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## Employee interests in the light of human resource management concepts

### 1. Introduction

The category of employee interests is seldom addressed in professional literature. Broad empirical studies of the subject are sporadic. However, respecting the employee interests is of considerable value for company operation, due to its strong impact on behaviours of both individuals and employee groups, with important consequences for the survival and development of the organization. Realization of employee interests is, in fact, the main reason for taking up certain activities, which makes it the prime mover of desired attitudes in the work process. As a subject of such importance, the problem is not adequately represented in the concepts of human resource management.

Some references to the notion of employee interests are present in the Harvard model of *Human Resource Management (HRM)*. At present, the *HRM* concept may be regarded as the most fundamental of modern approaches to personnel in business organizations. It seems that, for the purpose of this study, the somehow associated concept of *Human Capital Management (HCM)* may be omitted here, at least insofar as it relates to the problem of respecting employee interests (Baron, Armstrong 2008, pp. 37-39). *HCM* represents,

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in essence, a variant of the *HRM* model (Oleksyn 2011, pp. 47, 52). However, it may be interesting to analyse the evolution of the concept by evoking the associated trend of *High Performance Work Systems (HPWS)*. The systems in question are characterized by formation of the so-called pillars (key management practices) in the sphere of personnel management, aimed at increasing the effectiveness of management processes. Moreover, the above trend is often associated with the concept of *High Involvement Work Practices (HIWP)*, with the dominant position of the term *involvement*. The notion of employee involvement may be understood as "...intellectual and emotional dedication to the organization or as a measure of the work effort on the part of the employee" (Juchnowicz 2010, p. 35), which is in direct relation to certain approaches to the realization of employee interests and the interests of the employing organization.

This study represents an attempt at emphasizing the importance of employee interest realization from the viewpoint of human resource management concepts. The authors work on the assumption that the realization of employee interests should be the core of any management practices that constitute the above approaches to human resource management. This approach is reflected in the postulated design concept of a 'human-friendly organization'. The conceptual work presented herein is supplemented by the examination of results obtained from empirical studies of business entities with respect to the realization of interests articulated by employees, and the associated determinants of the process. The studies in question, conducted in the years 2010-2011, are presented in detail in a separate monograph *Interesy pracowników oraz warunki ich respektowania w przedsiębiorstwach* (Gableta 2012, pp. 53-90). In addition, the study presented herein incorporates the results of subsequent case studies of selected companies, conducted by these authors for the purpose of in-depth evaluation of the problem<sup>1</sup>.

## 2. Exposition of employee interests in human resource management concepts

The *HRM* approach to the realization of personnel function dates back to the 1980s. In its basic form, the *HRM* approach was formulated in response to the changes in company environment and, consequently, transformations of

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1 The study was based on questionnaire surveys of 238 trade and production entities located in the Lower Silesia region of Poland. Survey responses were obtained from a total of 479 employees, including 166 representatives of various management levels. At present, the authors are in the process of conducting in-depth analyses (structured and free interviews) of selected entities.

management systems as well as employee values and qualities. The core of the concept is manifested in the following properties (Gableta 2003, p.170):

- placing the emphasis on human factor in company operation,
- formulating visions and missions for company operation, with clear links to the concept of leadership,
- emphasis on correlations between general strategy and personnel strategy,
- emphasis on organizational culture and its relations to both general and personnel strategies.

While the core of the concept remains fairly consistent in professional literature, the surrounding areas are tackled differently, with accents placed on different aspects and changes within the area (Gableta 2003, pp. 167-170). Since late 1990s, the main emphasis has been placed on human resources component and human capital, for the purpose of studying the effects of various management concepts on company competitive advantage. These effects are predominantly stimulated by enhancing those qualities of the company environment that facilitate teamwork and cooperation, flexibility, and employee involvement. The main unresolved issue in this approach is the problem of selecting a suitable method for gauging the results of adopted solutions, also with respect to the central *HRM* concept. It seems that one of the most promising approaches to the problem at hand is measuring the manifestations of adopted solution. The area showing the most clear and comprehensive potential for tracking such manifestations is the sphere of interests and their observance in company operation, both with respect to the interests of employers and the employees, as well as the immediate results of interest realization.

