



Exploring Discretionary HR Practices and Human Resource Service Orientation on Employee Motivation and Performance at PT RAF: A Qualitative Study Based on Regulatory Focus Theory

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Article Info	ABSTRACT
<p>Corresponding Author: Name of Corresponding : Rafyanti Widyarini E-mail: rafyantiwidyarini@gmail.com</p>	<p>This study explores how discretionary human resource (HR) practices and HR service orientation influence employee motivation and performance at PT RAF, a general insurance company in Indonesia. Employing a purely qualitative approach through non-participant observation and in-depth interviews with employees and HR representatives, the findings reveal that HR practices at PT RAF remain largely administrative, with limited attention to career development, training, and employee involvement. A low HR service orientation further weakens the effectiveness of HR policies. Consequently, most employees exhibit a prevention-focused motivational pattern, prioritizing error avoidance over achievement. These findings highlight the need for HR transformation toward a more strategic and service-oriented role to foster promotion-focused motivation and enhance overall employee performance.</p> <p>Keywords: Discretionary HR, HR service orientation, work motivation, regulatory focus, general insurance.</p>

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INTRODUCTION

In an increasingly competitive general insurance industry, companies are not only expected to offer reliable products and services but are also challenged to strengthen internal capabilities through adaptive, strategic, and human-centered human resource (HR) management. PT RAF, a general insurance company that has been operating for over a decade, is currently facing demands to improve service quality, customer satisfaction, and operational efficiency. However, initial field observations and interactions reveal a gap between administrative-focused HR policies and employees' expectations for professional development. Most HR practices at PT RAF remain transactional, focused on salary management, attendance, leave, and benefits, yet lack a personal touch or discretionary policies aimed at employee growth. Operational and supervisory-level staff report limited access to structured training and career development, and internal promotion processes are often viewed as lacking transparency. Moreover, interactions between HR teams and employees are perceived as rigid and largely administrative in nature, rather than developmental or coaching-oriented. As a result, there is a visible decline in proactive work

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motivation, emerging implicit dissatisfaction, and a tendency among employees to perform only at the minimum required level or become disengaged altogether.

In contemporary literature, discretionary HR practices, those that allow participation, offer training opportunities, and involve employees in decision making, are recognized for their strong influence on motivation and performance (Gavino et al., 2012; Guest, 2017). According to Higgins' (1997) Regulatory Focus Theory, organizational interventions can shape two types of work motivation: promotion-focused (driven by aspirations and growth) and prevention-focused (driven by obligations and risk avoidance). Recent studies, such as Lin-Schilstra et al. (2024), confirm that discretionary HR practices significantly foster promotion-focused motivation, which directly impacts employee performance and organizational citizenship behavior (OCB). However, the effectiveness of these practices is highly dependent on how HR teams perform their roles, especially when adopting an internal service orientation characterized by empathy, responsiveness, and proactive support for employee needs. In light of these phenomena, where a mismatch exists between current HR practices and the psychological as well as aspirational needs of employees, this study seeks to explore how discretionary HR practices and HR service orientation at PT RAF are perceived by employees, and how their interaction influences work motivation and actual performance. Through a qualitative approach involving observations and in-depth interviews, this research not only contributes to the literature on Regulatory Focus Theory within the service organization context but also offers practical recommendations for HR policy development in Indonesia's general insurance sector, particularly at PT RAF.

METHODS

This study employs a qualitative approach with an exploratory-descriptive design, chosen to deeply understand employees' subjective experiences and the meanings they construct around HR practices, HR service quality, and the types of work motivation that emerge in their organizational context (Creswell & Poth, 2018). A qualitative approach allows the researcher to uncover the complex dynamics between policies, perceptions, and the social environment in the workplace—elements that cannot be fully captured through quantitative methods.

The research was conducted at PT RAF, a general insurance company operating in Indonesia. The study involved two main groups of participants: non-HR employees from various divisions such as claims, underwriting, marketing, and customer service, who serve as the "recipients" of HR services, and members of the HR team, who represent the designers and implementers of HR policies. Participants were selected based on the following criteria: they had worked at the company for at least one year, had experienced direct interaction with HR policies (such as training, performance appraisal, promotions, or reporting workplace issues), and expressed willingness to participate in in-depth interviews.

Data collection was carried out using two primary methods. First, non-participant observation was conducted to capture real-time dynamics related to HR policy implementation, including interactions between HR staff and employees, as well as relevant day-to-day activities. Observations took place in various settings such as workspaces, departmental meetings, training sessions (when available), and informal interactions. Field notes were used to document contextual details, nonverbal expressions, and social dynamics. Second, semi-structured in-depth interviews were conducted with approximately 10 to 15

participants, including both employees and HR representatives. The interview guide covered several themes: perceptions of HR practices (both discretionary and transactional), the quality of service provided by the HR team, the type of work motivation experienced (promotion-focused vs. prevention-focused), and how HR policies influenced performance and loyalty. Interviews lasted between 45 and 60 minutes, were recorded with consent, and subsequently transcribed for analysis.

Thematic analysis, as developed by Braun and Clarke (2006), was used to analyze the data. This involved reading and familiarizing with interview transcripts and observation notes, identifying initial codes emerging from the data, grouping these codes into overarching themes such as "limited HR discretion," "employees as internal customers," and "ideal-self vs. ought-self motivation," and reflecting on these findings through the lens of Regulatory Focus Theory. To ensure the credibility and trustworthiness of the data, multiple validation strategies were employed. Source triangulation was applied by interviewing participants across different positions and divisions, and member checks were conducted to confirm the accuracy of the researcher's interpretations. An audit trail documented the entire research process, and the findings were further validated through critical reflection by the researcher and peer debriefings.

