage and reinforce the dimensions amongst their employees. Inferencing from the level of significance and the Pearson's product moment correlation coefficient, the null hypothesis is rejected while the H1 fails to be rejected which says that, there is a significant relationship between workplace spirituality and normative organizational commitment in the Nigerian educational sector.

## 4.2 RELATIONSHIP BETWEEN WORKPLACE SPIRITUALITY AND ORGANIZATIONAL CITIZENSHIP BEHAVIOUR

As evident in table 1 above, the correlational coefficient between workplace spirituality and organizational citizenship behaviour amongst academics at Nigerian universities shows that there exist a statistically significant and positive correlation between the two variables, r= 0.62, n= 328 and p < 0.01. This presupposes that greater level of academics' absolute reason in life is highly associated with greater level of loyalty to the organization. Thus, H2 is supported and accepted that there exists a significant link between workplace spirituality and organizational citizenship behaviour in the Nigerian educational sector. Previous empirical study which is in tandem with the present study such as Kaya (2015) holds that when organizational citizenship behaviours are exhibited by staff, that organization tends to gain competitive advantage in the globalizing world. Furthermore, improvement in employees' workplace spirituality which prompted their extra role behaviour will aid their extra-role performance (Krishnakumar and Neck, 2002), and enhances a mutual benefitting relationship between the employees' and the employers (Pradhan & Jena, 2016).

## 4.3 MEDIATING INFLUENCE OF NORMATIVE ORGANIZATIONAL COMMITMENT ON THE LINK THAT EXISTS BETWEEN WORKPLACE SPIRITUALITY AND ORGANIZATIONAL CITIZENSHIP BEHAVIOUR

The mediating effect of normative commitment on the relationship between workplace spirituality and organizational citizenship behaviour in the Nigerian educational sector was evaluated using Structural equation modelling with the assistance of AMOS 22. The usage of structural equation modelling becomes imperative because it is helpful in testing the structural links between the variables under study.  Thus, it offers graphic modelling of observed and unobserved variables and correspondingly tests several links simultaneously in a model (Awang, 2015).

Baron and Kenny (1986, p. 1177) submitted that in structural equation modelling "all paths are directly tested and none is omitted". This advocates the worth of employing structural equation modelling in scrutinizing the mediating effect of normative commitment on the link that exists between workplace spirituality and organizational citizenship behavior in the Nigerian educational sector. Three analyses are important in structural equation modelling namely confirmatory factor analysis, measurement model and structural model. The confirmatory factor analysis of the constructs is presented in table 2 below.

Table 2 CFA of the items and constructs used in the study

| Constructs | Items | 1st Order CFA ≥ 0.50 | 2nd Order CFA ≥ 0.50 | Average Variance Extracted > 0.50 |
|---|---|---|---|---|
| Workplace Spirituality | | | 0.65 | 0.66 |
| | Inner life 1 | .55 | | |
| | Inner life 2 | .64 | | |
| | Inner life 3 | .77 | | |
| | Inner life 4 | .72 | | |
| | Inner life 5 | .74 | | |
| | | 0.85 | | |
| | Meaningful Work 1 | .62 | | |
| | Meaningful Work 2 | .64 | | |
| | Meaningful Work 3 | .59 | | |
| | Meaningful Work 4 | .71 | | |
| | Meaningful Work 5 | .65 | | |
| | Meaningful Work 6 | .60 | | |
| | Meaningful Work 7 | .70 | | |
| | Meaningful Work 8 | .56 | | |
| | | | | |
| | Conditions for community 1 | .63 | 0.92 | |
| | Conditions for community 2 | .62 | | |
| | Conditions for community 3 | .70 | | |
| | Conditions for community 4 | .65 | | |
| | Conditions for community 5 | .52 | | |
| | Conditions for community 6 | .72 | | |
| | Conditions for community 7 | .74 | | |
| | | | | |
| Normative Commitment | | | | 0.60 |
| | NC 3 | .79 | | |
| | NC 4 | .79 | | |
| | NC 5 | .82 | | |
| | NC 6 | .81 | | |
| | NC 7 | .71 | | |
| | NC 8 | .71 | | |
| | | | | |
| OCB | | | | 0.46 |
| | OCB 1 | .78 | | |
| | OCB 2 | .74 | | |
| | OCB 3 | .65 | | |
| | OCB 4 | .61 | | |
| | OCB 5 | .60 | | |

