

PROPOSAL OF THE SOCIAL CONTRACT IN MANAGEMENT AS INSTRUMENT OF ANALYSIS FOR THE EMPLOYMENT RELATION. THE EXPERIENCE OF AUTOMOTIVE INDUSTRY IN ROMANIA

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The communication presents the partial results of a research proposing the social contract as a new instrument of analysis for the employment relation in a social context in change, such as the case of Rumania. Until then, the research which aimed at the employment relation which is formed between the employer and the employees widely appealed to the concept of psychological contract (Rousseau, 1989; 1995). The psychological contract, defined as the perception of the mutual obligations assumed by the employee and by the employer, benefited from a fashion effect in the 1990s, when the economic difficulties questioned the model of classic employment relation based on loyalty.

However, most of the empirical works on the psychological contract are static studies, for the greater part elaborated by questionnaire, which do not allow to define the impact of the social context change on the evolution of the employment relation. Although certain studies are interested in a context of change (Dick, 2010), most of the past works describe the contents and the evaluation of the psychological contract in an unchanging social environment. Yet, we saw it in the case of the ex-communist countries or those of the Northern Africa, the change in the environment of the employment relation is more present than ever.

Our communication proposes a research frame which would be more suited to the understanding of the employment relation in a society in change. To do it, we rely on the social contract in management, which we define as the ensemble of the norms and of the tacit laws existing in a society or a group given with regard to the relation of employment.

The approach by the social contract presents the advantage of including multiple elements bound to a societal context, such as the laws, the national culture, the faiths shared by the business environment, etc. (Rousseau, 1995). It offers a new frame of analysis for the employment relation by suggesting that it is through the systematic and global vision of the values and standards relating to the employment relation, that we can better comprehend the consequences of a change of the employment relation.

Given its exploratory character, we use an inductive, thus qualitative, methodology, to perform this research. The partial results of the analysis of the interviews led in two Romanian companies during the summer of 2010 allowed us to identify several components, which we called "terms" of the social contract. These results will deliver to the practitioners and to the researchers in management a relevant tool to better understand the relation of employment in different national cultures as well as a measuring instrument for the quality of the employee-employer relation.

Our communication ends by proposing various paths of reflection which will allow to use this approach in future researches concerning the employment relation.

Keywords: social contract, psychological contract, change, employment relation, national culture

JEL Codes: M0 Business Administration and Business Economics; Marketing; Accounting: General

I. Introduction

We live in a world in change. Technological, competitive or social and cultural changes harmonize to transform profoundly the context of the employment relation (Chaudhry, Wayne and Schalk, 2009). These changes put important challenges for management practitioners as well

as for the scientific world that look for answers to the problems of adaptation and management of the change of the relation employee-employer.

In order to analyze this relation, the psychological contract turned out to be for more than twenty years a powerful and relevant instrument. Defined as "the ensemble of the promises which play the role of obligation between the employee and the employer" (Rousseau, 1995, p. 5), the psychological contract has, according to the results of hundreds of research studies, important impacts on the attitudes, behaviour and affect of the employees. So, the perception of the respect for the psychological contract was connected to the job satisfaction (Turnley and Feldman, 2000) and to the intention of staying in the company (Dabos and Rousseau, 2004). It also has important influences on the affect of the employees and on their well-being (Guerrero and Herrbach, 2008). On the other side, the defiance of the promises (i. e. the breach of the psychological contract) contributes to the increase of the intention to leave the organization (i.e. turnover) and to the decrease of the commitment, of the job satisfaction and of the behaviour of organizational citizenship (Zao and al. 2007).

The concept of psychological contract was especially instrumented and used in North American and British studies by taking for granted a relation of employment in a stable social context. Furthermore, the psychological contract is a reflection of the individualistic vision of the relation employee-employer, such as it is perceived in the Anglo-Saxon countries. Nevertheless, after having made the review of the literature in human resources management of the last twenty years, we arrived at the conclusion that in situation of change, as in the ex-communist countries or those of the Maghreb, the modification of the foundation of the employment relation could turn out rather strong, in order to disturb the standards, the faiths and the ancient way of conceiving and of functioning for the employers and the employees. In these circumstances, an instrument as a psychological contract which represents a "photo" of the organizational reality at the moment "t", stable and shielded from any movement, becomes, in our spirit, restrictive and even old-fashioned.

