

Legitimacy of HRM Practices: Managerial Perceptions of Economic and Normative Value

W. Randy Evans, University of Tennessee at Chattanooga
Milorad M. Novicevic, University of Mississippi

Executive Summary

The purpose of this manuscript is to examine how managers evaluate the perceived legitimacy of their organization's Human Resource Management (HRM) practices for creating both economic and normative value. The multi-faceted legitimacy concept, with its three dimensions, provides a framework to explore these often conflicting expectations. Conceptual arguments elucidate that organizational justice-based and work-family conflict HRM practices are positively associated with managerial perceptions of (a) pragmatic, (b) moral, and (c) cognitive legitimacy. We conclude by suggesting how practitioners should pursue HRM initiatives as "business initiatives," rather than exclusively "people initiatives," to overcome preconceptions that economic and normative value are incompatible.

In 2007 Circuit City, a well-known retailer, laid off all salespersons with earnings 51 cents or more above industry average. This "people-as-liabilities" view resulted in approximately 3400 employees, many of whom were top performers, being fired ("Good job", 2008; "TV troubles", 2007). A year earlier this same company had espoused the "people-as-assets" view claiming that their "associates represented the best source for finding solutions to our customer's needs" (Circuit City, 2006, p. 7). This example illustrates how strong pressures for profits in the short-term often trump the long-term benefits of investing in employees. While business executives regularly profess the importance of and their commitment to employees, they often abandon this position in times of organizational distress when they no longer view employees as critical resources but as a variable cost to be managed. Most CFOs know that about 40% of revenues are allocated to pay employee expenses, yet 84% of CFOs are unsure how to document the benefits associated with human capital investment (Hansen, 2003). On one hand, the saliency of shareholders and their associated financial demands often dominate managerial decision making (Agle, Mitchell, & Sonnefeld, 1999), which makes reconciling economic pressures for financial return and normative pressures for employee well-being challenging. On the other hand, the importance of employees is increasing in today's knowledge- and service-intensive economy, pressuring organizational decision makers to examine which Human Resource Management (HRM) practices are essential to balance the demands of providing both economic and normative value.

The purpose of this manuscript is to provide a conceptual framework for understanding how organizational decision makers reconcile economic pressures and normative pressures affecting HRM practices. These pressures fall upon managers who are responsible for

shareholder returns and the treatment of the workforce. Specifically, we examine how managers, as organizational decision makers, perceive and evaluate the legitimacy of justice-based and work-family conflict HRM practices. These HRM practices, which reflect employee and other stakeholder perceptions of fairness and balance of work and family obligations, are the programs, processes, and techniques of workforce management that have been implemented, and that affect not only organizational performance but also employee behaviors and feelings (Ostroff & Bowen, 2000; Wright & Boswell, 2002). Legitimacy concerning the HRM practices of an organization reflects whether these practices are likely to be perceived as desirable, proper, and appropriate in the eyes of its stakeholders (Suchman, 1995). While the overall legitimacy of these practices can be referred to as a generalized perception, specific legitimacy is granted by individual stakeholders or interest groups that have varied criteria for evaluating legitimacy of the organization's specific actions. Legitimacy is herein examined as a psychological property (Tyler, 2006) at the individual level because our focus is limited to examining the legitimacy of specific HRM practices evaluated from the perspective of managers. In the current study, we focus specifically on the intersection of multiple HRM practices and individuals because this area has historically received little scrutiny. This area has even been described as having "dearth of research" (Wright & Boswell, 2002, p. 262), despite recognition that the use of multiple HRM practices is likely to affect employee perceptions.

In making decisions related to organizational procedures, programs, and resource allocations, managers are at a central junction where economic pressures and normative pressures must be reconciled. We examine the related managerial perceptions concerning specific HRM practices that promote organizational justice and work-family conflict balance using the multidimensional legitimacy framework comprised of pragmatic, moral, and cognitive legitimacy by Suchman (1995). This framework provides a template for assessing the ability of a firm to deliver valued outcomes in situations when managers are faced with "the hard-nosed short terms" (Reich, 1998, p. 12), and whether these HRM practices can simultaneously serve both economic demands for profits and normative demands for the well-being of employees.

