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Chapter 8

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SOURCES OF DIFFICULTIES IN EMPLOYEE RELATIONSHIP MANAGEMENT (IN THE ASSESSMENT OF THE MANAGERIAL STAFF)

Abstract: The chapter deals with the issue of employee relationship management. It contains an epistemological part presenting results of a critical analysis of the concept of *Employee Relationship Management* (ERM) and an empirical part developed on the basis of questionnaire results. The aim of the study was to find out opinions of managers, working in the corporate sector, on the use of ERM in management practice with particular emphasis on the sources of barriers and difficulties in this area.

Keywords: relationships, relationship management, people management

X.1. Introduction

The emergence and development of the concept of *Employee Relationship Management* constitutes the confirmation of the growing importance of employees in both business and public entities. The treatment of people in terms of resource is getting departed: people are not resource but the “carrier” of resources (knowledge, skills, experience, qualifications, abilities, psychological predispositions and values). Therefore, they can be regarded as capital that has a certain value and – if

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properly invested – constitutes a source of revenue (in case of enterprises), and guarantees fulfilment of statutory objectives (in case of public organisations). In this context, relationships of employees and organisations expressing, inter alia, by their engagement and loyalty can be classified as important intangible factors of the value of business entities (cf. PERECHUDA K., CHOMIAK – ORSA I. 2013, pp. 306-308).

The article contains an epistemological part, in which the author made a critical analysis of the concept of Employee Relationship Management (ERM) pointing to the benefits of its implementation and potential barriers in this area. It also presents results of the research conducted by usage of a questionnaire survey among representatives of managerial staff representing the sector of medium and large enterprises. The aim of the study was to diagnose the conditions of employee relationship management in the assessment of the managerial staff with particular emphasis on the sources of barriers and difficulties in this area.

X.2. Employee Relationship Management – the epistemological analysis

The definition of Employee Relationship Management in Polish literature (LIPKA A., WINNICKA – WEJS A., ACEDAŃSKI J. 2012, p. 132) is interchangeably used with the concept of internal management of relational capital. In a natural way, therefore, it is necessary to point to the genesis of this concept in the theory of relational capital. Relational capital arises as an outcome of interdependence and interaction of related through relationships entities. Studies on the nature and importance of relational capital have been developing for at least 30 years in a broad stream of studies on intangible capital of an organisation (it is alternatively referred to as invisible capital and from the 1990s as intellectual capital) (EDVINSSON L., MALONE M.S. 1997).² It is possible

² The term “intellectual capital” was first used in 1969; the first work on the subject appeared in 1975 by G.R. Fiewel, but in the current context, it returned in the scientific literature of management science at the beginning of the 1990s.

to venture an opinion that distinction of relational capital was closely connected with the concept of *Customer Relationship Management* (CRM) requiring enterprises to focus their attention on customers and put the customer in the centre of all activities of the enterprise and build long-lasting relationships with customers. These relationships were (and still are) perceived in terms of an important source of competitive advantage. While the management of external relational capital can be regarded as the domain of marketing management, the internal relational capital results mainly from the way of implementation of the personnel function. If the aim of CRM is to build loyalty of external customers, based on its widely understood satisfaction, the aim of personnel activities, especially based on the concept of ERM, is to build loyalty of internal customers also based on the satisfaction. This way of thinking is reflected in the concept of marketing personnel (also referred to as marketing staff), that treats an employee as an internal client of the organisation.

The essence of Employee Relationship Management lies in making decisions and undertaking personnel actions aimed at building long-lasting relationships with employees by enabling them to meet their needs, expectations and delivering them increasing benefits of an economic and psychological character. Defined, in this way, Employee Relationship Management is regarded as the base for retention employee management (LIPKA A. 2011, p. 205). In organisations, based on knowledge, the outflow of employees with key, rare and difficult to imitate competencies constitutes a serious threat. Actions undertaken within the frames of ERM may minimise this problem. Linking employees with the organisation by building an attitude of loyalty, emotional attachment and sense of belonging increases the resistance of employees to offers of competitive companies in the labour market, which makes the enterprise personally, and indirectly, economically more stable, for example, by reducing costs of replacing employees. It should be noted that the aim is to build the real loyalty, not the common or forced one.