** Correlation is significant at 0. 001 level (2-tailed)
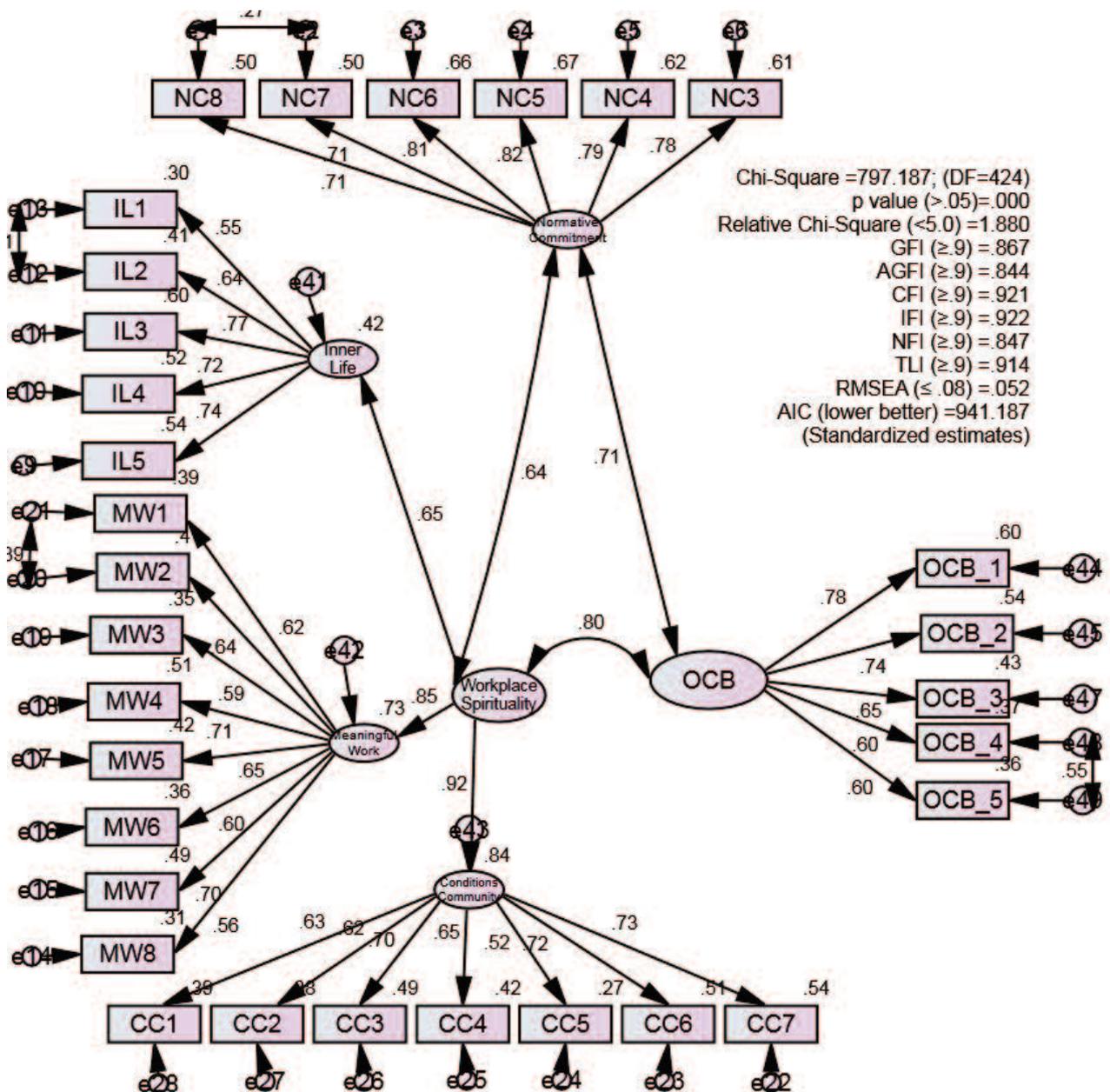Source: own research

### 4.4 MODEL FIT

Model fit determination in structural equation modelling is vital and it is determined by measurement model. This is because; it is needed to authenticate the appropriate fitness of a model (Hu & Bentler, 1999; Hooper, Coughlan &Mullen, 2008; Hair, Black, Babin, Anderson & Tatham, 2010). For this current study, the following fit indices were adopted. They are: Relative Chi-Square (<5.0), root mean square error approximation (RMSEA ≤0.8), comparative fit index (CFI ≥.90), Incremental fit index (IFI ≥.90) and Tucker-Lewis index TLI (≥.90). Therefore, table 3 below and figure 2 respectively depicted that model meet the threshold of good-of-fit as recommended by Hair et al., 2010. Thus, the model can be used for further analysis.

