

HR SYSTEMS WITHIN ROMANIAN CULTURAL CONTEXT

***Abstract:** In order to prove the influence of human resource management on organizational performance the research in the field developed the construct of human resource system (HR system). Typologies have emerged as well as the questions like: which typology can predict best the organizational performance or which practices are implemented for each typology. This paper presents the most common HR systems and identifies the ones approached by two large organizations from Romania. The case study is focused on differentiation between employees' groups and industry. Some cultural aspects are also introduced.*

Keywords: HR systems, typology, case study, cultural context, Romania.

1. Introduction

The human resource systems (HR systems) topic was put under debate at the beginnings of 1990s, when research on strategic human resource management field start developing. The evolution was rapid, as both the practitioners and researchers asked for proves to obtaining organizational performance. At the beginning, the concept was defined as being build by "interrelated HR activities" (Lado and Wilson, 1994) or being composed of three main elements: philosophy, policies, processes (Becker and Gerhart, 1996). The next step was considering the employees groups, meaning that HR systems represents a bundle of practices that evolved in order to gain results for a certain employee group (Lepak and Snell, 1999). Later Arthur and Boyles (2007), after conducting a literature review found that HR system has five main components: HR principles, HR polices, HR programmes, HR practices and HR climate.

However, more recently a more operationalised definition was developed (Boxall and Purcell, 2011), which states that "HR systems are clusters of work and employment practices that have evolved to manage major hierarchical or occupational groups in the firm" (Boxall and Purcell, 2011, pp. 228–229). Same authors emphasised the importance of HR systems' fit within the internal and external environment, considering that the issue need to be approached at three levels: social, industrial and organizational. Because of that, and based on definitions mentioned before we can state that a diversity of HR systems could be found for the same organization, especially if the organization operates in different

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industries or has national coverage (Boxall *et al.*, 2011). Anyway, a thing is certain: the human resource management shouldn't be seen as a sum of different sub-function, but as a result of integrated components (Gong *et al.*, 2010).

The present paper seeks to briefly present the main HR system's typologies considered in the literature and then, using the case study technique, to present the way in which two organizations from NE region approach the typologies described. The employees groups and cultural insights are taken into consideration. In the end some conclusions and research limits are proposed.

2. HR system typologies

At first, research on HR system was oriented to discover which is the best system that helps organizations to achieve its goals (universalistic approach) (Beer *et al.*, 1984). Later on the focus was on measuring its efficacy (Huselid *et al.*, 1997), its internal and external fit (contingent approach) (e.g., Paauwe and Boselie, 2003), and its characteristics that make it be powerful (Bowen and Ostroff, 2004). Therefore studies identified some typologies developed considering different criteria: the results expected to be achieved, in terms of HRM outcomes (employees' commitment and loyalty, involvement in decision making, high performance and so on) (e.g. Lepak *et al.*, 2006); the value and uniqueness of the employees (Lepak and Snell, 2007); and the principles, goals and organizational context that stands behind (Boxall and Purcell, 2011). Obviously the first approach, of the existence of an universalistic HR system that can be used in order to obtain high performance, is not supported anymore because the context is really important and also a stakeholder perspective should be considered (Boxall and Purcell, 2011).

Considering the fact that HR system needs to be adapted according to different employees group Lepak and Snell (2007), after classifying employees by them strategic value and uniqueness, proposed four HR systems: commitment-based, for employees with high strategic value and uniqueness; productivity-based, for employees with high strategic value, but rather low uniqueness; collaborative system for employees with high uniqueness, but low strategic value at the time being (talents); and compliance system for employees with low strategic value and low uniqueness. Unfortunately, the authors did not proposed certain HR practices for each category. They only offered some basic directions. For example, commitment-based HR system is composed by practices that are oriented to employees' development, empowerment, and decision making participation (Lepak and Snell, 2007, p. 213).

However, most of the studies focused on HR system typologies considering its objectives (e.g. Lepak *et al.*, 2006; Toh *et al.*, 2008; Gong *et al.*, 2009). The most usual HR systems studied were: high performance work systems, high-commitment systems and high involvement systems. Studying the literature in the field Lepak *et al.* (2006) identifies other three systems: control system, HR system

for occupational safety and HR system for customer service. We will further present briefly the ones than were taken into consideration for our study.