The existing approaches to the *HRM* concept make some reference to interests, mainly through emphasizing the community of interests among various stakeholders. The understanding of the concept of community of interests has evolved over the years, as manifested in subsequent editions of M. Armstrong's handbook of human resource management strategies (Armstrong 2005, pp. 48-49). In earlier editions, the author makes references to the community of interests between various individuals financially involved in a company. Later editions, on the other hand, place the emphasis on forming a suitable climate for maintaining harmonious relations between management and the employees (Armstrong 1996).

Building a conflict-free environment in companies is not a viable solution. Employee interests are not always coincident with those of the employers (owners). The latter decide on the range and scope of the adopted management philosophy, and the formulation of such philosophy is not necessarily related

to the realization of employee interests. However, as attested by empirical studies, the *HRM* philosophy has some utility value. Elements of this concept can be found not only in companies of developed economies, but also in Polish companies (Guest, Conway 1997; Gableta 2012).

The realization of the *HRM* concept - or variants thereof - is clearly in the hands of the company management. The *HRM* philosophy provides pointers for the process of managing human resources by accentuating such issues as strategic integration 'backed up' by organizational culture, investing in human capital, increasing the employee participation in company management, their involvement, and the notion of uniformity - the community of interests and the need to harmonize those interests across all stakeholder groups. In practical application, this involves the strive for compromise and settlement, to harmonize the interests of the employees and the employers.

As mentioned earlier on, the issue of employee interests was more explicitly reflected in the Harvard *HRM* model (Bratton, Gold 2003, pp. 19-20). The concept emphasizes the significance of harmonizing the interests of various company stakeholders. The model postulated by D. Guest (Armstrong 2005, pp. 47-49) places more emphasis on the context, by accentuating the situational factors related to the internal and external determinants of company operation. It is assumed that the increase of employee involvement is stimulated by reciprocity, as manifested (among other things) by the involvement of employees in the formulation of company goals). The latest (5<sup>th</sup>) edition of Armstrong's handbook (Armstrong 2011, pp. 28-29) makes reference to *HRM* systems with their continued emphasis on employee participation in the process of reaching the desirable business effects. At the same time, those models clearly refer to the interests of employees, mainly through the associated concept of well-being. It should be noted that the publication retains the former emphasis on the prime significance of business values, which attests to the monolithic (as opposed to pluralistic) viewpoint of the *HRM* theories. The inclusion of employee interests in this context may be viewed as a harbinger of changes towards increasing the pluralistic threads of the concepts under study (Armstrong 2011, pp. 849, 28-29). This particular issue is well-reflected in the *HRM* concept of High Performance Work Systems (*HPWS*) (Borkowska 2007, pp. 27-30).

The central idea of this concept is focused on formulation of a bundle of key practices serving as the pillars of the *HPWS* approach. The bundle should be difficult to copy, but at the same time adjusted (adapted) to company objectives, while taking into account the situational context and the internal cohesion. From this study's perspective, the most interesting aspect of this approach is

the distinct subset of the *HPWS* trend, namely *-High Involvement Work Practices (HIWP)*, which – in contrast with *HPWS* – puts the main focus on employee participation (Borkowska 2007, pp. 38-40). This approach aims to stimulate motivation by stressing the notion of respecting the expectations (interests) of the employees and harmonizing them with those of the employer. This, in turn, fosters the realization of company objectives as well as employee effectiveness through greater involvement and creativity (Benson, Young, Lawler 2006, s. 44). If this is the case, then the systematic evaluation of employee interests may constitute an important introductory step in the process of building a human-friendly organization, i.e. one which places the apparent emphasis on respecting the interests of all parties involved in company activities. This approach is also beneficial from the viewpoint of meeting the interests of the company as such, particularly with respect to financial and development objectives (Gableta 2003, pp. 194-195).