Table 3 Goodness-of-fit Indices

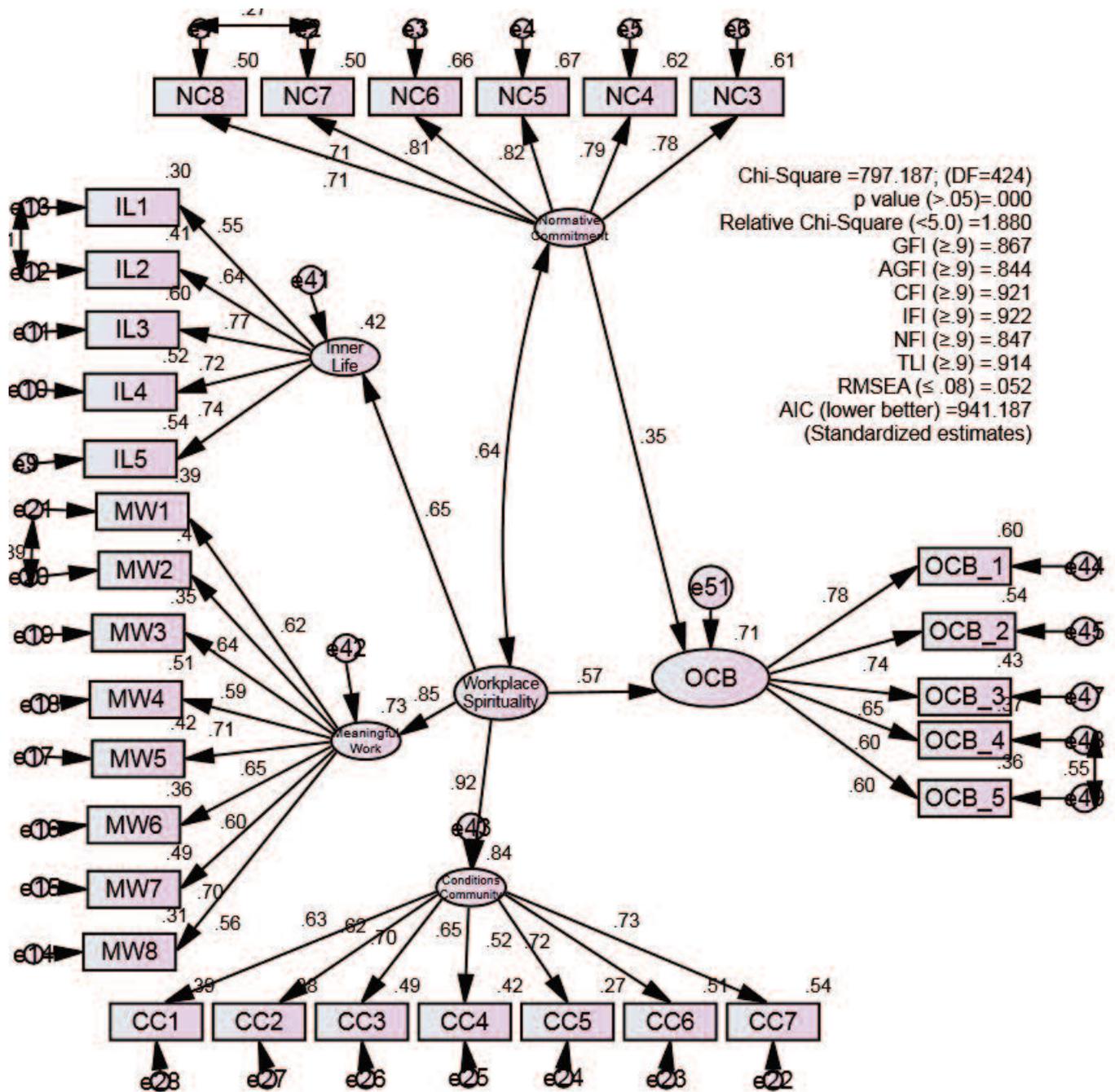| Goodness of fit Index | CMIN (X²) | (X²/df) | CFI | IFI | TLI | RMSEA |
|---|---|---|---|---|---|---|
| VALUE | 797.19 (p = 0.00) | 1.88 | 0.92 | 0.92 | 0.91 | 0.05 |