The high performance work practice systems (HPWP) are sets of practices that raise employees' gains, empowerment, abilities and motivation (Gollan, 2005). Among the first researchers interested in this subject was Huselid (1995) that defined them and also tried to associate the use of these systems to organizational financial performance (Huselid, 1995). In his view, the HPWP can enhance retention of "quality employees" and encourage "non-performers to leave the firm" (Huselid, 1995, p. 635). Because of the lack of consensus for which practices are part of these systems (Becker and Gerhard, 1996) and because of its general definition, there were some authors arguing that these types of system encompass elements of high commitment and high involvement approach (Zacharatos *et al.*, 2005) and also that the basic aim of each HR system is to become high performant (Boxall, 2013). This means that HPWS should be considered more like a HR system characteristics, than a category. We embraced this approach also, and that is why we did not consider the HPWP in our field research.

The high commitment (HC) HR systems developed as a shift to the control HR system (Walton, 1985 cited in Paauwe *et al.*, 2013), and its purpose is to encourage employees to identify with organization's goals (Whitener, 2001) and to become committed to those goals as employees are identifying with firms' culture (Boxall and Purcell, 2011). Some examples of HR practices that can sustain this approach are proposed by Lepak *et al.* (2006): intensive training and development, socialization, promotion from within the company, high level of compensation, selective staffing (Lepak *et al.*, 2006, p. 227). Even though it is considered that these systems are found more often into production industries, the term started to be used in all kind of industries.

Considering the high involvement (HI) system, its aim is to involve employees into decision making process by implementing HR practices oriented to skills development and motivation (Boxall and Purcell, 2011). Also the policies that promote respect, responsibility and mutual involvement are to be taken into consideration (Gollan, 2005) as well as considering practices referring to work design, incentives, work flexibility and training opportunities (Vandenberg *et al.*, 1999).

Regarding HR typologies that take into consideration also organizational context (e.g. firm's dimension, industry, the business model) beside its goals and principles, Boxall and Purcell (2011) identify seven types: familial, informal, industrial, salaried, high-involvement, craft-professional and outsourcing (Boxall and Purcell, pp. 233-234). Because of their more operationalised approach we used this typology for our field research, offering explicit details for practitioners in order to help them identify the most representative one.

However it is worth mentioning that same practices can be used for each system typology, as the research proved that as long as the practices are positively

perceived by the employees they will have the desired effects (Nishii *et al.*, 2008). Other studies suggested that they will be efficient if a different importance is given for each practice of the system (Pfeffer, 1998) and if the industry and cultural differences are considered when implementing them (Ahmad and Schroeder, 2003), because the implementing process is not an easy task (Pfeffer, 1994).

Anyway, the main questions remain: which HR system determines the highest level of performance? Which combination of HR practices should be part of each HR typology? An answer to the first question is proposed by Bowen and Ostroff (2004) when building the concept of the “strength” of HR system. The authors emphasise the importance of constructing a consistent message (composed by distinctiveness, consistency and consensus features) for employees in order to describe the HR management objectives. They implicitly consider the existence of “an organizational climate” (Bowen and Ostroff, 2004, p. 214). As research proved the existence of different types of organizational climate (Schneider, 1990), the authors are aware that the consistent message should be for a certain HR system destined for a specific employee group and that the “content” and “strategic focus” features that describe the “strength” will be also different. However, if the HR system is wick (this means that if just one of the three feature is wick, the whole HR system is considered to be wick), the received message will be ambiguous, will be differently interpret and will determine different behaviours.

HR systems within Romanian organizations from North-East region

2.1. Research design

The present study is part of a larger research project that addresses the issue of the human resource management (HRM) – performance relationship within Romanian cultural context. However, because of the complexity of the issue we found it appropriately to present some preliminary results considering the first variable of the chain, the HRM variable, operationalised using HR systems. Therefore the main purpose of the paper is to identify the HR systems used by organizations with 100% Romanian capital from the North-Est (NE) region. Because of the exploratory nature of the research, a descriptive case study on two organizations was conducted. The firms chosen have branches all over the country, one of them being also international, but their quarter is in the NE region. They are also for more than fifteen years on the market and have more than 100 employees. Data were gathered using a semi-structured interview conducted with six informants (three for each organization). For each organization, one of the informant was the human resource manager and the other two were middle managers recommended by HR manager, (e.g. development manager, quality responsible, production manager) who know the HR strategy and management approach to it. The interview aimed at identifying the HR system typologies used for different employees groups and the

way in which the system is put into practice. Also some cultural aspects were of interest. The informants had to choose on a Likert scale (1 to 7) the degree in which a certain approach is used and to explain or describe the actions implemented. We took into consideration beside the seven HR systems proposed by Boxall and Purcell (2011) other six types like: result oriented, well-being oriented, control system, high commitment, high involvement, and client-oriented. Also we discussed about the way in which the HR actions are oriented to develop employees' ability, motivation and opportunity to perform (AMO theory). Because of the impossibility of clearly separate the HR systems, informants were encouraged to recognise traits of each system. In the next paragraph a brief description of the organizations will be presented, considering also some context variables that Boxall and Purcell (2011) proposed.

