

Additional case studies

The Contradictory Impact of HRM and Culture Management Practices on the Commitment of Knowledge Workers

Relevant to: Chapter 15 (HRM)

Cushen and Thompson examine the case of a single Irish knowledge intensive firm, where, despite the use of a range of high-commitment HRM practices, and significant attempts to manage the corporate culture, employee levels of commitment to the company remained relatively low. Another contradictory and interesting aspect of the case was that despite employees' levels of commitment to the organization being low, and with many staff being quite critical of the way they were managed, people's work performance was still good. To explain these contradictions Cushen & Thompson argue that it is necessary to take account of factors other than the type of HRM and culture management practices being used in the company. More specifically, they argue that it is also necessary to take account of what they refer to as the financial and work structures that operated in the company. The financial structures refer to the practices used by the company to achieve its financial targets and work structures refer to the way employee work performance is organized and managed.

The company examined by Cushen & Thompson is called Avatar (a pseudonym), which was the Irish of a high profile global corporation which was a, '*market leader provider of high technology, knowledge-based, premium priced products and services*'. (p. 82). Data on the company was collected during a six-month ethnographic study that was carried out in 2007 which involved interviewing a wide range of staff as well as observing a wide range of different organizational meetings. Superficially, Avatar invested heavily in the creation and management of its corporate culture, and used this, and an integrated range HRM practices with the aim of creating high levels of commitment to the organization among its workforce. Evidence of this corporate investment in culture management and HRM was visible in the fact that the company was located in a state of the art building, had a large HRM function, devoted significant amounts of time and money in culture management activities, and had a senior management team focussed on developing a highly committed workforce.

However, despite these investments by the company, employee commitment levels to Avatar were surprisingly low, with evidence of this being captured in a number of staff surveys. The surveys revealed that the knowledge workers within Avatar almost universally had not become committed to the corporate culture that was being articulated by Avatar. There were a number of reasons for this:

Firstly, the knowledge workers within Avatar believed that there was a significant gap between the rhetoric and reality of the vision and culture that was being communicated by the company. A significant factor in the explanation of this was in what Cushen and Thompson define as the financial structures which shaped the company. Fundamentally, the Avatar Corporation was committed in financial markets to provide increasing levels of returns to shareholders. This meant that in Avatar Ireland, despite the company being successful in business terms, that it operated in a climate of

strict cost controls, and a target to reduce operating costs. This even resulted in some job losses which were organized via a voluntary redundancy scheme. This contributed to a perceived lack of job security among staff within the company. The company's reward systems and career structures were also shaped by this agenda of cost control and provided another domain where staff felt there was a disjunction between the rhetoric and reality of the corporate culture. For example, salary levels were average rather than high compared to the industry average, and the level of bonuses that staff could achieve were relatively modest. Further, scope for career progression and promotion was limited due to the flat corporate structure that existed within the company.

The disjuncture between the rhetoric and reality of the corporate vision was perceived as being so significant by the knowledge workers interviewed that they felt angered that the company was insulting their intelligence in trying to persuade them of their commitment to the corporate vision they articulated. However, despite the anger that people felt about this, despite people's negative opinions of the company's pay and career structures, and despite the low levels of commitment to the company that people demonstrated, evidence suggested that people still worked effectively and productively. This was argued to be due to the fact people were committed to doing their jobs well partly due to the rewarding nature of them, with workers typically having high levels of autonomy and creativity. Thus for example, interviewees made statement such as, *'I'm very dedicated not because of Avatar but because I love what I do'*, (p. 88), and *'my morale is extremely low but having said that I think I'm the kind of person that I work hard. I will continue to do so regardless'*.

Question:

- 1) To what extent can companies invest the necessary financial resources in culture management and HRM initiatives when they operate in a business climate which is unpredictable and where companies face pressure to control budgets?
- 2) What are the managerial implications of this study for those concerned with maximizing the work performance of knowledge workers in company's such as Avatar?

Source: Cushen, J. Thompson, P. (2012). 'Doing the Right Thing? HRM and the Angry Knowledge Worker'. *New Technology, Work and Employment*, 27/2: 79-92.