Source: own research

Figure 2: Measurement Model
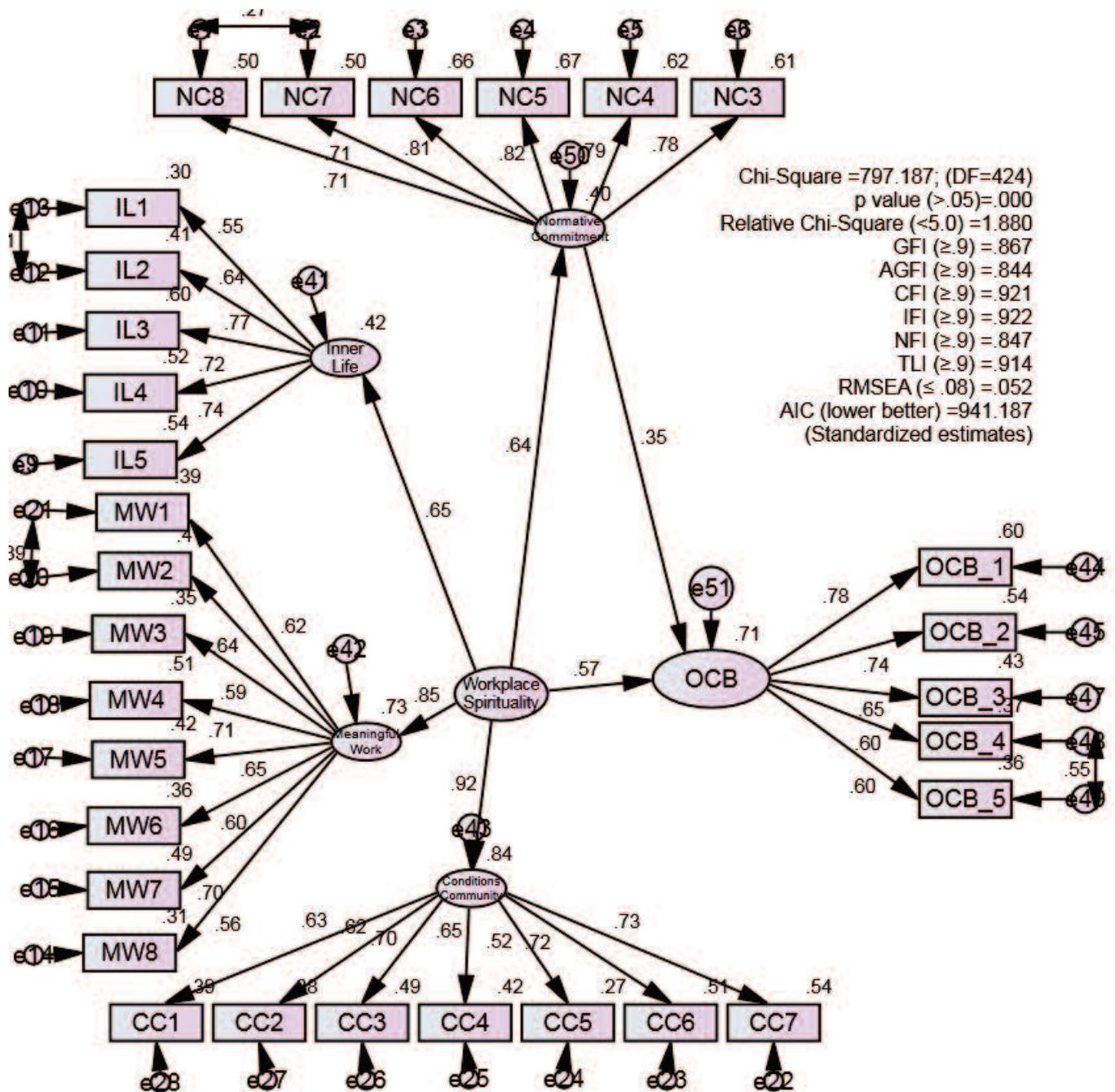


Source: own research

Figure 3: Direct model of workplace spirituality and normative commitment on organizational citizenship behaviour



Source: own research

As shown in figure 3 and 4 below, the direct and structural model indices yielded good-fit results which signposted that the data is properly fitted into the model.

Figure 4: Structural model of the mediating role of normative commitment on the relationship between workplace spirituality and organizational citizenship behaviour



Source: own research

Having established the direct model relationship on workplace spirituality and organizational citizen behaviour, further analysis was conducted on the structural model as displayed in Figure 4 to discover the mediating effect of normative commitment on the relationship between workplace spirituality and organizational citizenship behaviour amongst academics at the Nigerian universities. Structural equation modelling has been affirmed to be appropriate for testing mediational link in a model as against the conventional multiple regression tests (Baron & Kenny, 1986; Mathieu & Taylor, 2006). The bootstrapping technique was engaged for mediation confirmation by selecting 500 bootstrapping samples according to Cheung and Lau (2008) and Awang (2015) at 95% bias corrected confidence interval. In these analyses, mediation is significant if the 95% bias corrected and augmented confidence intervals for the indirect effect do not include 0 within lower and upper bound (Preacher & Hayes, 2004; Preacher, Rucker & Hayes, 2007; Hayes & Preacher, 2010). Table 4 below presents the results of the empirical outcomes.

Table 4: Results of Bootstrapped Analysis

| Hypothesized Path | Beta | p | 95% Bootstrapped  Confidence Interval | |
| --- | --- | --- | --- | --- |
| | | | Lower Bound | Upper Bound |
| Direct Model | | | | |
| WS----> OCB | .57 | .00 | | |
| NC----> OCB | .35 | .00 | | |
| Mediation Model (NC) | | | | |
| WS---->OCB | .57 | .00 | | |
| Std Indirect effect (STE) | .22 | .01 | .40 | .77 |

\*\* Bootstrapping is significant at 0.05 level (2-tailed)
p. Value
WS- Workplace Spirituality
OCB- Organizational Citizenship Behaviour
NC- Normative Commitment.
Source: own research

As shown in Table 4 above, the standardized direct effect from workplace spirituality to organizational citizenship behviour was estimated at ($\beta$= 0.57, p = 0.00). The outcome signpost, that the direct effect of workplace spirituality on organizational citizenship behaviour is statistically significant. Also, the standardized direct effect from normative commitment to organizational citizenship behviour was estimated at ($\beta$= 0.35, p = 0.00). The result suggests that the direct effect of normative commitment on organizational citizenship behaviour is statistically significant. Therefore, giving Nigerian academics meaningful work that gives them inner life, and a condition for community will have a noteworthy impact on their psyche to wanting to do beyond what is laid down in the job description. The indirect effect of normative commitment on the relationship that exist between workplace spirituality and organizational citizenship behaviour was estimated at ($\beta$= 0.57, p = 0.00) while the 95% CI showed that the lower bound was estimated at .40 and upper bound .77 respectively. These estimate signposts that the indirect effect of normative commitment on the link that exists between workplace spirituality and organizational citizenship behaviour is statistically significant. The bootstrapped mediation outcomes revealed that both direct and indirect effects of workplace spirituality and normative commitment correspondingly, on organizational citizenship behaviours amongst academics at selected universities in Nigeria are statistically significant. These results supported H3 which stipulated that normative commitment partially mediates the relationship between workplace spirituality and organizational citizenship behaviour amongst academic staff at Nigerian universities.  These outcomes are in tandem with the views of Batcheller, Davis & Yoder-Wise (2013), who opined that workplace spirituality promotes an all-inclusive attention to the value of staff working in organizations. Unarguably, this will make academics want to do more to the achievement of stated organizational objectives and goals. Also the works of Kazemipour, Mohamad Amin and Pourseidi (2012), and Ahmad and Omar (2015) also supported the outcome of this study.