Managerial Perceptions Related to Legitimacy of HRM Practices

Organizations are open systems that are not self-sufficient and therefore are frequently subject to competing normative and economic pressures by their stakeholders (Jones, Wicks, & Freeman, 2002; Katz & Kahn, 1978; Oliver, 1997). Economic pressures are characterized by an emphasis on creating economic wealth by maximizing shareholder value through improved efficiencies and profitability. Normative pressures reflect an emphasis on promoting ethics by adhering to societal norms and exhibiting concern for the well-being of all stakeholders. In response to these pressures, organizational management has to make choices and trade-offs in terms of which specific HRM practices to implement (Evans, Novicevic, & Davis, 2007; Harrell-Cook & Ferris, 1997; Oliver, 1997). The assumption of making necessary trade-offs stems from the belief that economic pressures for shareholder value maximization are inconsistent with normative pressures for concern for other stakeholders, such as employees. This belief seems to be extensively shared among managers in many organizations (Freeman, Wicks, & Parmar, 2004). The economic pressures exerted on organizations by their shareholders are often so intense that they diminish the saliency of non-economic interests exerted by other less dominant stakeholders. Reich (1998) argues that balancing long-term economic and normative interests

can be impractical as ill-defined, lengthy horizons are “no match for hard-nosed short terms” imposed by capital markets and the competitive business environment. Findings from Agle et al. (1999) supporting this position of staunch economic pressure indicate that CEOs perceive shareholders as deserving higher priority from the management team than employees, customers, government, and communities. CEOs believe that shareholder saliency stems mainly from their “urgent” status, or need for immediate attention.

To investigate managerial perceptions of normative and economic value that could be potentially created by implementing specific HRM practices we draw upon Suchman’s (1995) typology of organizational legitimacy. Legitimacy is relevant for these perceptions because it can shape individual decisions and behaviors as it entails a perceived obligation to a particular referent group (Tyler, 2006). In examining the psychology of legitimacy, Tyler emphasizes that legitimacy frequently results in compliance with perceived expectations. The Suchman framework is applicable to our study as the three types of legitimacy each reflect criteria against which an organization’s HRM practices can be evaluated as being consistent with the norms, beliefs, and values of varied stakeholder groups (e.g., shareholders or employees). *Pragmatic legitimacy* reflects an exchange-based aspect (c.f., Dowling & Pfeffer, 1975) that involves self-interested calculations to determine the expected value to be received from organizational actions. For example, managers tend to be pragmatic when they evaluate HRM practices and make determinations of the value being received in return for their endorsement (and implementation) of a practice. *Moral legitimacy* is based on positive normative judgments of an organization and its activities (c.f., Parsons, 1960) in terms of whether the organization is “doing the right thing”. These evaluations and judgments are made to assess whether an organization’s actions, such as its choice of HRM practices, are consistent with the value system held by its respective stakeholder groups. *Cognitive legitimacy* reflects the cognitions that stakeholder groups, such as managers, form in terms of whether the organization’s practices are viewed as an appropriate outcome that fits its larger cultural environment. For example, cognitive legitimacy reflects whether HRM practices of the organization are viewed as the sole available alternative or are taken-for-granted as appropriate outcomes (Suchman, 1995). In cases when HRM practices conform to established standards and are formalized into routine operations, these practices are then viewed as “given”, while alternatives are “literally unthinkable” (Zucker, 1983) because cognitive legitimacy status is achieved at this point.

In the following sections, we focus our investigation on managerial perceptions concerning two specific domains of HRM practices particularly connected to both economic and normative issues: organizational justice and second, work-family conflict. Specifically, we investigate how managers view the economic and normative value of these HRM practices, which is evaluated in terms of perceived pragmatic, normative, and cognitive legitimacy.

Organizational Justice HRM Practices and Managerial Legitimacy Perceptions

Organizational justice concerns employee evaluations as to whether they are being treated fairly and how these determinations influence job related outcomes (Moorman, 1991). Two forms of organizational justice heavily researched are distributive justice and procedural justice (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Colquitt & Greenberg, 2003).

