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## **ORGANIZATIONAL-LEVEL INVESTMENTS IN HUMAN RESOURCE MANAGEMENT: LINKING THE PREFERENCES OF AFRICAN AMERICAN EMPLOYEES TO WORKPLACE BEHAVIORS AND FEELINGS**

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### **Introduction**

During the last twenty years, firms have become obsessed with developing and implementing strategies that provide a competitive advantage. The successful formulation of an organization's strategy entails adapting, aligning, and leveraging a firm's assets to fit its external environment. Often when organizations make strategic decisions, their focus is on tangible assets, such as financial resources, technology, and equipment. However, today's knowledge economy demands investments in human capital and the creation of a work environment where employees excel at their jobs. This is because the primary sources of an organization's competitive advantage are its people. Since employees are an organization's most valuable asset, firms should apply the same strategic principles to understanding how to effectively manage their own human capital, as they do to perfecting their customer service operations.

This requires a fundamental shift in how we think about work. Firms now have to understand the macro-environment and labor force market conditions that necessitate competitive strategies in human capital markets. The labor market of this decade has a new competitive landscape because of its workforce diversity (Jamieson & O'Mara, 1991). The average worker is no longer a 30-year-old white male married to a housewife. Instead, statistics from Tower Perrin and the Hudson Institute (1990) indicate that the American workforce consists of more women than ever before, and the age of the average worker is over 40. Similarly, 38.9% of the new entrants in the U.S. workforce from 1996 to 2006 are people of color (Fullerton, 1998). African Americans are expected to account for the greatest share of this increase (15.6%), followed by Hispanics (14.9%) and Asian and other races (8.4%).

Despite these demographic changes and the intense competition for recruiting and retaining the best human capital, organizations have little understanding of the workplace characteristics preferred by minority employees (Rynes & Barber, 1990). The goal of the present study is to understand which human resource management practices are valued by African American employees, and to explore if these preferences

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correlate with attitudes, feelings, and behaviors which exist on the job.

### **Theoretical Perspective – Strategic Human Resource Management and High Performance Work Systems**

Scholars of strategic human resource management (SHRM) contend that making certain investments in employees is a key strategic activity that influences organizational effectiveness and provides firms with a competitive advantage (Wright & McMahan, 1992; Snell, Youndt & Wright, 1996). This is because employees contribute skills that have economic value, and in many instances these skills are tacit and socially complex, and thus difficult for competitors to imitate (Becker, 1964; Barney, 1991). Therefore, effectively utilizing employee skills is essential, and companies that provide better benefits and supportive work environments should gain a competitive advantage in hiring and retaining valuable human capital (May, Lau & Johnson, 1999). In other words, treating employees right should result in higher levels of job satisfaction and organizational commitment, and this will have business performance implications.

Within the business world, high performance work systems are an example of a human resource management practice that links the behaviors of employees with organizational goals. These work systems are utilized to enhance the involvement, commitment, and competencies of a firm's human capital (Godard & Delaney, 2000). The core practice of high performance work systems entails creating a work environment where employees are empowered. Often this empowerment is encouraged through collective decision-making, training, self-managed teams, job security, and employee involvement programs. Employee rewards for accomplishing organizational goals are another important aspect of high performance work systems and are distributed through incentive programs such as profit sharing, performance-based pay, and specialized employee benefits.

In addition, high performance work systems are usually coupled with supportive human resource management policies and organizational cultures that emphasize a "holistic" and humanistic approach to employee well-being (Ouchi & Johnson, 1978). In these organizations, members are expected to be supportive and show concern for the needs of others. The supportive human resource management policies may focus on enabling employees to balance the demands of work and family through on-site childcare centers, elder-care referral services, flexible work schedules, or a concierge program. Other human resource management policies may encourage employee psychological and physical wellness by providing such perks as ergonomic offices, on-site fitness centers, exercise and medical programs and counseling.

Firms adopt these high performance work systems believing that human resource

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management practices can affect individual performance by influencing employees' skills and motivation, which, in turn, increases their discretionary effort and affects outcomes like employee turnover, commitment, and productivity (Huselid, 1995). Empirical research supports these propositions. For example, Sheridan (1992) found that humanistic organizational cultures reduced employee turnover. Similarly, other researchers concluded that high performance work systems that stress job security, family-friendly practices, and equitable rewards reduce employee turnover and increase employee commitment and job satisfaction (Havlovic, 1991; Osterman, 1997; Wooten & Finley-Hervey, 2000).