## 5   CONCLUSIONS AND MANAGERIAL RELEVANCE

This study examined the mediating effect of normative commitment on the relationship between workplace spirituality and organizational citizenship behaviour of academics at selected Nigerian universities. This study makes noteworthy contributions to the literature by affirming the partial mediating effect of normative commitment exist on the relationship between workplace spirituality and organizational citizenship behaviour. Empirically, a positive relationship was established between workplace spirituality and academics' normative commitment at Nigerian universities. Furthermore, a statistical significant relationship was established between normative commitment and organizational citizenship behaviour of academics. This study concludes that, normative commitment partially mediates the link that exists between workplace spirituality and academic staff organizational citizenship behaviour at selected Nigerian universities. The consequence of the results described in this study is that workplace spirituality performs vitally in the increment of organizational citizenship behavior especially when normative commitment mediated this relationship amongst the academic staff at selected Nigerian universities.

This study recommends that workplace spirituality through its dimensions such as inner life, meaningful work and conditions for community can contribute noteworthy enhancement to academic staff organizational citizenship

behaviour when mediated by normative commitment. This will have a substantial impact on the growth of the Nigerian economy as a whole and the educational sector in particular. An actionable strategy for effecting the research reported in this study is that, Nigeria needs to diversify her economy to be knowledge-based in nature. The annual budget for education by the federal and state government should be increased to 26% as proposed by United Nations Educational, Scientific and Cultural Organization (UNESCO), as against the proposed 6% in the 2017 budget. Nigeria as a country is underfunding education, which curbed will be detrimental to the educational sector. The managerial relevance of this study is that management of higher institutions in Nigeria should indoctrinate workplace spiritual value towards organizational citizenship behaviour into their academic staff. By so doing, this will compel academics staff to get more committed, by rendering more positive services to their respective universities. Furthermore, a well-conceived academic staff workplace spiritual alignment with organizational values will produce normative commitment which will ultimately lead to organizational citizenship behaviour of academics towards the amelioration of societal problems in Nigeria.

The result stated in this article is limited to the mediating role of normative commitment on workplace spirituality and organizational citizenship behaviour amongst academics at the selected universities in Nigeria. Future studies could consider the use of other mediators such as the continuance commitment as another mediator on the relationship that exists between workplace spirituality and organizational citizenship behaviour. Also, the current study can be replicated at other sectors of the Nigerian economy in order to have generalized findings. Fundamentally, this study is of great worth by bringing to the fore the mediating influence of academics' normative commitment on the positive relations between workplace spirituality and their organizational citizenship behaviour using structural equation modelling approach.

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# How can an understanding of learning theories be used in the design of training? A critical evaluation

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## ABSTRACT

Due to an increase in technological complexity, corporations have realised the value of developing employees through corporate training. One aspect that defines how efficient and effective corporations can conduct training is the employee's capacity to learn. Therefore, this research paper examines the link between corporate training and organisational learning by evaluating learning theories from the paradigm areas behaviourism, cognitivism, and constructivism in regards to their utilization in terms of training design. This evaluation has led to the conclusion that an understanding of learning theories in the design of training is essential and even valuable in different stages of training.

## 1   INTRODUCTION

The development from the scientific management approach by Taylor towards the human relations approach was accompanied by an increasing attempt to humanise the workplace (Fairfield, 1974). The focus of companies started to change from perceiving employees as economic beings who are solely motivated by financial incentives and who are supposed to do simple manual tasks without further learning of new skills and qualifications, into a conception of employees as human beings who are intrinsically motivated and willing to learn. This transition was enabled by the realization that human beings are constantly involved in learning, which was then applied by organisations in forming learning and developing departments, as an advancement of human resources departments (Horton & Turnage, 1976). This demonstrates that the new insights from constant technology and skill changes were implemented in organisations for designing training and development concepts. The transition from manufacturing to service work also led on to an increased significance of the topic of learning. Furthermore, a shift in the values and aspirations of the employees, which regards personal growth as more important than a secure workplace for life, is responsible for an enhanced focus on learning in correspondence with training in organisations. This development encouraged the concept of lifelong learning, which forced organisations to address training that includes learning theories (Coffield, 2006).

To trace back the history of learning proves to be critical, because the majority of human activities can be seen in a concept of learning results. When examining the origin of experimental psychology, an interest in learning can be associated with philosophers, such as Descartes and Kant, which led to an increased recognition of learning in the early twentieth century (Horton & Turnage, 1976). Since then, different learning theories emerged, which resulted in various conceptual frameworks (Guey, Cheng, & Shibata, 2010). Certain conceptual frameworks are classified into different paradigms, such as behaviourism, cognitivism and constructivism, which are considered in this article. These particular learning theories were chosen because they are considered the three dominant learning theories (Nagowah & Nagowah, 2009). In addition to that, these three learning theories combine the criteria of practicability, validity and reliability with practical relevance (Ertmer & Newby, 2013).