Distributive justice refers to employee perceptions about the fairness of outcomes, whereas procedural justice refers to employee perceptions about the process and procedures used to make decisions (Colquitt & Greenberg, 2003). Frequently, perceptions of distributive and procedural justice are assessed in conjunction holistically as generalized perceptions of organizational justice.

The HRM practices that are influential in employee assessments of organizational justice have implications on a number of individual and organizational outcomes (Bowen & Ostroff, 2004; Weaver & Trevino, 2001; Wu & Chaturvedi, 2009). Justice-based HRM practices include workforce management programs, policies, and techniques that positively affect employee evaluations of fairness. For instance, justice concerns have a particularly prominent role in the reward system and the system of allocating resources (Konovsky, 2000). Therefore, rewards based on objective procedures, selection processes with clear and open communication, and policies providing employees “voice” (opportunities for participation and influence) are each related to increased generalized perceptions of fairness (Colquitt et al., 2001; Konovsky, 2000). Furthermore, increased generalized perceptions of fairness (i.e., justice) are associated with increased organizational commitment and employee engagement in organizational citizenship behavior (“OCB”) (Colquitt et al., 2001; Podsakoff, MacKenzie, Paine, & Bachrach, 2000). Findings also indicate that a climate for procedural justice is related to unit-level OCB (Ehrhart, 2004). This particular study found that a retail store’s departments that exhibited higher levels of procedural justice climate were more likely to engage in helping OCB and conscientiousness OCB. Specific to justice-based HRM practices is that they are instrumental in accomplishing responsibilities of management as organizational commitment and OCB both have implications for organizational performance. Instrumentality is inferred from evidence that organizational commitment is related to lower employee turnover and increased levels of employee effort (Mathieu & Zajac, 1990; Meyer & Allen, 1997) while OCB can provide productivity gains and resource efficiencies that benefit an organization through increases in the quality and quantity of goods and services (Bolino & Turnley, 2003; Podsakoff et al., 2000).

An interesting finding is that generalized perceptions of justice (e.g., overall fair treatment and fairness concerning rewards, advancement, respect, punishment) are not only negatively related to the level of unethical behavior, they are also positively related to the likelihood of reporting unethical behavior (Trevino & Weaver, 2001; Weaver, Trevino, & Cochran, 1999). In addition, perceptions of fairness lead to more awareness of ethical issues and more conformity to ethical codes of conduct. In contrast, perceived unfair treatment often leads to property deviance and production deviance, as employees are likely to retaliate for perceived unfairness (Vardi & Weitz, 2004). This is an issue of concern for managers because unethical or deviant behaviors are becoming widespread and estimated to cost organizations tens of billions of dollars annually (Becker & Bennett, 2007). For example, employee theft alone is estimated to total \$52 billion a year and is a problem experienced by an estimated 95 percent of all businesses (Case, 2005). The choice to implement HRM practices based upon organizational justice is likely to produce a tangible financial benefit.

Overall, the decision to implement HRM practices aimed at enhancing employee justice perceptions satisfies both economic objectives for financial returns and normative objectives for employee well-being. It is therefore likely to be related to both pragmatic and normative

legitimacy judgments of managers. As pragmatic legitimacy is “exchange based” (Suchman, 1995), assessments by managers are made in terms of the exchange value expected to be received in return for the adoption of justice-based HR practices. In terms of the value exchanged, managers may benefit not only from a reduction in costly unethical / deviant behavior of employees but also from managing more committed employees that are likely to exhibit higher levels of individual performance that contribute positively to organizational performance. Improved performance and efficiency are consistent with the demands of economic pressures. As moral legitimacy is based on normative criteria in terms of whether an activity is “the right thing to do” (Suchman, 1995, p. 579), and as justice-based HRM practices are founded upon treating employees fairly, it is likely that managers will perceive such practices as morally legitimate. Fair treatment complies with normative pressures concerning the well-being of employees. Therefore, we propose:

Proposition 1: The use of justice-based HRM practices is positively related to managerial evaluations of (a) pragmatic legitimacy and (b) moral legitimacy.

