Can HRM lead to occupational integration? Evidence from Madagascar

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ABSTRACT

In Madagascar, the number of underemployed has further outpaced the number of unemployed because of the global pandemic that has slowed down the economy. The concept of occupational or professional or vocational integration becomes more relevant in this context. While it was defined as access to the first job, it has been broadened towards the achievement of a stabilised position in the employment system. The aim of this study is to find out how Human Resources Management (HRM) can support the occupational integration of employees. The survey covered 222 young university graduates and 182 organisations that employed them. Cox regression was used to test the model for the influence of HRM modes and employment negotiation terms on the professional integration of young graduates. We found out that only the effect of the terms of employment negotiation by these graduates on his occupational integration is significant. The latter is important since continuity of operations depends on employees wanting to stay indefinitely.

Keywords: HRM, employment, occupational integration, vocational integration, professional integration, terms of employment negotiations

INTRODUCTION

Globally, in 2021, the unemployment rate was 6.2%. In the same year, the unemployment rate in Madagascar was 2.6%\(^1\). This means that unemployment is not a major concern. Alongside unemployment, another problem has gained momentum: the fragility of jobs. This leads to the importance of occupational integration to counteract this fragility. Underemployed people are poorly paid, unproductive, insecure and often in the informal economy. There are two types of underemployment: time-related underemployment and underemployment related to inadequate employment (Verbruggen et al., 2015; Thompson, Shea, Sikora, Perrewé, & Ferris, 2013). Underemployment is seen as disguised unemployment in Madagascar where the social protection system is almost non-existent for the majority of underemployed workers. Underemployment income is in fact a minimum base for the survival of underemployed workers\(^2\). In Madagascar, in 2011, the rural underemployment rate was

\(^1\) https://donnees.banquemondiale.org/indicator/SL.UEM.TOTL.ZS
47.7% of employees compared to 36% in urban areas. This has been exacerbated by the crises related to covid and the war in Ukraine. The globalization of markets, mass production and the diversification of trades destabilize the situation of workers. And the unemployment rate is becoming less important than the organization of labour in a constantly changing market marked by precariousness, demotion and decadence of human capital. In a current of thought, occupational or vocational or professional integration has been assimilated to access to the first job (Juárez et al., 2014). For example, it has been adopted as a set of more or less institutionalized mechanisms that contribute to the transition from training to employment. This transition is made up of the intermediate forms between individuals and enterprises that change the transitions to employment. These mechanisms result from interactions between the public university, among others, individuals in transition on the external labour market and the companies that select them (Rose J., 1996). Similarly, vocational integration has been conceived as a phase of socialisation during the life cycle of the person where unemployment is not a social and/or individual pathology (Uddin, 2021). In this respect, it should be noted that this integration ends when the individual has reached a stabilized position in the employment system (Howell et al., 2022). It is a process by which individuals who have never belonged to the labour force enter a fixed position in the employment system. With regard to this process, access to the first job is the beginning and termination is marked by access to a minimum of six months of stable employment equivalent to an indefinite contract (Gaini et al., 2018). That said, this integration goes beyond access to employment: it is characterized by the retention of employment, and the indicator we have chosen is this IC of at least six months. This study aims to prove that HRM can be a source of professional integration of managed employees. The purpose of this study is to indicate the extent to which HRM is a pathway to this willingness of employees to stay interminably. Through this research, labour market actors will have knowledge of the reality of this market. Therefore, HR managers will be made aware of the practices of their trade that are oriented towards these resources. In addition, young people will recognize the types of HRM they have been and are facing and they will know where to find their way. Thus, these actors will be able to know when these modes of HRM promote or not the professional integration of these young people. In this way, readers will be able to learn several characteristics of the Malagasy labour market. In the end, this work will meet the needs of management models.