This research paper is concerned with the question how an understanding of learning theories can be useful in the design of training. The focus hereby lies on training design in an organisational context. Therefore, different

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learning theories and their effectiveness in the context of training are analysed. After defining the major terms, significant learning theories from the paradigm areas behaviourism, cognitivism and constructivism are examined. Although numerous learning theories exist, this research paper focuses on two theories from each of the aforementioned three paradigms. In terms of the Behaviourist learning theories, classical and operant conditioning and Bandura's social learning theory are examined. Classical and operant conditioning are seen as the founding theory of all learning theories. Bandura's social learning theory is regarded as the bridge between behaviourist and cognitive learning theories (Mischel, 1973). Due to the fact that Baddeley's model of working memory and Piaget's theory of cognitive development can be seen as complementary models that build up on each other, these two cognitive learning theories were examined (Pascual-Leone, 2000). Regarding constructivist learning theories, the theory of problem based learning and Vygotsky's social development theory are examined. Due to their combinability in practical learning environments, these two theories were chosen (Harland, 2003). Therefore, it was decided to examine this theory before examining the cognitive learning theories. Thereby, the particular learning theories are discussed and the utilization in terms of training design is examined. Moreover, practical examples of how the learning theory could be implemented are given and a critical evaluation of the learning paradigm in the context of training design is conducted.

## 2   LEARNING AND TRAINING

In order to analyse the usage of learning theories in training design, a definition of learning and training is crucial. According to Buckley and Caple (2007), learning can be defined as a procedure of gaining skillsets, acquiring knowledge and attitudinal changes. This is caused through instructing, experiencing or assigning (Buckley & Caple, 2007). Learning can also be defined in terms of a behavioural change that is caused by practising and experiencing (Bass & Vaughan, 1966). A consistent aspect of learning definitions is the emphasis on experience, which is often set in the context of memory and remembering certain skills, knowledge and abilities (Hilgard & Bower, 1975). Training, on the other hand, can be defined as the acquisition of skillsets that are more related to the job than to the person (Reid, Barrington, & Kenney, 1992). In comparison to the aforementioned mechanical definition, Buckley and Caple (2007) define training according to the individual. Training is defined as a methodological effort and development that is determined in learning and experience, which enables an individual the acquisition of abilities (Buckley & Caple, 2007).

## 3   TRAINING DESIGN

A definition of training is crucial. Nevertheless, it is of utmost importance, that the design element that is discussed in the subsequent paragraphs is also fully understood. Therefore, a definition of training design is provided. Training design can be defined as a strategic outline of a practical concept that results in a performance improvement among the participants (Riding & Sadler-Smith). Thereby, it is important that training needs and expected outcomes are clearly defined, measured, and analysed. Specific training activities must be applicable to the purpose of the individual, the organization, or the audience segment (Baldwin & Ford, 1988).

## 4   BEHAVIOURIST LEARNING THEORIES IN THE DESIGN OF TRAINING

First of all, behaviourist theories, such as classical and operant conditioning and Bandura's social learning theory are examined. Classical conditioning can be defined as a progression of events where an unconditioned stimulus follows a conditioned stimulus. Normally, the unconditioned stimulus results in an unconditioned response but when conditioning or training is involved, it can cause a conditioned response (Horton & Turnage, 1976). On the other hand, operant or instrumental conditioning involves positive and negative reinforcement in order to condition the individual through reward and punishment (Hilgard & Bower, 1975). Another behaviouristic theory is Bandura's social learning theory, which describes learning based on observance or external direction in a social environment, rather than based on physical reinforcement (Bandura, 2001).

Due to its missing enticement system, an understanding of classical conditioning might be more useful to comprehend human behaviour in training, than for the actual training design (O'Doherty, 2004). Although classical conditioning might be relevant for training that focuses on automatic responses, such as fire alarm training, it might be less relevant for employee and management training (Pizzagalli, 2003). In employee training, the announcement of an upcoming training can be seen as an unconditioned stimulus that might cause the unconditioned response of excitement to learn or refusal to attend in employees. At this stage, the organisation can involve a conditioned

stimulus in the form of a consistently positive advertising and presentation of training benefits. This form of communication might lead to the conditioned response that more employees participate in the training. This is supported by Olson and Fazio (2001) who claim that classical conditioning impacts attitudes, which affects reactions and actions. Due to the fact that classical conditioning can only train individuals in simple tasks that involve basic stimulus-response learning, its usefulness for training design is questionable (Clark & Squire, 1998).

Operant conditioning, on the other hand, involves a reward and punishment system that can be useful in training design (Estes, 1972). To give an example, training might be designed in a way which enables participants to reach certain levels of knowledge or skills and the accomplishment of every level contains a positive reinforcement in form of a reward. An utilisation of punishment in training design is not recommended, because this can lead to stress and a diminished willingness to learn and to participate in the training (Cavanagh, 2011). Bandura's social learning theory might be useful in designing training that is based on observations and learning in a social context, such as lectures, presentation, and seminars. It might be less useful for training that includes individual handling of tasks. This can be supported by the fact that Bandura's social learning theory focuses on observation in a social context and not on individual physical activity (Manz & Sims, 1980).

Regarding the critical evaluation of behaviourist learning theories in the context of training design, it can be stated that those theories are more useful for simple training designs, rather than complex training designs, due to a shortage of complex learning. Complex learning is defined as the integration of skills, attitudes and knowledge on a daily basis (Berger & McGaugh, 1965). It can be stated that the behaviourist learning theories limit the possibility of this experience (Light, 2008). In addition to that, behaviourism disregards individual differences in human learning and the influence of personality on learning, which can be considered as crucial elements for the design of training methods. Furthermore, missing perceptual constancy of the stimulus-response system is claimed, which could lead to unexpected responses on training stimuli (Breger & McGaugh, 1965). Due to the importance of measuring progress and results of training, unexpected responses on training stimuli should be avoided (Tziner, Haccoun & Kadish, 1991).

