

Anca Maria CLIPA

Alexandru Ioan Cuza University of Iasi, Romania

EMPLOYMENT CONTRACT NEGOTIATIONS FOR ROMANIAN IT EMPLOYEES AND THEIR WILLINGNESS FOR FUTURE (RE)NEGOTIATIONS

Case
Study

Keywords

*Employment contract negotiation,
Willingness to negotiate,
Subjective value in negotiation,
Trust in employer*

JEL Classification

M12, M39, M54

Abstract

This study takes into consideration the factors which influence negotiations related to the employment contract as well as the employees' willingness to (re)negotiate with the same employer and with the same negotiation agent. The study was carried out on 240 Romanian IT employees and was based on their most recent employment contract negotiations. Logistic regression was the main research method used to test the factors affecting employees' willingness for future negotiations. The research findings identified three subjective factors: relationship, process and result which impact employees' willingness for future negotiations with the same company and even with the same agent, the employer's representative. The 4th subjective factor, the self, did not appear in our research. The present research also emphasized the role that trust in the employer plays in the employees' willingness to renegotiate their contract.

INTRODUCTION

In an economy where international IT companies chase specialists because the job offer is bigger than the demand, willingness for future negotiations and employee retention becomes a priority. The perception gained during the negotiation of the individual employment contract will accompany the people involved in this experience all their employment. This paper aims at identifying the most important factors that can contribute to employees' willingness to renegotiate with a view to preventing staff migration. In order to maintain the contractual relationship with the employer in the medium and long term and to register a lower fluctuation, these factors are very important. In the study using ZMET for investigating the role of social media in the employment process (Danileț & Stoian, 2017) each wanted job is just a stage that opens the way towards the next wanted job.

The objective value is indisputably a concrete indicator of performance in negotiations. It is generally accepted that a favourable economic outcome is a *sine qua non* of successful negotiation. However, a growing number of recent studies have disputed this rationalistic assumption, bringing into discussion and incorporating other factors in the study of negotiations (Thompson, 1990, Oliver et al., 1994, Curhan et al., 2006, Curhan et al., 2010). The Objective Value Study (Curhan et al., 2010) highlighted that the subjective value influences availability for future negotiations. The study was conducted through simulated negotiations for two rounds and provided evidence that positive feelings resulting from the first negotiation can bring economic rewards in the second bargaining. Negotiators who have a higher social, perceptual and emotional subjective value resulting from a negotiation in Round 1 will achieve greater objective economic performance in Round 2.

Negotiation is an interpersonal decision-making process in which people determine how to allocate resources; the process involves the exchange not only of tangible goods and services but also of subjective values, such as feelings of fairness, satisfaction with their economic outcome, self-esteem and good relationships, which may be as important as the economic outcomes to many real-world negotiators (Curhan et al., 2009, White et al., 2004).

In addition, an employment contract negotiation, the employees' perception of the benefits is also important. The employer brand was analysed by Ambler and Barrow as "the package of functional, economic and psychological benefits offered by employment and assigned to the employing company" (Ambler and Barrow, 1996).

Trust is essential for productive social relations with others, and can play a critical role in negotiations, especially in integrative negotiations such as the

employment contract negotiations. Trust is an essential part of the negotiating context (Olekalns & Adair, 2013). High trust contributes to better and productive cooperative negotiations that are likely to increase confidence. On the other hand, low trust can contribute to less productive negotiations, and less productive negotiations are likely to decrease confidence (Lewicki et al., 2010).

METHOD

Participants and procedure

Both qualitative and quantitative research was used to investigate what IT employees consider as being important in the employment contract negotiation process. Projective techniques were used during in-depth interviews. The qualitative research resulted in constructs that were included in the quantitative research with the aim of analysing the willingness to renegotiate the individual employment contract such as the trust in the employer and the employer brand (economic but also functional and psychological benefits) and the dimensions of the subjective value. For the quantitative study a total of 240 participants were involved in the research. They are IT employees.