In order that the researchers and the practitioners understand more the foundations of the employment relation of a certain country, we propose as instrument of analysis the *social contract in management*. By relying on the ideas of Rousseau and Schalk (2000), we define the social contract as "the set of norms, faiths and presuppositions concerning what is acceptable and tolerated in the employment relation". So, we want to go further than the notion of "promise", central in the conceptualization of the psychological contract. In our spirit, "making a promise", whether it is on behalf of the employee or of the employer, is not always connected to the free will of these two actors, but, sometimes, to what "everybody does" in a given entity, whether it is an industry, a private or public sector or a state economy.

The research that we lead at the moment and whose partial results will be the object of this communication suggests identifying the components of the concept of social contract in management, facts that were performed in a sporadic and superficial way in the existing literature. Thus, we ask the following research question:

What would be the conceptualization the most suited to measure the social contract in management?

We hope that our approach will open promising ways of research for the other researchers who are interested in the analysis of the employment relation and who could refine this conceptualization.

II. Literature review

The term of "social contract" is used for the first time in 1762 by Jean Jacques Rousseau to speak about the functioning of the human society. In the light of the revolutions which were prepared in the Europe of those times, J.J. Rousseau asserted that the rules according to which functioned the societies were not natural, but resultants of the decisions taken by the members of the society

who act as free agents (Bernadi, 2010). The social contract represented, according to him, an unwritten "agreement" which included mutual rights and obligations between the State and its citizens. Paying the taxes, complying with the laws by receiving protection from the State, here are some examples.

Rousseau's social contract was resumed in works of law (for example Donaldson and Dunfee, (1994) or Keely (1995) for describing what is considered as "marks of evaluation of an acceptable minimal level for the moral standards" (Donaldson and Dunfee, 1994, p. 265), namely *hyper norms*. Thus, in this approach, in order for a norm to be imperative in a society, it has to be guided by principles of morality and ethics. According to them, it is important to identify well the "real" moral norms, by means of the following reasoning:

The norm (N) is an authentic norm in the situation (S) for the members of the community (C) if:

1. The submission to the norm (N) is accepted by most of the members of (C)
2. The abnormality with regard to (N) is disapproved by most of the members of (C)
3. An important percentage (indeed beyond 50 %) of members of (C) is going to act in agreement with (N) when they meet the situation (S) (Donaldson and Dunfee, on 1994, page 264).

Later, the literature in management begins to take interest in the idea of social contract in order to define the norms/standards which determine the behaviour considered to be suited in a given entity, whether it is at the level of a company or of an industry (for example Ivens, (2006); Edwards and Karau (2007). These researchers criticize the level "too much abstracted" and remote from the real life of the organisations of the "classic" social contract and ask for a "democratization" of the social contract at the microeconomic level. According to them, even at the level of a workgroup, we can assist to the emergence of "small social contracts" that people accept and follow because they answer their needs of compliance with the morality in the company (Edwards and Karau, 2007).

We strongly believe that the social contract in management could turn out to be an instrument richer than that of the psychological contract for analyzing the employment relation, because it is the resultant of the dominant values and standards in the culture of a country. According to Rousseau (1995), the social contract is built through the influences of the law system, of the media, of the educational system or as a result of the business environment pressures. These influences are going to determine, after all, what is acceptable in the employment relation, what constitutes the rights and the duties of the employers and of the employees as well as the vision on the employment in terms, for example, of mobility or employment durability.

III. Research methodology

In order to identify the characteristics of the social contract which we call "terms", we performed a qualitative-type research in two Romanian companies functioning in the automotive industry in the region of Sibiu. Because we speak about an exploratory study, only the inductive method could give the best results (Suddaby, 2006). According to the requirements of the inductive methodology, we used a "theoretical" sample (Pratt, 2006), thus we chose to question approximately 40 persons coming from a company with Romanian capital and from a branch of a multinational company. By means of semi-structured conversations, we asked to the participants to speak about the employment relation before and after the fall of the communism in order to identify the big themes of what people considered as "usual" thus "common practice" in their companies. Furthermore, by contrasting two philosophies of management (Romanian and foreign) we hope to enrich the understanding of the social contract in this industry.