The first organization (Organization A) activates in service field (sales and distribution), it has 11 branches all over the country and the main employees groups are: sales & marketing, administrative, distribution. The firm is managed directly by the owners and hire employees through recommendations. Even though they do not consider themselves a family business, employees' relatives can be hired. The owner control the decision making process and there is a high level of trust in management. We consider that till now, the HRM did not approach a strategic view, but was guided by moral principles and philosophy.

The second organization (Organization B) activates in production field, even though it has its own distribution chains and also sales points. They activate also internationally, in Republic of Moldavia and Ukraine and they will soon extend their activity in Bulgaria, too. The organization is also managed by the owner and its main employees' group are: manufacturing, sales, distribution and administrative. The middle managers are involved in decision making and have a high level of empowerment, most of the HR initiatives are coming from them, as the HR manager is oriented more on employment practices. Lots of HR policies are written and they are into continuous improvements.

2.2. Preliminary results

The HR manager of the first organization consider that the HR system is oriented to both the economic results and employees' well-being (6 on a Likert scale from 1 to 7), considering that if they would not pursue profitability, the firm could not resist on the market. They declare also that people are one of their main values, as they are oriented to offering qualitative products and services with very high level of personalisation. That is why a careful attention to employees' needs (including personal) is offered. Even though they do not consider themselves as a family business they definitely have a family culture, where "dad" (general manager) and "mum" (HR manager) are very present, were employees' can get moral or even financial support for their personal issues. However, the organization

is obviously result oriented and if a goal is not completed it will affect all groups of employees at different levels. This was probably the reason why the other two informants (quality manager and development manager) consider that the organization is oriented to employees' well-being at 5 level (out of 7).

A very interesting approach was also defined for the next two HR system typologies. If HR manager consider that the HR system is more oriented to high involvement (6 out of 7) and less to high commitment (5 out of 7), the other two informants have other opinions. For example quality manager consider that as much as top management wants to involve employees in decision making and declare that the "general manager's door is always open" in order to make different proposals, that is not totally true. Actually the "door opened" is for employees to ask if they can and how to implement/do something. It was obvious that "the boss" makes all decision, including the ones of middle managers. The HR manager actually declared, at some point, that employees go directly to the general manager when they have a problem, skipping their direct supervisor. This can be interpreted as the high involvement HR system is desired, but the practices through which is implemented do not have the expected results. The development manager's opinion sustains this view as she says that decisions are made by the general manager who sometimes consults with two other people who work in the organization from the beginnings. The high involvement system may be more approached by the sales employees group, as they are empowered to answer the customers' needs.

On the other hand the two informants consider that the HR system is more oriented to high commitment (6 out of 7), due to the fact that the organization recruit and select people who have affiliation needs, they know employees' family issues and they offer advice in order to solve them and organise different socialization events (socialisation conditions are created also through creating a place where hot lunch is offered).

Differences are also made between employees hired in different regions of the country. Same practices are implemented, but the approach is slightly different. As the south region is considered to be rather "cold", the HR system is oriented more on high involvement and less to high commitment. The opposite is implemented in NE region where people are more sentimental and more affective. For the next two HR typologies all the informants had a consistent message: control system at level 4 and client oriented at level 7, doesn't matter the employees' group. Same agreement was found for HR practices' objectives considering the AMO theory, offering 4 points for ability (they encourage learning through experience), 7 for motivation and only 3 for opportunity. They all recognised that they need reconsider the work design as employees has lots of diverse tasks and the work is not properly organised, thing that makes the achievement of the individual objectives really hard, especially for administrative employees' group.

Considering the Boxall and Purcell typology, two of the informants (HR manager and quality manager) considered that the informal model suites the best,

as the organization is managed directly by the owners, the activities have a low degree of standardisation, there are very few HR policies and fewer written and the voice of the unions is rather inexistent (the unions exist only because of the law requirements). However, they consider that the wages and skill level are rather high and they don't have a high turnover. They also identify some traits of the familial model, the development manager considering that actually the one that defines better the HR system, such as: the trust level is high; there are employees who are family members. The development manager also declared that the decision making is controlled by the management. We think that another issue worth mentioning it. Even though the organization hires non-family members, they often become relatives. For the executive staff there is also a high level of specialisation, making the job rotation impossible to implement, feature that actually describes the professional model.