Instruments

The participants were invited by the HR representatives through IT intranet communication systems within companies or IT professional social media groups to fill in the questionnaires that included the constructs presented in the models on employer brand elements (Clipa & Clipa, 2018), subjective value inventory (adapted from Curhan et al., 2006) and trust in employer (adapted from Robinson & Rousseau, 1994; Gabarro & Athos, 1976). We investigated the four parameters of the subjective value (SV), assumed to have certain specific influence; we hypothesized future negotiation intentions to be influenced also by: (a) feelings about the instrumental outcome (e.g. economic outcome); (b) feelings about the self; (c) feelings about the process, and (d) feelings about the relationship within the Romanian context. Also, the trust in the employer scale was included and, after a PCA, two dimensions were identified. The dependent variable in the first set of models was the renegotiation with the same company and, then, the second one was with the same agent. For these 2 items (willingness to (re)negotiate with the same company and the second one with the same agent), we included a Likert scale (a 7-point Likert scales, with 1 for total disagreement and 7 for total agreement). The previous studies measuring willingness to interact in future negotiation used a Yes/No item (Curhan 2010, If you had the option, would you like to negotiate again with the same person?; response options were *Yes or No*) or in

1994, in Oliver's study subjects were asked to indicate if they were willing to negotiate with the same partner again: yes, prefer this partner, no, prefer another with 1 Indifferent at midpoint (4).

The internal consistency of the measurement scales was first evaluated through their mean inter-item correlations. We tested our hypotheses concerning the relationships between variables.

The Principal Component Analysis (PCA) illustrated the existence of two dominant factors for trust: the first factor TRUST (4 items: integrity, goodwill, sincerity, predictability) (alpha Cronbach 0.873) and the second, 3 items, called TRUST - FAIRNESS (alpha Cronbach 0.676). The first factor consisted of 4 elements and explained 55.045% of the total variation. The second factor consisted of 3 elements and explained 15.375%. The KMO test value was 0.862, considered a good value. For the statistical analysis of the subjective value, the following steps were observed: finding the matrix of correlations (including the KMO and Bartlett test), factor extraction, factor rotation (Varimax - Kaiser Normalization) calculating the factor scores. Only values greater than 0.4 were registered and in the case of used scales that had already been validated, no replacement was required for trust and subjective value. The analysis of the main components revealed the existence of two dominant factors for the subjective value: the first factor- all the items from the perception about relationship, results and the negotiation process, the Cronbach alpha result 0.968, and the second factor -the items from the perceptions about the self (alpha Cronbach 0.676). The value of the KMO test (Kaiser-Meyer-Olkin) was 0.931, which was considered to be very good.

DISCUSSION

The objectives of quantitative research were to identify the relationship between the dimensions associated with the employer's trust, the subjective value resulting from the negotiation, the functional, economic and psychological benefits and the willingness to start future negotiations with the IT staff in Iasi. We analysed employees' willingness for negotiation with the same employer company and the same agent, the employer's representative.

The testing of the models presented in the annex was carried out in the quantitative research stage. At this stage the research tool was validated, implicitly the measurement instruments included in the design of the research and the testing of the proposed research model. The method used was the survey, and the research tool was the questionnaire.

In order to validate the hypothesis, we used the regression analysis. We referred to two dependent variables for which distinct patterns arose. The binary logistic model was used to estimate the probability of a binary response based on one or

more variables (characteristics). We chose this regression method because of the low variance of responses on the Likert scale. We converted 1, 2, 3 to "no" and 5, 6, 7 to "yes", the neutral value being considered missing.

The presence of additional models developed by adding variables demonstrated that there was a stable relationship and showed that variables of interest did not lose their effect.

In the research, the effect of subjective value on willingness to renegotiate with the same company was statistically significant ($p < .05$) and so was the effect of trust in the employer.

In this research, the employer's brand, functional, economic and psychological benefits are not statistically representative of the willingness to renegotiate. Dimensions identified as statistically significant were based on the ability of negotiators to develop trust and enhance subjective value (relationship perceptions, negotiation process and outcomes) as a result of negotiation.

In the initial model, the first factor of the functional benefits (company values) positively influenced the availability of renegotiations with the same company, but in additive models this influence was no longer maintained. The association of functional benefits with renegotiations with the same agent was not confirmed for the negotiation of individual employment contracts. Therefore, according to this quantitative study, we cannot say that employees' perception of the economic and psychological benefits would contribute to the availability of renegotiations of individual employment contracts.