The aim of ERM is also to build the brand of the organisation as an attractive employer, it means, attracting from the labour market candidates with the highest level of competencies and the greatest developmental potential. The result of the use of ERM should be the increased employee engagement in the implementation of professional tasks. The base of engagement is, in this approach, the loyalty of employees to the employer. The effect of professionally implemented personnel strategy, based on ERM, is the increase of value of human capital, and thus, the increase of value of the entire organisation. At this point, however, it is necessary to emphasise that ERM has not only economical dimension, but also the humanising one (more on the subject: JAMKA B. 2011). In other words, it does not only provides a measurable benefit for the employer, resulting from the value generated by the high-quality human capital, but also means investing in employees, that is, providing the specific balance of benefits for the employer and employee. In a different way, we can say that Employee Relationship Management means striving to integrate the aims of the organisation and its employees, and even co-responsibility for the organisation.

What distinguishes the concept of Employee Relationship Management from other concepts, such as Talent Management or Professional Competency Management, is drawing attention to the emotional context of the relationship of employer and employee. High efficiency of work is supposed to be achieved by building relationships based on emotional attachment and engagement of an employee. Therefore, it is not merely the behavioural dimension consisting in “being” in the organisation, but primarily, the emotional dimension manifesting itself in the form of a specific sympathy, that is, a positive attitude towards the employer. Emotional relationships between employees and the organisation can result from a variety of premises of an emotional and symbolic character. They include: compliance of the personal system of values with the system of values present in the organisational culture, the sense of breaking social norms in case of departure from the company, desire to continue and even strengthen the

relationship of trust, sense of agency and professional efficiency (LIPKA A. 2011, p. 90; MOCZYDŁOWSKA J.M. 2013a, pp. 29-39).

The state of positive emotional bonds between employees and the organisation is possible to achieve by far-reaching individual incentive influences. Just as external customers look for tailored offers, similarly, internal customers have different needs and expectations towards personal products and services. (STOTZ W. 2007, p. 32). A responsible employer is aware that not only money is the incentive in choosing the place of work and the quality of the work. Equally important are: opportunity for professional development, clear objectives or attractive, interesting professional tasks, as well as friendly organisational culture based on trust and good interpersonal relationships within employee teams (MOCZYDŁOWSKA J.M. 2013b).

X.3. Research methodology

Presented here findings constitute an element of a wider research programme. In the study participated 40 representatives from middle and senior management staff of enterprises, who are students of the Executive MBA at the Institute of Economics of Polish Academy of Sciences in Warsaw. Due to a relatively small size of the test sample, the results can be used to indicate certain trends and tendencies or to formulate hypotheses for the further research in the group that meets the criteria of representativeness.

The respondents are people with different levels of education, however, each of them has a management experience (average - 4 years). Men constituted 60% of the study group. The proportion of men and women reflects the actual distribution of representatives of each gender among individuals holding managerial positions; it needs to be emphasised, however, that women clearly predominate among managers at lower levels. It is, unfortunately, all-European tendency. In countries of European Union, only every tenth position on the boards of directors is taken by a woman. In the 50 largest listed companies of each EU country, women occupy about 11% of senior management positions and 4% of

chairman positions and positions of chairmen of supervisory boards (KUPCZYK T. 2009, p. 19).

Although the research was carried out in Warsaw, the respondents represented all regions of Poland. A questionnaire was a tool for the quantitative research. Questions about the barriers and difficulties in talent management of employees were only open, in order not to limit respondents' freedom of expression and not to suggest answers. Each participant could write any number of issues, problems and opinions.

The presented study was supposed to solve the following research problem: what barriers and difficulties do managers perceive in their places of work in the area of building and maintaining relationships with employees?

X.3. Managers about employee relationship management – results of studies

Respondents' answers have been arranged according to the frequency of indication (see Table No. 1). The size of the research sample was too small to formulate conclusions about the statistical significance of differences in the responses, yet they point to certain trends worthy of analysis and further, deepened research.

Table No. 1. Sources of problems in employee relationship management in the assessment of managers

| No. | Sources of difficulties – categories of answers | Number of answers* (N=40) | Data in % |
|---------------------------------|---|---------------------------|-----------|
| of organisational nature | | | |
| 1. | No personalized incentives / absence of a motivational system | 18 | 45 |
| 2. | Lack of funds to finance the development of employees (e.g. trainings) | 17 | 42.5 |
| 3. | Inappropriate division of duties evoking frustration and sense of injustice | 11 | 27.5 |
| 4. | No time for contact and conversations | 11 | 27.5 |