Work-Family Conflict HRM Practices and Managerial Legitimacy Perceptions

The other set of HRM practices at the intersection of economic and normative concerns are those that address work-family conflict. Work-family conflict refers to the conflicting roles and demands that an employee encounters when performing both job responsibilities and family responsibilities (Kossek & Ozeki, 1998). A recent survey indicates that a majority of workers in the United States experience difficulty balancing work and family. Indeed, 44% of men and 40% of women report that the domains of work and family interfere with each other either “a lot” or “somewhat” (Kalleberg, 2008). These percentages are even higher for persons with children, reaching 48% and 42%, respectively. This trend is an important managerial concern because work-family conflict has a significant relationship with costly absenteeism and turnover and a negative relationship with job satisfaction (Anderson, Coffey, & Byerly, 2002; Kossek & Ozeki, 1998). To address this concern, companies can however implement work-family conflict HRM practices through programs, processes, and techniques that reduce the occurrence of job responsibilities conflicting with family responsibilities.

Work-family conflict HRM practices can meet the expectations and interests of both economically and normatively focused stakeholders. Research shows that providing employee support services such as dependent childcare and wellness programs can increase employee commitment and reduce turnover intentions (Lee, Lee, & Lum, 2008). Absenteeism is costly because productivity losses from absenteeism are estimated to be \$660 per year *per* employee while turnover results in a number of different costs, including hiring costs, training costs, productivity costs, and separation costs (Stinson, 2010). Moreover, turnover costs average roughly 25% of salary and often are higher in many professional jobs (Potter, 2004). Increased job satisfaction also benefits employers; spilling over into greater organizational commitment (Mathieu & Zajac, 1990) and increased levels of OCB (Podsakoff et al., 2000).

The most common cause of work-family conflict involves schedule conflicts arising from work demands imposing on family time. Work-family conflict and related employee stress levels

can be reduced through the adoption of HRM practices providing employees with the ability to control their working hours via such methods as flex-time, telecommuting, or other similar means to self-manage one's working hours (Anderson et al., 2002; Liddicoat, 2003). Specific effective practices include flexibility in setting one's starting and quitting hours and having control over whether one can work from the office or home. Perceived social support from supervisors directly handling work-family conflict issues is also a factor in the attitudes and behaviors of employees. For example, Anderson et al. (2002) found that employee perceptions of managerial support and perceptions that family needs would not negatively impact one's career are significant determinants in reducing work-family conflict. Providing employees with HR programs that alleviate frictions between work and family responsibilities is associated with increased employee feelings of belongingness and loyalty (Lee et al., 2008).

Overall, HRM practices are central features in the management of work-family conflict. In terms of pragmatic legitimacy, management can expect to benefit from lower turnover, reduced absenteeism, positive job related attitudes (i.e., job satisfaction and organizational commitment), and individuals engaging in OCB. Thus, there seem to be direct and indirect economic benefits associated with an improved psychological work context. Managers are therefore likely to perceive work-family conflict HRM practices as appropriate for fulfilling economic expectations. In regards to moral legitimacy, reduced work-family conflict may significantly increase employee life satisfaction and reduce employee stress levels. These outcomes are consistent with moral legitimacy criteria for promoting the well-being of employees. Therefore, we propose:

Proposition 2: The use of work-family conflict HRM practices is positively related to managerial perceptions of (a) pragmatic legitimacy and (b) moral legitimacy.

HRM Practices and Cognitive Legitimacy

We analyze managerial perceptions of cognitive legitimacy separately due to its distinctive and somewhat ambiguous nature. Cognitive legitimacy is the most complex, yet most durable type of legitimacy. Characterized by a sense of predictability and permanence (Suchman, 1995), it is obtained when alternatives to organizational actions are simply unthinkable (Zucker, 1983). When this type of legitimacy is obtained, the HRM practices are interwoven so deeply into the cognitions of management they are literally taken as given and no other alternatives are considered. Cognitive legitimacy may be obtained by formalizing, standardizing, and fully incorporating HRM practices into daily business operations (Galang, Elsik, & Russ, 1999). HRM practices that support and contribute to organizational goals are more likely to be viewed as "more meaningful, appear comprehensible, and taken-for-granted" (Galang et al., 1999, p. 248; see also Zucker, 1983).