As a result of our research, we developed models for the willingness of renegotiations with the same company (Table 1) and also, other models, for the willingness of renegotiations with the same agent, employer's representative (Table 2). The presence of additionally developed models by adding variables demonstrated that there was a stable relationship and showed that some of the variables of interest did not lose the effect in terms of subjective value (perceptions about relationship, process, outcome) and trust (integrity, goodwill, sincerity, predictability).

The self-dimension of the subjective value did not appear to be statistically significant for renegotiation availability. A possible explanation could be related to the collectivist culture in Romania versus the individualist in the USA. Culture does not develop solely on the basis of social institutions (Clipa & Clipa, 2017).

During our research, while introducing socio-demographic data, firstly gender, then age, income, and so on, we noticed that when the concept of gender was introduced, women were less inclined and less likely (less than 0.01, weakness) to renegotiate with the same agent.

Considering the age factor, there were no influences; however, it was noticed that employees whose ages

ranged between 26 and 36 were less likely to be weak; the young were less inclined to renegotiate (lower probability) than the reference group of persons up to 25 years old.

In the case of renegotiation with the same company, depending on gender or age, there were no influences, however, it was noticed that employees between 26 and 30 were less likely to be weak - the young were less inclined to renegotiate (lower probability).

There were no significant differences related to the age factor but we noticed that as the age increased, the respondents would re-negotiate with the same company but with another agent.

CONCLUSIONS

The research on employment contract negotiations and willingness for future (re)negotiations aimed to identify and analyse the factors that could contribute to the willingness to renegotiate the individual employment contract in the IT industry. There were factors associated with objective and subjective value in the context of real negotiation of the individual employment contract in the IT companies in Iasi, Romania. The construction and testing of a conceptual model of subjective value in negotiations and the readiness for future negotiations aimed to establish a causal relationship among the dimensions of constructs: subjective value in negotiations, trust in the employer, functional, economical and psychological benefits and availability for future negotiations with the same company or the same representative / agent of the employer).

We tested these factors to the willingness for future negotiations using logistic regression. The results showed that the factors (perceptions about relationship, process, result) and not the self-dimension of the construct of subjective value positively related to the willingness for future negotiations not only with the same company but also with the same agent, the employer's representative.

The present research also emphasized the importance of trust in the employer for the employees' willingness to renegotiate.

A limitation of this research was the small sample of respondents so we will conduct the research on a bigger sample in the future.

The research raised the interest in several topics to be elaborated in the future. One of these is the topic related to the study of the specific cultural factors influencing negotiation. This research has identified two dimensions of the subjective value - relationship, negotiation process and results, different from the individual factors. The self-dimension of subjective value did not appear to be statistically significant for renegotiation availability, its effect being less important than in the United

States (Curhan et.al, 2006). A possible explanation could be related to the collectivist culture in Romania, less focused on self, versus a more individualist one.