### **Human Resource Management Practices and African American Employees**

Despite these findings, we still know little about whether investments in high performance work systems influence the job behaviors of African American employees. This neglect in the literature is unfortunate since managing an ethnically diverse workforce effectively has positive firm performance consequences (Cox & Blake, 1991; Richards, 2000). Furthermore, a work environment that does not consider the needs of its ethnically diverse workforce – for example its African American employees – is more susceptible to discrimination lawsuits, smaller recruitment pools, less community and institutional support, customer boycotts, and employee strikes (Wright, Ferris, Hiller & Kroll, 1995). Also, researchers and practitioners need more understanding of the human resource management preferences of African American employees since this group of workers consistently reports lower levels of job satisfaction and organizational commitment, when compared with their white colleagues (Mueller, Finley, Iverson & Price, 1999).

The present study explores this issue using a database from the Family and Work Institute collected for the *National Study of the Changing Workforce* (Bond, Galinsky & Swanberg, 1998). This data was collected through telephone interviews by Louis Harris and Associates in the spring and summer of 1997. The average telephone interview was 40 minutes in length, and interviewers used computer-assisted telephone interviewing (CATI). Interview questions were asked about employee demographics, personal well-being, workplace characteristics, job characteristics, and employee outcomes on the job.

### **Research Methodology**

**Sample.** A total of 3,551 telephone interviews were complete with a nationwide cross-section of employed adults. For the main focus of this study, the authors only analyzed data from the responses of the African American respondents. Approximately eight percent of the respondents in this sample were African Americans, and of these 40.4% were men and 59.6% were women. Twenty-three percent of the African

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Americans interviewed described their occupations as professionals or managers.

**Data Analysis.** Because of the exploratory nature of this study, the first phase of data analysis sought to understand why African Americans prefer to work at certain organizations, and why they remain at these organizations. Essentially, this rank-ordered analysis was done so that employers can understand what organizational characteristics are important for the recruitment and retention of African American workers. The most important reason for choosing and remaining on a job is centered around economic incentives. Interestingly though, the second most important reason is learning opportunities and meaningful work, which are key aspects of high performance work systems. This finding is consistent with prior research that suggests African American employees are very interested in meaningful work that provides feelings of self-actualization, and they desire the opportunity for continuing education or on-the-job-training (Darkenwald & Merriam, 1982; Ugorji, 1994). Another strong workplace preference among African American workers in this sample, which was ranked third, is family-friendly human resource management policies. This ranking is not surprising because of the strong family values of African Americans, and these values are often brought into the workplace (Wooten & Finley-Hervey, 2002). Other characteristics ranked highly that affect the recruitment and retention of African American employees included a convenient work location, a supportive culture, and job security.

The second phase of data analysis was two-pronged. The first step explored if there was a significant difference in feelings of job satisfaction and organizational commitment between white and African American employees. In both instances, our data revealed that African American employees have lower levels of both job satisfaction and organizational commitment, and these differences were significant ( $p < .001$ ). Given that African American workers are less satisfied and less committed to the organization, the second step of this data analysis phase explored which types of high performance work systems can positively affect the job satisfaction and organizational commitment of African American employees.

To address the relationship between high performance work systems and employee outcomes, we performed multivariate regression analyses. This statistical procedure allowed us to investigate the effects of five types of human resource management practices on job satisfaction and organizational commitment. These five types of human resource management practices represented dimensions of high performance work systems described in the literature and measured if the respondent's work environment provides: (1) Traditional Fringe Benefits; (2) Family-Friendly Benefits and Culture; (3) Supportive Relationships with Co-Workers and Supervisors; (4) Training and Learning Opportunities; and (5) Job Autonomy and Empowerment. The employee commitment dependent variable was measured as a two-item dimension

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conveying the employee's willingness to work harder and display loyalty to the employer. The job satisfaction measure assessed overall job satisfaction and the likelihood whether the respondent would take the same job again. Table 1 provides a description of these measures.