LITERATURE REVIEW

The search for the HRM shock, intended or not, on the vocational integration of young people, in terms of balance in the labour market, is poorly documented. Rather, there has been an orientation towards employability which is defined as the set of skills and HRM conditions necessary and sufficient to enable the employee to fulfill work in current and future jobs and to find a job at any time, inside or outside the company, within reasonable time and conditions (Fugate et al., 2004). From this perspective, employability is seen as an indicator of general HRM conditions (Divan et al., 2016). In addition to the characteristics of this market, people’s knowledge, abilities, skills and expertise allow them to retain or find employment (Fugate et al., 2004; Creed et al., 2022). This employability needs to be continually updated (Van Loo, De Grip, & De Steur, 2001). Three components of employability were identified: the ability to obtain a first job, the ability to retain one’s job and to lead transitions between jobs and roles in the same organization, and the willingness to find another job (Creed et al., 2022). And

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among these definitions of employability, this retention of employment fits in with occupational integration that we see as access to a fixed position in the employment system (Akkermans et al., 2019). Having started by satisfying the needs of organizations, employability applies to the labour market, a broader concept. In this case, skills management for employability extends outside the organization (Howell et al., 2022). This implies specific and transversal competences which are confronted with different management modalities (Becker, 1964). In this same vision, particularly as regards integration into the labour market, it depends on a structural effect resulting from the division of labour and the transformation of technology, a cyclical effect corresponding to the number of jobs available at a given time, for example, and the interaction between these fields (Baby A. & Laflamme C., 1993). In addition, for a better employability, the HRM should give employees a margin of initiative and creativity in line with their level of qualification so that their work meets the needs of the company. Individual and collective autonomy is therefore necessary (Fogaça et al., 2021). Also, the methods of control must take account of this margin, and the organization must provide the technical means of obtaining information and access to the networks of relations. In the same vein, the organization must train its employees to do so (Anderson et al., 2021). In this spirit, HR managers must provide vocational training in technical adaptation and employability. This employability training should broaden the range of activities and trades that employees can consider and hold accountable. Another condition of employability through HRM is the implementation of a mobility policy to deploy the adaptability of employees, their technical and relational skills, their networks and their positioning on the labour market. Finally, the last condition of employability promoted by the GRH is the evaluation of the performance of workers with a view to developing the initiative in their career paths within and even outside the organization (Anderson et al., 2021). According to these definitions, research has been carried out to put HRM at the service of employability. From one thread to the other, the component of the latter, which consists in the ability to retain one’s job, joins the concept of occupational integration. Therefore, horizontal and vertical mobility within the same organization has been included in this concept. In essence, HRM has been defined as a function that seeks the sustained correspondence between employees and jobs while achieving objectives (Singh et al., 2021).

The following questions arise: to what extent can HRM lead to the professional integration of employees? Is this occupational integration the responsibility of employers or employees? Therefore, in order to answer these questions, the preceding theories lead us to pose the hypothesis that HRM exerts an influence on the occupational integration of employees. In relation to this, a typology of employment management methods was considered. It contributes to the meeting of HRM theories. This categorization results from the survey Professional Relations and Enterprise Negotiations. Indeed, it evokes the employer’s perspective, in particular, its levels of predominance and its choices in terms of HRM and organization. All in all, there are four types of HRM policies that are low compromise, management by the costs, renovated internal market and professionalized project management. Low compromise and cost management are part of HRM’s restrictive policies, while the renovated internal market and professionalized project management are the result of active HRM policies. From the low compromise to professionalized project management, these modes of HRM are increasingly geared to the interests of employers.

In other words, the twelve determinants of an employer’s attachment to one of these four modes of HRM are: wage policy, wage increases, negotiations concerning working conditions, the employer’s effort in terms of employment management, organizational innovations, individualization of HRM, work prescribing, use of time-limited and part-time jobs, profit-sharing arrangements, importance of training, investment required of employees and teamwork (Lemièr et al., 2005). Moreover, each combination of the values taken by these twelve
variables forms a profile of HRM which could promote or prevent the occupational integration of the young people in our study. Among the rankings of HRM aspects, it provides details on activities and strategies and ranks them according to managers' trends through a four-value scale that allows them to more easily choose their responses. Another typology similar to four HRM profiles supports this model. First, HRM in a capable environment is possible, but it is limited in skills management and external mobility. Second, there is HRM in adjustment to the workstation, Taylorian which is neither stable nor reassuring. Third, a HRM focused on the development of skills and controlled autonomy promotes training but is fundamentally driven towards the performance of the company. It promotes the stability of employment in terms of permanent employment and seniority but does not provide security on the external market. Fourth, the simple structure of small businesses is marked by frequent departures of employees who find employment more or less easily in the fields of construction, transport and catering among others (Sigot J.-C. & Vero J., 2014).