REFERENCES

- [1] Ambler, T., Barrow, S. (1996). The employer brand, *The Journal of Brand Management*, 4(3), p. 185 – 206
- [2] Curhan, J. R., Elfenbein, H. A., & Eisenkraft, N. (2010). The objective value of subjective value: A multi-round negotiation study. *Journal of Applied Social Psychology*, 40(3), 690-709.
- [3] Curhan, J. R., Elfenbein, H. A., & Xu, H. (2006). What do people value when they negotiate? Mapping the domain of subjective value in negotiation. *Journal of Personality and Social Psychology*, 91(3), 493-512.
- [4] Curhan, J., Elfenbein, H. și Kilduff, G. (2009) Getting off on the right foot: subjective value versus economic value in predicting longitudinal job outcomes from job offer negotiations. *Journal of Applied Psychology*, 94(2), 524–534
- [5] Clipa, C.I., Clipa, A. (2017). The Convergence of Strategic Human Resource Management Practices: Republic of Moldova and European Union, *EcoForum*, Vol. 6, Issue 3 (13)
- [6] Clipa, A., Clipa, C.I. (2018). Employer Brand Scale Development. The Case Of It Companies In Romania, *Management Intercultural*, Volume XX, Issue 41
- [7] Danileț, M., & Stoian, C. (2017). Using ZMET for Investigating the Role of Social Media in the Employment Process, *Review of Economic and Business Studies*, 10(1), 9-32.
- [8] Gabarro, J. J. and Athos, J. (1976). *Interpersonal Relations and Communications*, Prentice Hall, New York
- [9] Lewicki, R.J., Barry, B., și Saunders, D. (2010). *Negotiation* (6th edition). Burr Ridge, IL: McGraw- Hill Irwin.
- [10] Oliver, Richard L., Balakrishnan, P. V., & Barry, Bruce. (1994). Outcome Satisfaction in Negotiation: A Test of Expectancy Disconfirmation. *Organizational Behavior and Human Decision Processes*, 60(2), 252-275. doi: <https://doi.org/10.1006/obhd.1994.1083>
- [11] Olekalns, M. & Adair, W.L. (2013) *Handbook of Research in Negotiation*. Cheltenham, UK: Edward Elgar Publishing Limited
- [12] Robinson, S. L., & Rousseau, D. M. (1994). Violating the psychological contract: Not the exception but the norm. *Journal of Organizational Behavior*, 15(3), 245-259.
- [13] Thompson, Leigh, & Hastie, Reid. (1990). *Social Perception in Negotiation*.

- Organizational Behavior and Human Decision Processes, 47(1), 98-123. doi: 10.1016/0749-5978(90)90048-E
- [14] White, Judith B., Tynan, Renée, Galinsky, Adam D., & Thompson, Leigh. (2004). Face Threat Sensitivity in Negotiation: Roadblock to Agreement and Joint Gain. *Organizational Behavior and Human Decision Processes*, 94(2), 102-124. doi: 10.1016/j.obhdp.2004.03.005

ANNEXES

Table 1. *The willingness to (re)negotiate with the same company records the following values:*

		Model 1		Model 2		Model 3	
		B	Sig.	B	Sig.	B	Sig.
Logistic regression on willingness to renegotiate with the same company	Functional benefits – company values			-.404	.293	-.440	.257
	Functional benefits 2 – training and development			.223	.488	.184	.576
	Economic benefits – bonuses and other economic benefits			.146	.675	.066	.854
	Economic benefits – insurances			.175	.441	.140	.550
	Psychological benefits – Recognition for Employees			.272	.518	.419	.346
	Psychological benefits 2 – Good working conditions			-.049	.889	.059	.872
	Subjective value (perceptions about relationship, process, result)	.809	.006	.680	.035	.681	.037
	Subjective value (perceptions about SELF)	.352	.113	.303	.189	.331	.161
	Trust (integrity, goodwill, sincerity, predictability)	.781	.007	.912	.004	.868	.006
	Trust in general fairness	.278	.267	.338	.203	.284	.295
	Age (26-30 years)					.339	.555
	Age (31-35 years)					.184	.733
	Age (more_than_36)					.769	.318
	Gender-female					.172	.696

Table 2. *The willingness to (re)negotiate with the same agent (company representative) records the following values:*

		Model 1		Model 2		Model 3	
		B	Sig.	B	Sig.	B	Sig.
Logistic regression on willingness to renegotiate with the same agent	Functional benefits – company values			-.362	.372	-.416	.341
	Functional benefits 2 – training and development			-.078	.824	-.053	.888
	Economic benefits – bonuses and other economic benefits			.406	.272	.541	.169
	Economic benefits – insurances			.375	.125	.397	.117
	Psychological benefits – Recognition for Employees			-.107	.816	-.116	.817
	Psychological benefits 2 – Good working conditions			-.386	.352	-.498	.264
	Subjective value (perceptions about relationship, process, result)	1.360	.000	1.449	.000	1.488	.000
	Subjective value (perceptions about SELF)	.290	.226	.238	.341	.195	.454
	Trust (integrity, goodwill, sincerity, predictability)	.748	.020	.862	.013	.979	.011
	Trust in general, fairness	.284	.293	.351	.216	.431	.156
	Age (26-30 years)					-1.127	.092
	Age (31-35 years)					-.895	.183
	Age (more_than_36)					-.286	.742
	Gender-female					-.755	.117