### Results

Table 2 presents the results of the regression analyses with standardized coefficients. All of the regression equations are significant at the .001 level. The adjusted  $R^2$  for the job satisfaction equation is .32, and the adjusted  $R^2$  for employee commitment equation is .22. When examining the model explaining the variance in job satisfaction of African American employees, supportive relationships with supervisors and co-workers are highly significant ( $p < .001$ ). In addition, opportunities for learning is a highly significant variable ( $p < .001$ ). Dependent care benefits ( $p < .05$ ) and family-friendly workplaces ( $p < .10$ ) were only moderately significant. This is comparable to the results found for traditional benefits ( $p < .10$ ). Similar to the job satisfaction regression equation, supportive supervisors ( $p < .001$ ), positive relationships with co-workers ( $p < .001$ ), and learning opportunities ( $p < .01$ ) were significant predictors of employee commitment. No significant relationships were found in either regression equation for flexible work arrangements or job autonomy.

### Discussion

We began this paper by contending that firms wishing to compete successfully in the global marketplace must make smart human resource management decisions. In particular, we argued that managing an ethnically diverse workforce effectively is a necessity because of workforce demographic changes. Therefore, understanding the human resource management preferences of African American employees and their relationship to job satisfaction and commitment can help with this challenge. Our data analysis sheds some light on this. It indicates that although economic incentives and traditional benefits are important to African American employees, they are only a starting point for recruitment and retention.

***The Linkage Between Job Satisfaction/Employee Commitment and Positive Relationships with Supervisors and Co-Workers.*** In addition to extrinsic rewards, African American employees place a high value on interpersonal relationships in the workplace. This is evident in the explanatory power that supportive supervisors and positive co-workers' relationships have on both job satisfaction and employee commitment. We believe that supportive supervisors are essential because they are the gatekeepers to organizational resources and have the power to make major decisions regarding career advancement (Ugorji, 1997). However, some supervisors lack the competencies to manage a culturally diverse workforce because their life and job

**Table 1. Description of Measures**

<i>Measure</i>	<i>Sample Questionnaire Items</i>
Job Satisfaction	<ul style="list-style-type: none"><li>• Overall job satisfaction</li><li>• Likelihood the respondent would take the same job again</li></ul>
Employee Commitment	<ul style="list-style-type: none"><li>• Employee's willingness to work hard for employer</li><li>• Loyalty to employer</li></ul>
Traditional Benefits	<ul style="list-style-type: none"><li>• Health Insurance</li><li>• Retirement Plan</li><li>• Paid Vacations, Sick Days, and Holidays</li></ul>
Dependent Care Benefits	<ul style="list-style-type: none"><li>• Eldercare and childcare referral services</li><li>• On-site childcare centers</li><li>• Direct financial assistance for childcare</li></ul>
Flexible Work Arrangements	<ul style="list-style-type: none"><li>• Flexible starting and quitting times</li><li>• Maternity and paternity leave</li><li>• Part-time work options</li></ul>
Family-Friendly Culture	<ul style="list-style-type: none"><li>• Employees can take care of family needs on company time</li><li>• Employees are not looked upon unfavorably for putting their family or personal needs ahead of their jobs</li><li>• Employees do not have to choose between advancing their jobs or devoting attention to their family or personal lives</li></ul>
Supportive Relationship with Supervisor	<ul style="list-style-type: none"><li>• Supervisor has realistic performance expectation</li><li>• Supervisor is fair and does not show favoritism</li><li>• Supervisor is supportive of work problems</li><li>• Supervisor recognizes when employees do a good job</li><li>• Supervisor cares about the effects that work demands have on personal and family life</li></ul>
Supportive Relationships with Co-Workers	<ul style="list-style-type: none"><li>• Feeling part of the group of co-worker</li><li>• Looking forward to being with people at work</li></ul>
Training/Learning Opportunities	<ul style="list-style-type: none"><li>• Job requires learning new things and creativity</li><li>• Job lets employees use skills and abilities</li><li>• Training opportunities at work for learning new skills</li></ul>

**Table 2. Regression Analyses of Human Resource Management Practices and Workplace Behaviors and Feelings of African American Employees**