Table 1. Typology of HRM modes

<table>
<thead>
<tr>
<th></th>
<th>Restrictive policies</th>
<th>Active policies</th>
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<tbody>
<tr>
<td><strong>Low compromise</strong></td>
<td>Management by the costs</td>
<td>Renovated internal market</td>
</tr>
<tr>
<td>Salary policy</td>
<td>Disinterested</td>
<td>Important</td>
</tr>
<tr>
<td>Salary increases</td>
<td>Very rare</td>
<td>Strong</td>
</tr>
<tr>
<td>Negotiations on working conditions</td>
<td>Rare</td>
<td>Strong</td>
</tr>
<tr>
<td>Employer effort in employment management</td>
<td>Low</td>
<td>Raised</td>
</tr>
<tr>
<td>Organizational innovations</td>
<td>Low or medium</td>
<td>Hierarchical lines</td>
</tr>
<tr>
<td>Individualization of HRM</td>
<td>Little developed</td>
<td>Reduced</td>
</tr>
<tr>
<td>Prescription of work</td>
<td>Developed</td>
<td>By overall objectives</td>
</tr>
<tr>
<td>Limited-time and part-time jobs</td>
<td>Many</td>
<td>Few</td>
</tr>
<tr>
<td>Interest rate agreements</td>
<td>Non-existent or poorly developed</td>
<td>Non-existent or poorly developed</td>
</tr>
<tr>
<td>Training</td>
<td>Not negligible</td>
<td>Low level of training activity</td>
</tr>
<tr>
<td>Investment required of employees</td>
<td>Low</td>
<td>Numerous and voluminous</td>
</tr>
</tbody>
</table>
As for the explained variable, the type of contract and the duration of the last job play a determining role in job retention. For the sake of precision, occupational integration means access to a full-time IC for at least six consecutive months during the last job held at the time of the survey (Giret, 2000). So, two types of stability were considered: at the level of the position or at the level of the organization in which the individual worked.

The permission given or not given by employers to employees regarding negotiations on working conditions differentiates the HRM policies of these employers (Lemière et al., 2005). Still, this permission promotes the perpetuation of the working relationship and thus the professional integration. Let us then enter into the terms of employment negotiations. Here we will discuss the arbitrarily fixed wage, the wage according to costs, the status and the working time.

It is generally accepted that every employee works to earn, among other things, his salary. On the one hand, information on prices and wages is one of the components of human capital. That means everybody has to invest in getting that information. Thus, every job seeker hopes to obtain the salary that corresponds to his skills and referring to the conditions of the job market indicated by this information. Then he sets his salary arbitrarily. On the other hand, as a result of the individual’s investment in human capital and as time progresses, his earnings, in particular his salary, should increase over time, according to the age-earnings profile curve (Becker, 1964). The wage level depends on the level of education. That said, the level of salary depends on the cost of investing in education, among other things (Mincer, 1958). Direct costs and indirect costs must be discern. As a reminder, the direct costs relate to education, including registration fees, the purchase of school equipment and travel. The so-called indirect opportunity costs represent the loss of earnings due to the fact that the individual spends less time or no time on a paid activity. Ultimately, the job seeker sets his salary based on these costs.

We have seen that the difference in employment status distinguishes between the achievement of expected monetary gains and access to work. Employment status, such as the fixed-term contract (FTC) and the IC, are decisive for occupational integration. However, status is one of the aims of job seekers in their negotiations on working conditions (Lochet, 1995; Giret, 2000).

Our theoretical model innovates by linking the management sciences in terms of HRM with occupational integration. It describes the interactions between these concepts. However, we have made two hypotheses: H1 and H2. The first hypothesis H1 stipulates that the choice of employers of young people among these four modes of HRM act on the professional integration of the latter. According to our second hypothesis H2, the fixity of young people in their workplaces is determined by their terms of employment negotiations, in particular the wage fixed arbitrarily, the wage according to the costs, the status and the working time.
As a result, the second hypothesis $H_2$ and the first $H_1$ are related, since these negotiating terms give more details in relation to the third criterion of the previous typology of HRM modes. But the terms of employment negotiations in $H_2$ come from the young, while the possibility of these negotiations in $H_1$ comes from the employers.

Firstly, this model stems from our hypothesis on the irreversible clash of the employer’s HRM mode on the occupational integration of the young outgoing. Secondly, it relates our hypothesis on the effect of terms of employment negotiations on this insertion.

