The Dawn of Paternal HR: 
An Exploratory Study Using System Dynamics Approach

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ABSTRACT

The purpose of this article is to explore and investigate the effects of paternal HR practices on the employee behavior outcomes. There is a dearth of knowledge research on paternal HR practices in Pakistan, its effect on employee outcomes and organizational performance. The authors have applied a system dynamic approach to explore the interactive effects of paternal HR practices on employee behavior. The paternal HR practices effect the employee job quitting intentions. The paternal HR practices improve the employee loyalty and commitment towards the manager and organization. It induces selfless employee behavior, enhances leader identification, increases social exchange, and fosters the trust. Trust and loyalty bonds an employee in psychological relation with an organization and a manager, leading to employee commitment. The better role identification leads to improved employee performance. Nonetheless, the proposed system of paternal HR practices helps the organizations influence employee behavior strategically, which can help reduce employee turnover. The value of this article lies in the understanding gained about the interactive effects of paternal HR practices on employee resignation with the help of system modeling and learning from the simulation outcomes.

KEYWORDS

Employee Commitment, Employees’ Loyalty, Employees’ Trust, Pakistan, Paternalism, Simulation, System Dynamics

1. INTRODUCTION

In the field of Human Resource Management, there is agreement, the role that paternalism in successfully shaping individual behavior (employee loyalty, commitment performance and reduce employee turnover). Paternal HR practices shape the employee behavior that is consonant with organizational vision. A good example of paternalistic practices public services organizations like Pakistan population control authorities (Behoord-E-Abadi). Health facilitation organizations use benevolence and morality as a tool to provide protection and guidance to the common people about health issues. Morality focuses on the virtues and values to follow in society to make it a better place and includes working organizations such as Edhi foundation. Modern organizations these days use libertarian paternalism regularly while assigning benevolent fund to the employees. At core level, the key paternalistic elements like Benevolence, Morality and Libertarian Paternalism act as borderline for the personal freedom of individuals for their personal welfare and interest. Looking at the potential
outcomes of the key components of paternalism, it seems worthy to explore the effects paternal HR (Benevolence, Morality and Libertarian Paternalism) on employee outcomes in the organization. As mentioned above the application of key elements of paternal HR affects the employee organizational behavior and we need to explore how it tunes the employee behavior as per the desire of organization. This shows that paternalism in different forms is inevitable (Sunstein & Thaler, 2003). It offers organization a competitive advantage of veteran workforce, improved employee performance and it puts break on the employee exit process. This way organizations gain maximum employee input, that increases the level of employee creativity and innovation. However, how the different dimensions of paternalism interact with each other, effect employee behavior and organizations performance is still unexplored in Pakistan’s context. This paper is an endeavor to study the impact paternalism (Aycan, 2005), in Pakistan as a cultural force that influences the employee behavior. It provides a framework to enhance employee organizational commitment, loyalty for long term and reducing employee exit. The study highlights the importance of HR practices (Benevolence, Morality, and Libertarian Paternalism) in Pakistan keeping in view the cultural dynamics of the country. This paper combines the concept of libertarian paternalism with the model proposed by Farh & Chang (2000). This is one of the gaps in the previous literature and in Pakistani context. This paper addresses the unique effects of paternal HR practices on employee outcomes and organizational performance. It is valuable addition to the available literature in context of Pakistan. Initially the paper covers the literature review, preceded by methodology, and paper ends with practical implications for the management.

2. PATERNALISM

We tend to focus our research on soft human resource practices and based on this we carefully selected the three components of paternalism that are described as paternal HR practices called 1) Benevolence: (2) Morality and Libertarian Paternalism. The following section we discuss in detail the components of paternalism.

2.1. Moral Leadership

Moral leadership is defined as “a leader’s behavior that demonstrates superior personal virtues, self-discipline, and unselfishness” (Cheng et al., 2004, p. 91). Moral leadership has gained prominence over the years (Brown & Treviño, 2006; Farh et al., 2008; Tang & Liu, 2012) because of employee’s trust in the leader and perceived justice (Wu et al., 2012), normative commitment (Erben & Güneşer, 2008), psychological empowerment (Li et al., 2012), and organization citizenship behavior. Paternalistic leadership “remoralizes workplace”, with morality signified as one of the main components of the paternalism (Cheng et al., 2004).

Managers act as a role model serve as an inspiration and influences employee’s leadership identification (Wang et al., 2005). Their values and virtues serves as a source of followership. The employees socially categorize themselves with honest leaders. The HR leaders serve as a role model and enhance employee identification with the leadership (Kark et al., 2003; Pratt 1998), thus bringing them on the same page.

Understanding between the manager and employee establishes a conducive environment for creativity and innovation, because it allows frequent flow of ideas. Lack of alignment in values and virtues between manager and employees creates complications and decreases the creativity level (Amable & Conti, 1999). Moral leadership has a positive relationship with employee attitude and behavior (Farh et al., 2006), that may increase employee commitment. Creativity increases when there is positive association in the working values of managers and employees; it becomes a source of motivation. According to (Li et al., 2012; Wu et al., 2012) moral leadership has positive effects the employee motivation. Leadership identification nurtures self-motivation and concern in work related actions (Hirst et al., 2009).
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