IV. Research results

In a previous research (Muresanu and Guerrero, 2011), we forwarded the idea that the point of departure in the analysis of the social contract in a given entity would be its economic ideology. So, we identified in the literature of the field, two ideologies that we placed to the two extremities

of a continuum, namely the ideology of the planned economy and the ideology of the market. In the present research, we analyzed two cases of social contract, namely the one of the centralized economy, such as perceived by the people who worked during the communist period in Romania and that of the very competitive market economy of the automotive sector. We went further in our analyses, by trying to identify the elements of the market economy social contract in a state-owned company and in a multinational one. Having identified the elements of the SC, we passed at the following abstraction level by grouping these elements in categories which we call "terms" of the social contract. Consequently, we reminded the hyper standards that "made justifiable" the social contract, namely that make so that the norms of the SC become acceptable and tolerated. The Table 1 presents the matrix of the elements of the social contract in management.

Table 1. Terms of the social contract in management

<i>Hyper standards</i>	<i>Terms of the SC</i>	<i>Elements of the SC</i>
Morality	Protection	<i>Lifetime employment</i>
Equity		<i>Employability</i>
Justice		<i>No link between the performance and the reward</i>
Good will	Valuation of the others	<i>Unemployment in employment</i>
Fair deal		Remuneration according to the performance and to the educational level
		Consultation concerning the decisions taken by the company
	Self valuation	Creation of a friendlier atmosphere at work
		<i>Employability</i>
		<i>"Fight" to move forward in the career because " I deserve it "</i>
	Recognition	Authoritarian / equalitarian hierarchical relation
		Lack / existence of recognition for a work well done
		Lack of initiative and implication
		Incompetent employees promoted based on politics or " on highly placed acquaintances"
		Depreciation / valuation of the work
	Dialogue	<i>Consultation concerning the values of the company</i>
		<i>More equalitarian hierarchical relation / very hierarchical relation</i>
	Implication in the work	Lack / encouragement for the implication and the initiative at work
		Passive / active attitude at work

Source: realized by the author

Let us take the example of the United States for an application of this analysis diagram. According to the information of the literature in management and according to our own experience, we can assert that at work, the American employers offer little protection to their employees: the employees are judged according to their performance and they worry to a big extent of their capacity of finding a job quickly. The most deserving are the most appreciated and, generally, people are ready to make everything to distance themselves from their colleagues. Given the small hierarchical distance, the recognition of performances and the dialogue are made very quickly. The North American culture encourages the initiative and the implication in the decision-making process.

V. Conclusions

We started the development process of a more dynamic instrument of analysis for the employment relation, by trying to fill this lack in the literature of management by a concept filled at the same time with the major principles of the hyper standards and with its practical character. From the practitioners' point of view, the social contract in management can represent a frame of understanding for what is tolerated, acceptable, even expected in an employment relation. By performing the exercise of describing "the terms" of the social contract that we propose, the leaders of foreign companies, for example, will be more warned and better equipped in their strategy choice as regards the human resources of the host country. The local leaders can also use our approach to manage changes which can affect certain "warm core", as for example, assuring the job safety that represents the centre of the social contract in the public sector. From the scientific point of view, our research will deliver to the researchers a tool more structured than that which existed so far in the literature. For example, we go further from the approach proposed by Edwards and Karau (2007) who see the social contract as a kind of "ideal psychological contract" or from the other approaches which consider the social contract only a material of "high moral principles" (e.g. Donaldson and Dunfee (1994) or Keely (1995).

We encourage the researchers to continue to refine the concept of social contract in management and to propose quantitative measures, by means of questionnaires, for the same concept. Other future research could be interested in the links which are woven between the social contract, representation of the more "collective" level of the employment relation and the psychological contract, the expression of "individualization" of the employment relation. Furthermore, an interesting research approach would be the analysis of individuals' adaptation to the changes of the social contract in management.

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