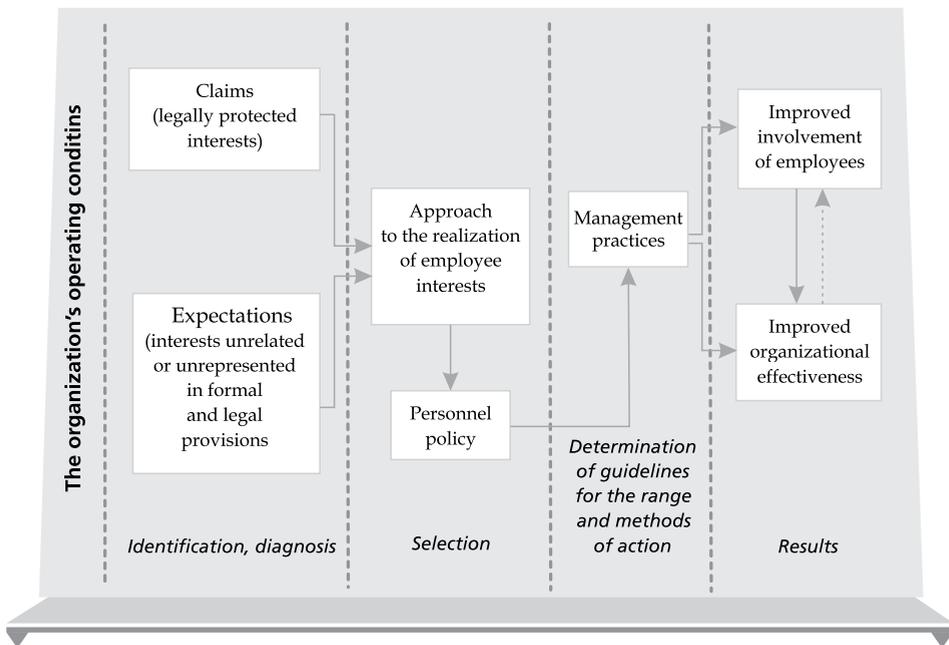


Figure 1. A simplified diagram for establishing a human-friendly organization

Source: own research based on: Gableta 2012, p. 28

Proper identification of employee interest may serve as basis for the formulation of desirable management practices, by addressing the priorities in the structure of interests in a given context. This requires determination in seeking compromise and agreement, so that the interests of the employees are well-harmonized with those of the company (figure 1).

The approaches to realization of selected interests may vary: from neutral and passive to reactive, intended to safeguard the primacy of individuals in the business process. In other words, the range of approaches to realization of interests can be plotted on a range of behaviours, from inactivity (ignoring the expectations of the employees), through reactive action (enforced, compulsory) to proactive and interactive action (open stance, based on trust) (Lawrence, Weber 2008, pp.16-17). The placement of a given company on the above scale of behaviours is largely dependent on the associated context, or – in more specific terms – on the external and internal circumstances of company operation and their stability over time. In this respect, it may be useful to approach the systematic evaluation (identification) of employee interests as basis for formulation of personnel policy to make sure that the selected plan of action offers the desirable business effects through realization of the associated management practices.

### **3. The examination of practices in the realization of employee interests – results of empirical studies**

Organizational activities are based on interests. The realization of business objectives (interests) of economic entities is inherently dependent on the actions of the employees – their involvement and the effects of their work. Thus, in order to provide conditions for the increase of employee involvement, it is necessary to consider and address the interests of this particular group of stakeholders.

In a complex and rapidly changing company environment (both internal and external), the employees – properly motivated, educated and open to changes – can be viewed as strategic partners, vitally interested in the company operation and performance (Oblój 2007, p. 217). Transformations observed in the area of human management concepts are then closely related to the need for harmonizing the objectives of the company with those of the employees. In this respect, modern concepts of human management emphasize such personnel aspects as receptiveness for employee participation (in various forms), investing in employee knowledge and skills, remuneration based on the effects of work, improvements in communication and information flow, as well as the development of flexible forms of work organization. Another important element