| | | | |
|--------------------------------|---|----|------|
| | resulting from the pressure on results and the excessive bureaucracy | | |
| 5. | “Everlasting” conflict of interests, goals and values between the employer and employee | 6 | 15 |
| 6. | Lack of appropriate proportions between work and private life | 5 | 12.5 |
| 7. | Frustration resulting from the fact that other values are communicated by the company in the official personnel strategy and others are implemented in practice | 4 | 10 |
| 8. | Promotion of competition inside the company | 4 | 10 |
| 9. | Motivating by fear e.g. threat of job loss | 4 | 10 |
| 10. | Lack of appropriate communication of objectives of the company | 4 | 10 |
| of psychological nature | | | |
| 11. | Very big differences in personality, system of thinking and perception of the world | 19 | 47.5 |
| 12. | Shortage of empathy (at both sides of interaction: superiors and subordinates); lack of mutual understanding of needs and interests | 14 | 35 |
| 13. | Defective interpersonal communication | 14 | 35 |
| 14. | Distrust | 13 | 32.5 |
| 15. | Individualism | 8 | 20 |
| of social nature | | | |
| 16. | Cultural differences, within them the linguistic and religious ones | 12 | 30 |
| 17. | “Dissonance” of values and perceptions at representatives of various generations | 10 | 25 |

* the examined person could give any number of answers

Source: self-elaboration

Answers of the surveyed managers have been arranged according to three categories: sources of organisational, psychological and social nature. The first group is associated with the specificity of organisational culture, management style, company policy in the area of human

resources management. In this aspect, the respondents indicated that building relationships with subordinates is primarily hampered by lack of personalized, or even any incentive system. Meanwhile, from the essence of relationship management results that it should provide employees growing benefits of psychological and economic nature. Lack of a motivational system that takes into account individual work performance and needs of employees constitutes a negation of the idea of growing benefits. Managerial staff, participating in the survey, also highlighted the lack of funds for professional development of staff, overwork resulting from inappropriate division of tasks and competencies between organisational units of the company, and – what goes with it – difficult to maintain balance between work and other areas of life.

Respondents strongly emphasise the importance of communication in building relationships. Lack of time for direct contact can be assigned to organisational barriers, but it is not less important than the lack of communication skills, to which causes of a psychological nature are included. This confirms the thesis that the “soft,” psychosocial skills belong today to key professional competencies of managerial staff. This regards both the establishment of interaction with colleagues and the ability to communicate organisation’s objectives.

Among other psychological barriers respondents indicated that it is difficult to build relationships if great disparities of personalities exist in the team. Nearly half of the respondents regarded the big differences of characteristics enhanced by differences in the system of thinking and perception of the world hampering the relationship management. If to these differences we add lack of empathy, to which respondents also pointed to, building authentic relationships based on cooperation and trust turns out to be very difficult for the respondents. Especially, that to the problem of distrust in relationships pointed almost every third participant of the study. These results indicate indirectly that managers do not have sufficient skills for diversity management, that is, those which cause that psychological differences are not the source of problems, but strengthen the effect of synergy and generate additional value of the team.

Sources of difficulties in building relationships of a social nature also point to the deficit of skills for diversity management. As many as 30% of respondents indicated that cultural, linguistic and religious differences cause problems in building and creative using relationships. Very similar indicators refer to the generation gap. It should be emphasised here that in the face of globalization and the demographic crisis, this kind of sources of difficulties will certainly not disappear, but will rather grow, so it is important to regard diversity management in terms of priority in the process of education and training of managerial staff.

X.5. Conclusion

Employee Relationship Management exposes the unique value of internal relational capital, that is, benefits that the organisation draws from the positive relationships between the organisation and employees. It is a cognitively interesting concept enriching the management theory, but also a potential source of concrete managerial actions. On the basis of the research results presented in this publication, it can be concluded that managerial staff is aware of the value of relationships with employees, however, identifies a number of barriers and difficulties that hinder their building and maintaining. Causes of these difficulties are complex. They have both an organisational and psychosocial character. It can be assumed, however, that the vast majority of them can be minimised by improving skills of managers, especially, the so-called soft, interpersonal skills. Managerial staff, which is characterised by an open mind, ability of empathy, and above all, higher than average communication skills, is able to build and maintain good relationships within the managed team and between employees and the organisation.

The research results also indirectly point to a deficit of knowledge and skills of managerial staff in the area of diversity management, including age and cultural diversity management. Objectively existing differences arising from personalities of employees, their gender, religion, age or membership to a particular cultural group can be

converted into factors enriching the relationships, and so additional assets of the team. This requires, however, continuous learning and improvement of competencies of diversity management.

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