Cognitive legitimacy appears most likely to be granted by managers when HRM practices create a *strong HRM system* characterized by high distinctiveness, consistency and consensus (Bowen & Ostroff, 2004). An organization has a strong HRM system when its set of HRM practices fosters a shared meaning among employees concerning appropriate policies, procedures, goals and actions. This occurs due to a strong HRM system creating the

psychological phenomenon of a “strong situation” that induces uniformity as situational foci are perceived and interpreted similarly (Bowen & Ostroff, 2004; Mischel, 1977). In a strong situation, contextual cues (e.g., HRM practices) affect individual perceptions concerning what actions are desirable, appropriate, and proper (Meyer, Dalal, & Hermida, 2010; Mischel, 1977). The attribute of distinctiveness refers to the degree to which HRM practices stand out and capture the attention of managers. The attribute of consistency refers to the extent to which the HRM practices are instrumental in producing an outcome regularly over time. The attribute of consensus refers to the agreement among managers about the choice of HRM practices and related goals.

Justice based HRM practices and work-family conflict HRM practices may promote managerial perceptions of cognitive legitimacy when they are highly distinctive, highly consistent, and evoke a high level of consensus. Support and confirmation by organizational decision makers is vital to HRM practices being perceived as high on these attributes (i.e., *strong*) (Bowen & Ostroff, 2004). Research shows that management commitment to particular policies produces more integrated (as opposed to easily decoupled) structures and processes that impact the daily decisions and actions of employees throughout an organization (Weaver et al., 1999). Other findings reveal that policy “follow through” (e.g., disciplining employees when violations occurred) produced more pronounced effects on employee behavior than merely having a code of ethics (Trevino & Weaver, 2001). These studies illustrate how formalized and consequentially implemented, as opposed to merely espoused, HRM practices can influence managerial thinking. Indeed, as justice-based and work-family conflict practices achieve pragmatic and normative legitimacy status, these HRM practices increasingly are viewed as important to organizational success, and the significance and centrality of these practices becomes more widely accepted (Galang et al., 1999).

Cognitive legitimacy is therefore likely to be granted by managers when HRM practices are aligned with organizational goals. Justice-based and work-family conflict practices are more likely to be considered taken as given and permanent features when supporting organizational goals, as well as when these HRM practices are mutually reinforcing. The former instance refers to vertical fit and the latter refers to horizontal fit (Wright & Snell, 1998). When both of these fits are achieved, both justice-based and work-family-conflict HRM practices have positive implications for organizational financial performance and normative outcomes. First, their distinctiveness is increased in terms of higher relevance as these HRM practices are beneficial in achieving organizational goals (Bowen & Ostroff, 2004). Second, the implementation of justice based and work-family conflict HRM practices is instrumental in reducing expenses (less theft, absenteeism, and turnover), developing more committed employees, and fostering higher levels of OCB. When HRM practices are seen as instrumental in producing specified outcomes because they consistently do what they purport to do, there is greater perceived consistency of these practices within the organization’s HRM system (Bowen & Ostroff, 2004). Third, a shared interpretation of what is important and expected is likely to occur when there is consensus among the organizational decision makers. Agreement among managers that justice-based and work-family-conflict HRM practices are supportive of organizational goals will increase the shared belief that these practices should be consistently implemented in practice (Bowen & Ostroff, 2004; Fiske & Taylor, 1984). When this occurs, there are no perceived alternatives and these HRM practices are ingrained in manager cognitions (Galang et al., 1999). In sum, a strong

situation exists when the set of HRM practices affects managerial cognitions regarding appropriate and sanctioned actions. When justice-based HRM practices and work-family conflict HRM practices are viewed as the standard means to manage employees it is likely that these practices are fully integrated into managerial decision routines. Therefore, we propose:

Proposition 3: Integration of justice-based HRM practices and work-family conflict HRM practices into the organization's HRM system is positively related to managerial perceptions of cognitive legitimacy.