**METHODS**

Because of narrow labour market where young people are not given preeminence, the problem of their ability to settle there is reinforced. In any case, young people represent a considerable potential for economic development. Surveys were carried out among managers and HR managers in national and international public and private organizations. These organizations were the employers of the young people in our sample made up of graduates from the university surveyed. The study covered 182 organizations. Through simple random sampling, 222 young graduates were selected. These 182 organizations were the last employers of the 222 young graduates in October 2020 for those who remained in activity.

Our model is formed by three variables: HRM mode or $h_{rmm}$, terms of employment negotiations or $ten$ and occupational integration noted $oi$. First, the variable $h_{rmm}$ allows four values: 1 low compromise, 2 cost management, 3 renovated internal market and 4 professionalized management per project. Then, the ten variable admits four values: 1 the wage fixed arbitrarily, 2 the wage according to the costs, 3 the status and 4 the working time. Finally, the $oi$ variable, which is the dependent or explaining variable, takes two values: 0 for not inserted and 1 for inserted which means in IC for six months or more.
To understand the process of access to the stabilized position, we chose semi-parametric Cox regression because of its consideration of the time lags before occupational integration occurs and because it makes it possible to examine and measure the powers of explanatory variables. Through the function \( h(t,x) \), this proportional risk or hazard model gives the instantaneous quotient of insertion into a last constant job for young people with the \( x_i \) characteristics. Moreover, \( \beta \) coefficients are the parametric component of the model. In addition, \( h_0(t) \), which is non-parametric, evokes the rate of access to a stable job when all the characteristics are null. It measures the effect of each of these two explanatory variables or covariates hrmm and ten on the explained variable \( o_i \). The SPSS tool was used to implement this regression.

So, we approached HR managers in 182 organizations located in Madagascar, 32 of which were in the public sector and 150 in the private sector and 222 young graduates from the university examined who have entered the labour market. More specifically, the public organizations surveyed were ministries, decentralized local authorities, embassies, projects and non-governmental organizations (NGOs). While those of the private sector were enterprises, banks, associations and NGOs. We specify that these private organizations have had various activities and have been of different sizes. In doing so, the data from their responses could be ranked among the four modes of HRM that go from the most disinterested towards employees to the most interested. Indeed, the organizations studied could be classified among the profiles such as low compromise, cost management, the renovated internal market and professionalized project management by their HRM practices.

RESULTS

Our sample is made up of 30% of employers who opted for the renovated internal market, 65% who preferred cost management, 5% who turned to the low compromise and 0% who practiced professionalized project management.

<table>
<thead>
<tr>
<th>Sample composition</th>
<th>Employers who opted for the renovated internal market</th>
<th>Employers who preferred cost management</th>
<th>Employers who turned to the low compromise</th>
<th>Employers who practiced professionalized project management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportions of choice of HRM mode</td>
<td>30%</td>
<td>65%</td>
<td>5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Author’s data, 2023

A majority of employers (about 65%) opted for cost management. This means that in Madagascar, employers of the sampled 2000 to 2013 graduates favour costs in their management of employees. Secondly, a medium proportion (approximately 30%) preferred the renovated internal market. A minority (about 5%) chose the low compromise and none leaned towards professionalized project management, which is the best mode. This proves that priority is given to revenue rather than to the interest of employees.

In statistical form, our model is: \( h(o_i) = h_0(o_i) \cdot \exp(-0.022 \cdot \text{hrmm} + 0.374 \cdot \text{ten}) \) where \( \exp() \) denotes the exponential function. The following table, obtained using SPSS on the data,
shows the measures of influence of the explanatory variables (hrmm and ten) on the explained variable (oi).

Table 3. Two covariates in the equation

<table>
<thead>
<tr>
<th>Covariates</th>
<th>B</th>
<th>Standard error</th>
<th>Wald</th>
<th>Dof</th>
<th>Sig.</th>
<th>Exp(B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>hrmm</td>
<td>-0.022</td>
<td>0.279</td>
<td>0.006</td>
<td>1</td>
<td>0.937</td>
<td>0.978</td>
</tr>
<tr>
<td>ten</td>
<td>0.374</td>
<td>0.180</td>
<td>4.321</td>
<td>1</td>
<td>0.038</td>
<td>1.454</td>
</tr>
</tbody>
</table>

According to this table, only the effect of the terms of employment negotiation by the outgoing students of the university studied (ten) on his occupational integration is significant. The first proof of this significance is the value of the Wald statistic which is greater than $2^2 = 4$ for the coefficient relative to this covariate (4.321). For the HRM mode, it is 0.006, below 4. The second proof is the degree of significance which is below the 0.05 threshold for this coefficient (0.038). For the HRM mode, it is 0.937, greater than 0.05.