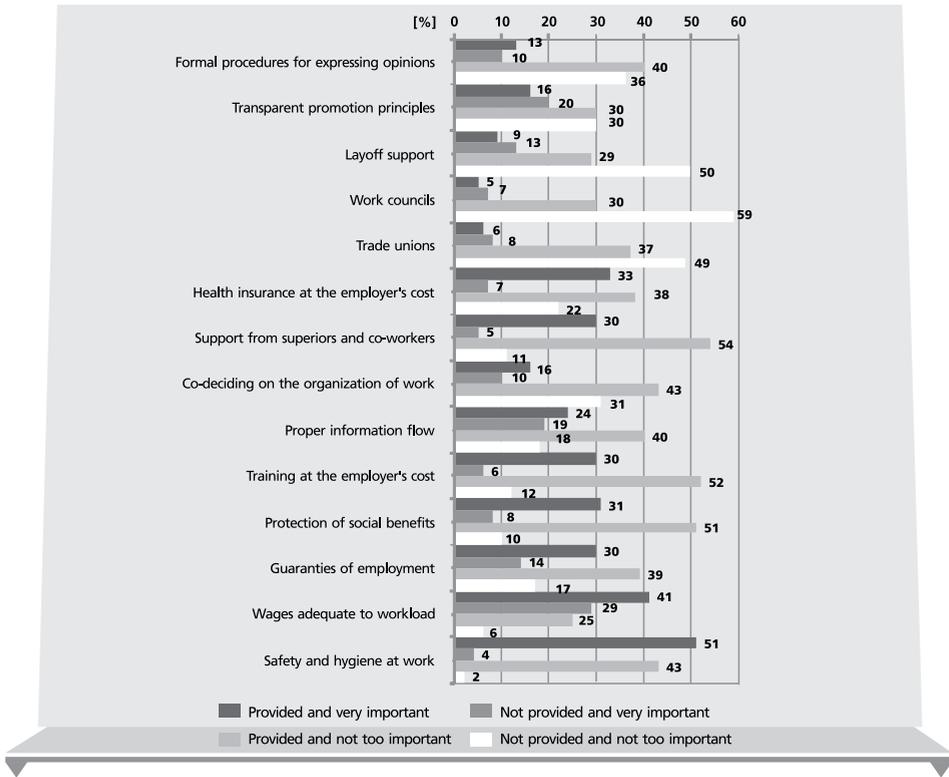
of the involvement-boosting strategy is the development of the organizational culture, focused on supporting positive attitudes towards work, as well as shaping proper work conditions, also with respect to workplace safety and hygiene.

These authors' empirical studies on the realization of employee interests were (predominantly) based on questionnaire surveys and structured questions with a predetermined (suggested) list of responses. The set of interests under evaluation (figure 2) was determined based on literature studies and suggestions obtained from respondents in a pilot phase of the study. It should be noted that the set of interests under study includes a number of interests safeguarded by laws and formal obligations, which should be an important premise for their observance on the part of the employer. Some of the interests are subject to EU regulations and numerous legislative acts of Polish law, for example: conditions of employment (and remuneration), workplace safety and hygiene, the right to be informed and consulted, as well as workplace equality.

The results of the study (figure 2) present a subjective evaluation of the realization of selected interests on the part of respondent employees (middle and low management and office/production staff), together with their perceived importance. The results disregard opinions gathered among top management personnel (board members), based on the assumption that – in the light of the Labour Code provisions – this particular group of stakeholders, along with owners, constitutes the employer subset. Despite the fact that the employer status in this case is clearly a result of hired work labour relation, the dichotomy of interests and objectives apparent in this group seems to justify their exclusion from the employee subgroup (Bodak, Pietroń-Pyszczyk 2012, pp. 10-11).

With the above reservations in mind, it should be noted that the most important interests (provided for by the employers) include activities centred on provision of workplace safety and hygiene, as well as remuneration. Such interests as financing health insurance, protection of social benefits, sponsored training, and support from superiors and co-workers were also of great importance for the respondents (as measured by percentage of responses).

A wide differentiation of responses was found with respect to the adequacy of remuneration. While this area was generally regarded by the respondents as important and not provided for by the employer, nearly a third of the respondent sample expressed their negative opinion on the adequacy of remuneration in relation to the workload and range of duties performed. Negative opinions were also expressed with respect to the transparency of promotion, information flow, protection of employment and support for layoffs.



**Figure 2. Realization of employee interests, and their perceived importance, based on opinions of respondent employees (top management positions were not included in the sample)**

Source: own research based on questionnaire surveys

One characteristic feature of the employers' attitudes found in the course of the study was their apparent depreciation of various forms of employee participation in decision-making processes. The lack of apt representation or mutual willingness to cooperate with employee participation structures (trade unions, work councils) may be the reason for low representation of these institutions in the response structure.

The top management representatives included in the study, while declaring their growing interest in respecting employee interests, were generally consistent in their opinion that this particular area was of secondary importance

in the bundle of company strategic goals. This attitude is particularly evident in companies under dire financial condition. In their opinion, respecting employee interests was considered important only insofar as it reflected their need for maintaining proper company image.