Discussion

This paper has provided a framework for analyzing the HRM-related normative and economic pressures faced by managers in many organizations. By focusing on the concept of legitimacy, our framework provides a means to delineate these sources of tensions that managers must reconcile. In today's growing knowledge based economy, it is the human talent of an organization that principally provides a competitive advantage. However, investments in employees are difficult to relate to shareholder maximization as HRM practices are often viewed as a line-item cost to be minimized. We focused on justice-based and work-family conflict HRM practices and examined how these can be viewed as legitimate business practices that deliver both economic and normative value simultaneously. Our framework has implications for theoretical development and modeling of the perceptual process for judging the appropriateness and value producing effects of organizational practices. The framework also sheds light on practical issues that managers face when making decisions concerning HRM investments.

Implications

The perceptual processes involving judgments of legitimacy reveals that stakeholder groups often have differing and competing expectations. As summarized by King and Whetten (2008), an organization is situated in a multi-dimensional space comprised of varied stakeholders and assorted performance demands (see also Harrell-Cook & Ferris, 1997; Oliver, 1997). In this space, managers act as boundary spanners with a responsibility for both economic returns and employee well-being. In other words, managers of organizations have the unique, and arduous, role of reconciling oftentimes conflicting economic and normative pressures. The multi-dimensional typology of legitimacy is used for this purpose to examine the conflicting friction that may exist between the legitimacy dimensions, especially between self-interested based pragmatic legitimacy and the more broad societal expectations that characterize moral legitimacy (Suchman, 1995). We argue that justice-based and work-family conflict HRM practices are instrumental in meeting both types of pressures.

Although economic pressures have traditionally dominated their decision making, managers are facing increasing normative pressures. As illustrated in a 2008 survey of business executives, 58% of respondents indicated corporate citizenship was a "very high" or "high" priority (Whadcock, 2008). This percentage is expected to jump to 70% after 2010. While calls for normative oriented business practices are growing, such practices should not adversely affect

the viability of a business. Our framework for reconciling normative and economic tensions is thus in-line with what theorists that subscribe to convergent stakeholder theory propose. Convergent stakeholder theory is “unabashedly moral” (Jones & Wicks, 1999, p. 215); however, it is also rooted in economic realities. “Managers who attempt to implement an impractical normative core will fail in their basic moral obligation to protect (and advance) the stakes of those who make the firm a going concern” (p. 214). Convergent stakeholder theory seeks to identify stakeholder relationships that are simultaneously normatively rooted and economically practical. The psychological approach to legitimacy (e.g., Tyler, 2006) underlying our approach provides a useful framework for future researchers examining how managers respond to the similarities and differences between stakeholder groups.

In summary, our framework for evaluating the value of justice-based and work-family conflict HRM practices serves to delineate sources of economic and normative value. For HRM practices designed to meet both these demands, the salient question becomes “why do economic pressures appear to dominate normative investments in HRM?” A likely reason is that HRM practices are often not integrated with and aligned with organizational strategy. As decisions makers in many organizations are seldom aware of the value-creating effects that HRM can provide (Hansen, 2003; Wright, Snell, & Jacobsen, 2004), investments in employees are often viewed as a “rent appropriation” that diminishes economic returns (Evans et al., 2007). The legitimacy typology may thus be a refreshing lens enabling managers to realize that normative and economic pressures are not necessarily mutually exclusive. For this awareness to occur, it may be necessary to first explore how human capital investments become a material factor in financial returns. To avoid the common short-term view of employees as a line item cost, Wright et al. (2004) recommend taking an “outside-in approach” to HRM whereby business issues and desired outcomes (i.e., competitive issues) dictate the HRM strategy. This approach requires (a) HRM personnel to possess deeper knowledge of business issues and (b) managers to possess an informed understanding of the benefits of HRM investments. To move beyond the traditional perspective of employees-as-a-cost-item or rent appropriation, Hansen (2003) suggests that employees involved in HRM educate themselves on competitive business issues and then objectively demonstrate to decision makers the quantifiable value of HRM investments (e.g., productivity, impact on earnings or customer relationship management). HRM initiatives at this point will become “business initiatives” rather than exclusively “people initiatives.”