## 5    COGNITIVE LEARNING THEORIES IN THE DESIGN OF TRAINING

The evaluation of cognitive learning theories focuses on Baddeley's model of working memory and Piaget's theory of cognitive development. The working memory model describes the ability of the brain to function as a temporal storage in order to fulfil cognitive tasks (Baddeley, 2007). The classification into one central executive system, which controls cognitive processes and two slave systems, which are defined as visuo-spatial sketchpad for storing visual information and the phonological loop for storing phonological information (Baddeley, 1992). Piaget's theory of cognitive development describes different developmental stages of human intelligence. The developmental processes from an infant in the sensorimotor stage, until the ability of logical reasoning in the formal operational stages are outlined (Fischer, 1980).

When planning a practice-oriented training design, an understanding of Baddeley's model of working memory might be more useful than Piaget's theory of cognitive learning, due to an increased focus on practical implementation (Baddely & Sala, 1996). According to Vensen and Cardozo (1981), visual training leads to an enhancement in synaptic efficiency. For example, knowledge of the visuo-spatial sketchpad, which according to Baddeley (2007), is based in the right brain hemisphere, could lead to a training that is designed on visual learning. Thereby, methods of visual learning, such as pictures, movies or symbols might be utilized to train employees. This is also supported by Kirby (1988), who mentions visual learning as an important form of knowledge transfer. Furthermore, the phonological loop might be examined in order to design trainings that are more focused on speech-based learning (Baddeley, Working memory, 1992). The phonological loop might be considered when the aim of the training is to acquire language skills (Baddeley, 1998). Such trainings could be designed for future expatriates or employees who are already in foreign subsidiaries. According to Nycz (2013), the acquisition of phonological feature is a pivotal component in expatriation.

Regarding Piaget's theory of cognitive learning, an implementation of gained understanding of the model in training design, appears to be more difficult. Due to the fact that only the formal operational stage refers to adults, possible implementations in employee training design are limited to this stage (Merriam, 2004). The other stages of this model are solely relevant for the education and training of children (Siegler, 2000). An understanding of this stage, which reaches to the approximated age of 20 years, might be considered when designing training for young employees, apprentices, students and trainees who belong to this age category (Herron, 1975). Thereby, a designed training could aim at problem solving and abstract thinking, which are part of the formal operational stage, by designing specific exercises. Training that includes number sequence exercises or rearrange and categorization exercises are conceivable (Bielaczyc, 1995).

A critical evaluation of cognitive learning theories revealed that particular cognitive models are suitable for

training design and others are only partially applicable. When evaluating Piaget's theory of cognitive development, the static classification of the stages could be criticised when comparing it to modern dynamic systems (Nooteboom, 1992). This static view might be negative for the design of dynamic trainings. The design of trainings is a process that requires the ability to dynamically change the learning material and the outcome according to the development of the participants (Buch & Bartley, 2002). Furthermore, a restricted utilization for training of adults is stated (Sutton-Smith, 1966). The main restriction for training of adults is based in a core limitation of Piaget's theory of cognitive development. The model is based on sharp stages of individual learning achievements and fails to regard learning as a process of continuous development. However, modern organizations require methods to measure continuous learning process of employees (Flavell, 1992). Baddeley's model of working memory is criticised for simply naming already known phenomena in a new way (Conway, 2002). Besides the critique of particular models, cognitive learning theories as a paradigm claim to have a high efficiency in terms of training design (Kraiger, 1993). Cognitive learning theories are utilized by educational psychologists, teachers, as well as social and organizational institutions (Cobb & Bowers, 1999).

# 6　CONSTRUCTIVIST LEARNING THEORIES IN THE DESIGN OF TRAINING

Regarding constructivist learning theories, the theory of problem based learning (Barrows, 1996) and Vygotsky's social development theory (Berk & Winsler, 1995) are set in a context of training design. Problem based learning describes the learning process through problem solving, which is predominantly utilized in educational institutions (Kilroy, 2004). It is a form of active learning that emphasizes a self-directed and self-motivated way of learning (Norman, 2000). Vygotsky's social development theory is based on the assumption that social interaction elicits development. Thereby, Vygotsky distinguishes the theory in three fundamental aspects. Firstly, he claims the significance of social interactions in cognitive learning (Wertsch, 1979). Furthermore, Vygotsky determines the more knowledgeable other and the zone of proximal development. The more knowledgeable is a person who has more knowledge than the student and therefore functions as a teacher (Sutherland, 2004). The zone of proximal development describes the distance between guided and independent learning and problem solving. Learning occurs in this range (Aljaafreh, 1994).