Variables	Job Satisfaction		Employee Commitment	
	$\beta$	s.e.	$\beta$	s.e.
Traditional Benefits	.09 <sup>+</sup>	.17	-.03	.18
Dependent Care Benefits	.12*	.18	.05	.18
Flexible Work Arrangements	-.03	.27	.00	.28
Family-Friendly Culture	.10 <sup>+</sup>	.07	-.04	.07
Supervisor's Relationship	.18***	.09	.24***	.10
Co-workers' Relationship	.24***	.07	.21***	.08
Training/Learning Opportunities	.18***	.09	.18**	.09
Job Autonomy/Empowerment	-.02	.08	-.04	.08
Constant	-3.86	.45	-2.39	.47
R <sup>2</sup>	.34		.24	
Adjusted R <sup>2</sup>	.32		.22	
F	17.06***		10.19***	

<sup>a</sup>The Standardized Coefficients are reported for the Betas

<sup>b</sup>N=269    <sup>+</sup>p < .10    \*p < .05    \*\*p < .01    \*\*\*p < .001

experiences have only been with people similar to themselves (Alderfer, 1992). This suggests that supervisors should have training that helps them develop the skills needed to manage a diverse workforce.

It also appears that African Americans prefer work environments that foster positive relationships with co-workers. This finding is consistent with the perspective that African Americans take a collectivism approach to work, valuing intimacy, agreeableness, and team-based work (Cox, Lobel & McLeod, 1991). Collectivists place greater value on the needs and goals of the group and emphasize cooperation. Thus, an organization desiring to attract and retain African American employees may want this collectivism value to permeate its culture.

This demands that human resource managers realize that the new workforce has a worldview that values collaboration and cooperation, and without it they will not be satisfied with their jobs. This can be difficult in corporate America, which is dominated by individualistic and competitive values, and where efforts to succeed at the expense of others are generally held in high regards (Hofstede, 1980). Consequently, this individualistic behavior may be looked upon unfavorably by African American employees, who have a collectivist orientation which stresses cooperative behavior

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and result in job dissatisfaction.

The collectivist orientation may also explain the significance of organizational commitment, because African Americans perceive the organization as another part of the extended family that warrants their loyalty. Therefore, African American employees may view their relationship with the organization with a great sense of commitment, whereby the interests of the organization are placed above the interests of the individual.

***Family-Friendly Human Resource Management Practices and Job Satisfaction Among African American Employees.*** Similar to the high value placed on interpersonal relationships at work, African American employees have strong ties with their immediate and extended family that are developed early in life, and this helps them to prioritize the demands of work and family (Hill, 1971; Toliver, 1998). Because of these strong kinship ties, they are more satisfied with their jobs when the human resource management policies allow them to balance the competing demands of work and family. This can be accomplished through flexible work schedules, childcare services, and an organizational culture that does not penalize employees with family obligations.

When family-friendly policies are not available, the cost of role juggling can lead to psychological distress and job burnout. Moreover, without these programs, employees responsible for childcare or eldercare confront greater risks of lateness, distraction, and absenteeism (Osterman, 1995). Hence, we argue that organizations must respect and capitalize on the familial values of African American employees. Establishing workplaces that embrace these values will provide emotional support, prevent social isolation, and reinforce the cultural heritage of African American employees.

***Job Satisfaction/Employee Commitment and Training of African American Employees.*** Lastly we would like to reiterate the importance of training when adopting human resource management policies that consider the needs of African American employees. Training and development are essential and highly significant factors in the aspirations and career planning of African Americans who are no longer content to plateau in entry-level jobs. The explanation for the strong correlation between job satisfaction/employee commitment and learning opportunities may result from a history of stereotyping. Often African American employees confront the “being qualified” issue or are “presumed incompetent” in their jobs (Heilman, Block & Lucas, 1992). This is a big obstacle to transcend, and the ability to capitalize on training programs is significant to African Americans who realize the need to move up the organizational ladder and want to remove all stigmas or assumptions that they are not qualified for certain jobs.



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### Conclusions

The research findings of this study have initiated a dialogue regarding the human resource management preferences of African American employees. Organizations should invest in these practices not only because of institutional pressures, but also because organizations that make the best employers for a diverse workforce are good employers for everyone. With the “right” human resource management investments, firms are better able to recruit, develop, and retain talented human capital, and presumably, if these talented employees are satisfied with their jobs, they will be committed to the goals of the organization. Thus, the spillover effects of good human resource management practices create a win-win situation for all employees and the organization.

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