Based on the « Exp(B) » column, all other things being equal, with each step up a notch in the typology of HRM modes, the likelihood of the employee keeping his or her IC for at least six months is multiplied by 0.978. Thus, for the terms of employment negotiation by the outgoing or covariate, we note that young graduates of the university under study opt more for the answers 1 and 3, especially for the arbitrarily fixed salary and for the status, rather than for choices 2 and 4 which are the salary based on the costs related to his career management and working time. Moreover, all other things being equal, the likelihood is multiplied by 1.345 each time the covariate ten changes value. The criteria relating to the terms of negotiation of employment by the young such as the arbitrarily fixed wage and the status of employment corroborate the hypothesis of proportionality of the chances of occupational integration due to this covariate named ten.

Hypothetically, active HRM policies should be conducive to labour market integration and restrictive policies should not captivate young people long enough. However, we have seen a number of cases where employers have applied management by the costs or even low compromise and where our young people have experienced job integration. Conversely, there have been cases where employers have practised the renovated internal market and young people have not been able to settle in their jobs. It must be deduced that only the terms of employment negotiations have significant influence on the sustainability of the employment of these young graduates of the university surveyed. Ultimately, only the second hypothesis H2 is validated.

DISCUSSION

Finally, occupational instability spread to young people leaving university, where it was believed that the high level of degree was reassuring. Thus, at the end of the experiment, it turned out that none of the four styles of HRM exerted a significant influence on the ability of young people to protect their jobs. Indeed, the modes of HRM from this perspective do not explain the outcomes of the career paths of young people in our study in terms of sustainability. In line with our results, employers should be responsive to the needs of employees in terms of working conditions so that they remain. Employers, through HR managers, should listen and be open to the choice of workers from the arbitrarily fixed wage, wage according to cost, status
and working time. They should pay more attention to the work situation of each employee, providing jobs that are rich in meaning, rewarding, stimulating, rewarding, favouring learning and challenges and enabling growth (Van Dam et al., 2017). The treatment of each should be tailored to the expressed need. It should be noted that the social responsibility of organizations encourages them to promote the employability of their employees. Employability is seen as a career determinant (Guan et al., 2019) that is the result of the interaction between an employee's professional success and the recognition of that progress by HR managers. This socially responsible and regulatory HRM aims not only to sustain the activities of the organization but also the commitment of its members. Firstly, this form of HRM works for the development of the organization. Secondly, it aims to maximize the quality of the work and the sustainability of the employment relationship. To this end, the latter constitutes an investment to ensure the well-being and retention of employees, as well as the attraction of new talent. It is in this way that the HR marketing becomes indispensable to live and convey a positive internal and external image and to support the feeling of belonging.

HRM would benefit from a return to its sources: the human factor. In this spirit, HR managers will have a double challenge: contributing to the achievement of performance and implementing practices that encourage employees to give their best and to want to stay and progress indefinitely (Taskin & Dietrich, 2019). That said, none of the organisations in our study carried out a HRM concerned with the occupational integration of their employees. However, inserting them comes down to wanting them well.

CONCLUSION

To the question: "Can HRM lead to professional integration?", thanks to our empirical verification of the presented theories, we can answer in the affirmative. With regard to the question: to what extent can HRM lead to the professional integration of employees? to have a retaining HRM for employees, professional integration must be one of its objectives. To do this, a relational marketing of HR should be set up. In this sense, a human management and an environment conducive to loyalty with a view to a stability and a control of social management oriented towards this insertion should be practiced. In this thinking, motivation should be seen in the long term. Further, the HRM can be evaluated and even audited on the basis of its ability to integrate its attendants. Concerning the question: is the occupational integration the responsibility of employers or employees? it is therefore a responsibility that she or he shares with his employer. Workers should also aim for conditions that comply with HRM opportunities. This is possible if HR managers and HR find a compromise on the wage and the status of employment. Continuity of activities depends on employees wanting to stay indefinitely. Thus, HR managers should find a compromise on the wage and the status of employment. However, this study can be continued to examine the impacts of the above-mentioned crises on the evolution of employees' professional integration.

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https://doi.org/10.1111/1748-8583.12334


of Political Economy, vol. 66, pp. 281-302