For the second organization even more differences in opinion have occurred. There is an objective reason for that: the work is very well organised and when the informants answered the questions they considered their personal area of execution, with certain employees' group. So, the HR manager described the HR systems most appropriate for administrative employees, development manager for sales employees and production manager for manufacturing ones. Considering the administrative staff, for the informant is obvious that the HR system is oriented to profitability, well-being, high involvement and client (in this case internal client), offering maximum ranking to these four system types. Considering the high involvement system we consider that more details should be provided. First, this system is supported by the fact that periodically, the president, which is also the general manager, organizes meetings in order to discuss the problems encountered and also the improvements that other managers proposed. The decision is always adopted after debating the problem, solutions coming very often from the managers. Second, the wages are higher than the market average and third, the learning actions are valued. Considering the high commitment HR system, the HR manager evaluates that there is a rather lower degree of manifestation (4 out of 7). The commitment is determined only by the fact that the organization is a large one, and offers very good work conditions. The control system reaches 6th level, as the HR system being oriented to work efficiency and to accomplish specific requirements and procedures, but not through controlling employees' wages. Considering the AMO perspective, the opportunity feature is the one most present (level 7), as the tasks are very well organised, everyone knows what is expected from them and they have enough time to put into practice what they learned. The informant choose the lowest level for motivational activities, but as we continue our discussion we think that she only thought of financial motivation, because other practices are implemented and there is a clear orientation to employees as humans.

Regarding the production area, the higher level is reached by the HR system oriented to control as it is very important the hygienic area because they product

foods and also not because they want to apply penalizations, but because quality is very important. The lowest level is represented by 5 point, for high commitment, high involvement and client oriented. We argue that the high commitment approach is implemented at a lower level because the activity is seasonal, meaning that the employees work only 6 to 8 months a year. Even though the organization pay the best employees for all the year, including the months in which they not produce, during this period the wages are very low so there are people that don't afford the living. For the general orientation of HR system, the 6 level was associated (profitability, well-being and AMO perspective).

Considering the sales employees the development manager used more caution in statements. She declared that the only HR system strikingly promoted is client oriented. Every single action the organization does for employees is in order to encourage them to respond to clients' needs (e.g. rigorous selection, intensive on-the-job training, pay for performance). The next two HR system orientations are control and high commitment with 5 point out of 7 followed by 3 point offered for high involvement. Regarding the AMO theory, the manager sustained that the organization wants to develop more HR practices in order to increase employees' motivation and ability during this year.

All the managers chose the informal HR system as the most representative for the organization, followed by salaried model from the Boxall and Purcell (2011) typology. The reasons are as follows: the employees are directly managed by the owner, in an informal manner; there is a high turnover especially at production and sales employees, and there is no career path (yet); there are rather few HR policies and even fewer written; the wages are attractive and oriented to individual merits, and managerial positions have a high decision authority, responsibility and safety.

Because the only staff hired from different regions of the country is on sales department, only the development manager for NE region, Republic of Moldavia and Ukraine could pronounce on the cultural differences appeared. So, she stated that the same HR system is pregnant, meaning the client oriented, all over the regions, but the practices through which is implemented differ. The differences came from the job flexibility, the benefits package, training delivery and performance evaluation.

Conclusion

The HR system typologies are still under debate considering that there are still some questions that remained unanswered like: "which typology is best for which context?"; "which HR practices better fit an HR system?". The HR systems typologies need further development, as there is a very thin line between them and as for practitioners was very hard to place their organization within one type or another. As argued by the researchers there are more HR systems that are being

implemented in the same organization, depending on the employees' groups. Even so, there were still difficulties in choosing one model against the other. If, for the first organization there were differences between each informant, even though they did not refer to separate employees' groups, for the second one the message was more consistent. We might make further investigation in order to verify if indeed the HR systems is "strength".

The limits of the research should also be mentioned. First, the information was gathered from only two organizations and cannot be generalised to the industry or region level. Also, the most HR system's terms and typologies were new to the practitioners and had to be explained into details. This might cause some misunderstanding. Another limit is that the results are generated by informants' statements and weren't checked among the employees. That is why there is the risk that the HR systems typologies to be desired, but not actually implemented. Because the HR manager recommended two persons that can speak with us, this may conduct to some bias errors.

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