With respect to the need for identifying employee interests on a regular basis, the management representatives (particularly those of the top management level) fairly often expressed their intuitive insight in the matter and the belief that the employee interests were stable over time. Knowledge in this particular area comes mainly from informal contacts with employees or, alternatively, from periodic evaluations. Nearly 80% of the respondents from the office/production group were adamant in saying that no proper opinion polls (surveys) were conducted in this respect. This seems to corroborate the general conclusion on the lack of systematic and comprehensive approach to the monitoring of the personnel sphere in the organizations under study.

#### 4. Conclusions

The results of empirical studies attest to the dominance of the reactive model of correlation between human resource strategy and the company business strategy, strongly influenced by financial and market-product approach. The target recipients of human resource strategies and architectures – namely: the employees – are rarely involved in decision-making processes that influence those strategies. The lack of proper monitoring of the personnel sphere is evident, particularly with respect to employee interests. The policy-makers are largely influenced by stereotypes that limit their perception of employee interests to purely existential matters, such as the wages and the safety of employment.

Generalizing the results of empirical studies, it may be assumed that the interests of employees of the companies under study are addressed with varied intensity, not always in accord with the priorities of the employee. Respecting employee interests is often regarded as necessity, enforced by respective regulations of the law. It must be noted that the emphasis on respecting the legally safeguarded interests of employees, such as the norms and standards or working time, prompt remuneration or workplace safety and hygiene, often under the trade union pressure, may attest to the instrumental treatment of the employees. This approach seems more in line with the traditional methods of personnel management (*PM*), as opposed to the modern *HRM* concepts and strategies with their emphasis on direct participation, investing in knowledge and personal development of

employees, and the broadly defined flexibility and innovation in the personnel sphere.

This negative trend is attested by the results of empirical studies, apparent in such areas as the lack of clarity with respect to promotions, inadequate information flow, marginal interest in employee participation and knowledge/skills development (the latter oftentimes reduced to routine training). The above trends are accompanied by the apparent mistrust towards employees and inflated controlling procedures on the part of the managerial staff. Managers seem to be more interested in looking for 'contractors' for their ideas, rather than supporting innovative teams capable of creative performance. Companies seem to face problems finding competent staff for key positions, and this trend is further elevated by the recent demographic changes. At the same time, the employees have little or no influence on their selection of co-workers.

In the context of the above shortcomings and negative trends with regard to respecting employee interests, it seems of particular importance to intensify the efforts towards the formulation of key management practices based on pre-identified priorities, and to adopt these practices in the form of a verified and comprehensive personnel policy. Managing the employees through interests may play an important role in stimulating and motivating the employees, since the community of interests (Krzyżanowski 1999, p. 250) is a pathway to increased involvement in business objectives.

## Summary

### **Employee interests in the light of human resources management concepts**

Representation of employee interests is addressed, as reflected in the modern human resource management concepts. By attending to the need of respecting employee interests, companies may greatly increase their chances of reaching company business objectives and increase their effectiveness, as a result of improved employee involvement. Direct and indirect expressions of this aspect in modern HRM concepts are discussed. Specifics of local approaches to the realization of employee interests are discussed, based on empirical studies of more than 200 companies operating in the Lower Silesia region of Poland. Based on the study results, the authors demonstrate that the practice of management in the

area under study is only in part consistent with the model representations of human resource management, as recommended in professional literature.

**Keywords:** *human resources management (HRM), employee interests, employee rights, involvement.*

### Streszczenie

#### **Interesy pracowników w świetle koncepcji zarządzania ludźmi**

W opracowaniu podjęto próbę spojrzenia na ekspozycję kategorii interesów pracowniczych we współczesnych koncepcjach zarządzania ludźmi. Dbłość o respektowanie tych interesów sprzyja realizacji celów przedsiębiorstwa i efektywności osiąganey w wyniku wzrostu zaangażowania zatrudnionych, co pośrednio bądź bezpośrednio zaznacza się w tych koncepcjach. Na tym tle zwrócono uwagę na podejście do realizacji interesów pracowniczych w ponad dwustu przedsiębiorstwach zlokalizowanych na terenie Dolnego Śląska. Na podstawie badań empirycznych wykazano, że praktyka w omawianym zakresie jedynie częściowo nawiązuje do prezentowanych w literaturze przedmiotu, modelowych ujęć zarządzania ludźmi.

### Słowa

**kluczowe:** *human resources management (HRM), interesy pracownicze, prawa pracownicze, zaangażowanie.*

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