Limitations and Future Considerations

Our framework should be interpreted within the scope of its potential limitations. One limitation is that we have not fully considered the intricacies of the perceptual process that underlies legitimacy evaluations. In particular, perceptions are likely also influenced by individual characteristics. Although stakeholder groups may have different expectations, any particular person within a group may have certain idiosyncratic attributes that influence resulting judgments of legitimacy. Of particular relevance to economic and normative issues are individual values. Individual values underlie personal preferences for certain modes of conduct or outcomes, which often act as mental schema influencing what issues are considered as important and what environmental cues are viewed as salient (Rokeach, 1973). For example, results from a study of senior executives showed that personal values were associated with the

prioritization of strategic corporate issues (Sharfman, Pinkston, & Sigerstad, 2000). Hence, studies of legitimacy judgments may need to account for how personal values shape the evaluation processes of managers.

The proposed framework does not address outcomes resulting from the legitimacy perceptions of managers. In particular, legitimacy evaluations concerning justice-based and work-family conflict HRM practices seem likely to affect managerial assessments of organizational reputation. Reputation is a judgment by observers, such as managers, concerning the ability of an organization to deliver financial and social outcomes (Barnett, Jermier, & Lafferty, 2006); therefore, the proposed legitimacy framework could be used as a lens to explore how managers evaluate the reputation of their employers. Legitimacy is also believed to affect organizational attractiveness and resource availability (Suchman, 1995). It would be fruitful for researchers to examine whether the legitimacy perceptions of managers are related to their loyalty and work motivation.

Another factor that may impact legitimacy evaluations is the role of industry. A recent study indicates that managers have industry-specific motives for dealing with social issues and considering the interests of varied stakeholders (Vidaver-Cohen & Bronn, 2008). Managers surveyed in service industries were more likely to consider “remaining competitive” and “meeting shareholder demands” as motives for corporate citizenship as compared to managers in manufacturing industries. Managers from service industries were indeed the only group with a majority reporting shareholder demands as a motive consistent with corporate citizenship. A comparative analysis across industries seems appropriate to more fully understand managerial perceptions concerning the legitimacy of HRM practices. Industry may act as an intervening condition, affecting the extent to which managers perceive the HRM practices we detailed as simultaneously serving economic and normative expectations. In sum, these limitations point toward the need for empirical testing that would shed light on the salient factors affecting how managers evaluate the legitimacy of HRM practices. To analyze more comprehensively how managers view legitimacy, hierarchical linear modeling would be a recommended approach. Such an analytical technique can account for multiple levels, including the individual manager, aggregate groups of managers or the organization, and industry level.

Conclusion

Managers are charged with the task of reconciling various stakeholder demands that often include economic demands and normative demands. Indeed, the manager “determines whether our social institutions serve us well or whether they squander our talents and resources” (Mintzberg, 1975, p. 61). Managers therefore face the problem of how to balance often conflicting pressures as to how to best manage both the organization and the employees. To analyze the conflicting pressures that managers face, we used the multi-faceted legitimacy framework, which is a useful tool in this context to account for possible frictions between stakeholder expectations. Our conceptual analysis has shown that justice-based and work-family conflict HRM practices are unique mechanisms likely to simultaneously meet demands for economic and normative value.

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About the Authors

W. Randy Evans (Ph.D., University of Mississippi) is an Assistant Professor of Management at the University of Tennessee at Chattanooga. His research centers on topics emerging from the intersection of human capital and corporate citizenship issues, and also how social networks affect employee performance and adaptability. Prior to a career in academia, Dr. Evans worked in the commercial lending industry.

Milorad M. Novicevic (Ph.D. University of Oklahoma) is an Associate Professor of Management at the University of Mississippi. His research focuses on the areas of management history, management education, and international management. He has published more than 100 articles in various peer-reviewed journals including the *Leadership Quarterly*, *Human Resource Management*, *Journal of Management History*, *Journal of Leadership and Organizational Studies*, *European Management Journal*, *Journal of World Business*, *Business Horizons*, *Organizational Dynamics*, *Business Ethics: A European Review*, *Research in Personnel and Human Resources Management*, *International Journal of Human Resource Management*, *Human Resource Management Review*, and *Journal of Vocational Behavior*.