Although problem based learning is predominately used in educational institutions, it might be applicable in an organisational training setting. The training could be designed, in a way that enables employees to work together in teams to solve a specific managerial or customer based problem. Thereby, the process could be guided by an instructor, or the team training could be designed for independent learning, which might encourage the participants to increase their effort of self-directed learning. According to Rosenberg (1995), the condition of working in teams can be helpful when solving a problem. Moreover, Neo (2001) underlines the utilization of problem based learning in employee training, especially when applying multimedia techniques, such as audios, videos and images. A training design that emphasizes an independent problem solving rather than a guided approach, might lead to an increase in self-reliance and decisiveness in the participants (Moore, 1973). These skills, which could be acquired through a training premised on problem based learning, are requested from employees and future managers (Mackay, 2006).

Regarding Vygotsky's social development theory, all three aspects might be implemented in a training design. The emergence of development through social interaction might be useful, when understanding the opening stages, the breaks and the conclusion phase of a training process. The training design could contain an extensive initial phase, in which the participants have time to become familiar with each other and to socialise. This might encourage them to use the breaks and the conclusion phase to recapitulate the subject matter of the training through interaction, which could encourage cognitive learning (McGee, 1992). An understanding of the more knowledgeable other might be useful in understanding the importance of a coach or mentor in the training design. The more knowledgeable other might not even be a human being, but a computer, which operates as guidance in computer-based training and trainings that focus on e-learning (Scardamalia, 1994). According to Allen (2006), mentoring and coaching is a significant factor of success of trainings. An understanding of the zone of proximal development might be more applicable for training evaluation, than for training design. The evaluation of the training could involve the observation of independent learning during the training process (Moore, 1973).

An evaluation of the constructivist learning theories shows a high utilization for training designs that combine self-directed learning with possibilities of socialising, in order to exchange knowledge about independently learned skills (Christensen & Hooker, 2000). When examining problem based learning, criticism in the form of the guidance-fading effect can be stated. This effect describes that in early learning stages a study of worked examples might lead to a better learning effect, than problem solving (Sweller, Ayres, & Kalyuga, 2011). In terms of training design that might lead to an implementation of problem based learning in further training stages. Furthermore, problem based learning is considered as time and cost intensive in comparison to lecture-based learning, which might lead an organisation to prefer training that involves lecturers instead of implementing problem solved learning (Barrows,

1986). Vygotsky's social development theory can be criticised for its heightened emphasis on social interaction and its negligence of individual knowledge acquisition (Hua Liu & Matthews, 2005). In a competitive organizational environment this negligence could lead to a disadvantage for introverted employees and for companies that emphasise individual goal achievement over team-oriented group achievements (Jaramillo, 1996). In terms of training design, this might lead to the consideration of combining social interaction with individual tasks.

## 7   DISCUSSION AND PRACTICAL IMPLICATIONS

Now that all three learning theories have been examined and critically evaluated under the criterion of usefulness for training design, a discussion shall provide practical implications for the design of trainings in a corporate environment. Therefore, the findings of all three models are used to design a hypothetical training process that contains elements of the behavioral, cognitive, and constructive learning theory. Thereby, the designed training consists of three stages.

The first stage is defined as the behavioral stage. In the first stage, an unconditioned response in form of excitement to learn can be triggered by the announcement of an upcoming training. This can be achieved via internal company newsletters and communication through supervisors. In addition to that, a positive advertising of training benefits can motivate the trainee to attend the training (Batra & Ray, 1986). It can be imagined that the incentive of a promotion or increasing responsibility can be used as motivating factors. Once the trainee attends the training, the first learning goals can be achieved by observing other professionals on the job.

Once the basic principles of the required skills are understood, the cognitive stage can lead to a deeper understanding of the knowledge. In alignment with Baddeley's model of working memory, visual training via video courses and presentations can lead to an enhancement in synaptic efficiency (Vensen & Cardozo, 1981). In addition to that, audio trainings can stimulate the phonological loop, which can lead to an even deeper understanding of the subject matter (Baddeley, 1998).

Once the trainee observed the practical skills on the job and learned the theoretical knowledge by utilizing principles of cognitive learning, constructive learning can lead to the ability to put observed skills and learned knowledge into practice. According to the theory of problem based learning, the trainee now has to solve case studies that require the skills and knowledge of the first two stages. This form of active learning encourages self-directed learning (Norman, 2000). The practical case study can be supervised by a supervisor who functions as the more knowledgeable other, according to Vygotsky's social development theory (Sutherland, 2004). Through exact observation the proximate development can be used to assess the level of independent learning throughout the case study (Aljaafreh, 1994). After the initial training, ongoing mentoring can ensure further development (Allen, 2006).

## 8   CONCLUSION

Regardless of whether the focus of the particular learning theory lies on behavioural aspects of learning, on cognitive abilities or on the construction of knowledge, a critical evaluation of the theories enables an appropriate application in training design that corresponds to a certain learning theory. The critical evaluation of two theories for each of the aforementioned learning paradigms also reveals that an understanding of learning theories can not only be useful in various forms of training design but also in different stages of training, including the initial phase and breaks. Despite occasional criticism of individual learning theories, the usefulness of an understanding of learning theories in the design of training is evident. The practical implications have shown that training can be designed by using certain learning theories at different stages of the training process. This gives Human Resources Managers more freedom to experiment with training models. In an ideal scenario, the most suitable learning theories can be chosen in regards to specific environments and goals. In addition to that, tests can be conducted in which training outcomes with particular learning theories are measured against each other. Thereby, the understanding of learning theories in the design of training can be continuously increased.

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