Ethical considerations were carefully observed throughout the study. Confidentiality and anonymity of all participants were ensured. Participants signed informed consent forms and were informed of their right to refuse to answer specific questions or withdraw from the study at any time. All collected data were used strictly for academic purposes.

RESULTS AND DISCUSSION

This study reveals three interrelated themes in understanding HR practices at PT RAF: (1) the limited presence of discretionary HR practices, (2) low service orientation within the HR unit, and (3) the dominance of prevention-focused work motivation among employees. Together, these themes help explain why many employees display only minimal performance, low innovation, and limited initiative.

Limited Implementation of Discretionary HR Practices

Interviews with employees at PT RAF indicate that discretionary HR practices have not been systematically embedded into the organizational culture. Development-oriented initiatives such as continuous training, career coaching, two-way feedback mechanisms, and involvement in decision-making remain incidental and symbolic. Employees reported that training is typically held only once a year and is often generic, lacking relevance to their daily tasks or personal development goals. Some even described such sessions as formalities with little impact on their actual work competencies. Promotion processes were similarly viewed as opaque, driven more by seniority or personal closeness to management than by performance or merit. This has led to perceived organizational injustice, undermining affective commitment and intrinsic motivation.

When employees feel their contributions and competencies are not valued or rewarded appropriately, they tend to adopt a defensive mindset rather than one oriented toward growth. These findings highlight the absence of a human capital investment logic in the company's HR strategy. According to Gavino et al. (2012), discretionary HR practices foster human capital development through autonomy, participation, and long-term skill building. In

the absence of aspirational HR practices, the formation of an "ideal self" is hindered. Theoretically, this supports Regulatory Focus Theory (Higgins, 1997), which posits that individuals are more likely to develop promotion-focused motivation in environments that support growth and achievement. At PT RAF, the lack of such an environment traps employees in a comfort zone, discouraging them from exceeding baseline expectations. This not only results in professional stagnation but also erodes work meaningfulness, which is closely linked to long-term motivation and extra-role performance, such as organizational citizenship behavior (OCB). Some employees even expressed a lack of long-term career expectations at PT RAF, signaling a state of career disengagement. If left unaddressed, this condition could lead to increased turnover intentions, declining loyalty, and the loss of human-based competitive advantages. In the service industry—where customer satisfaction and organizational reputation rely heavily on engaged employees—this is a critical risk.

Low HR Service Orientation

Field observations show that most employees perceive their relationship with HR as one-directional and administrative. Interactions typically revolve around procedural matters like leave applications, personnel data updates, or benefit clarifications. When employees encounter career issues, team dynamics, or development needs, HR is often absent as a dialogue partner. As one claims employee noted, "When we ask for feedback on performance evaluations, HR gives a very generic response. There's no open discussion." This reflects a low HR service orientation, characterized by a lack of empathy, minimal two-way communication, and passive responsiveness to employee needs. In contrast, modern HR literature views service orientation not merely as administrative efficiency, but as the HR function's ability to treat employees as internal clients who deserve to be supported, heard, and empowered (Bowen & Ostroff, 2004; Lin-Schilstra et al., 2024).

Within the HRM System Strength Theory (Bowen & Ostroff, 2004), HR is considered effective when it communicates organizational policies and values with consistency, clarity, and consensus. At PT RAF, however, HR has not fulfilled this strategic role. Employees reported inadequate communication around HR policies, a lack of involvement in policy development, and the perception that HR is not a true partner in career growth. In many cases, HR was seen as reactive rather than proactive—only responding to issues rather than preventing or supporting them. From the perspective of Signaling Theory, HR interactions send implicit messages about how much the organization values its employees (Suazo et al., 2009). When HR fails to communicate signals of care, openness, and responsiveness, employees become reluctant to voice aspirations, lose trust, and withdraw motivationally. This helps explain the widespread prevention-focused motivation found among PT RAF employees—working only to avoid mistakes rather than striving for excellence.

Lin-Schilstra et al. (2024) emphasize that HR service orientation plays a moderating role between discretionary HR practices and positive employee outcomes such as achievement motivation and OCB. When HR displays high service orientation, even basic policies are more readily accepted by employees who feel respected and supported. In contrast, when HR is primarily administrative—as observed at PT RAF—the emotional and communicative delivery of HR practices fails, diminishing their intended impact. Moreover, low service quality weakens perceptions of organizational justice and widens psychological distance between management and staff. This hampers the development of an open,

collaborative, and learning-oriented work culture. In the long run, these conditions can harm the company's employer branding and increase the risk of losing younger talent, who increasingly seek meaningful and inclusive work experiences.

Dominance of Prevention-Focused Motivation Among Employees

Interviews revealed a cautious, risk-averse work motivation pattern among many PT RAF employees. Rather than innovating or suggesting improvements, employees preferred to follow standard operating procedures strictly to avoid mistakes. A marketing division staff member remarked, "We just play it safe. As long as we follow the SOP, that's enough. We're afraid of being blamed if we improvise." This illustrates a dominant prevention-focused mindset, driven by the need for safety, stability, and compliance. This motivational pattern stems from a workplace environment lacking psychological safety and development opportunities.

Transactional HR practices—focused on payroll, attendance, and administrative functions—combined with limited communication, coaching, or empowerment, discourage employees from taking even constructive risks. Regulatory Focus Theory links prevention-focused motivation with a sense of duty, fear of negative outcomes, and the desire to maintain the status quo (Higgins, 1997). At PT RAF, the absence of clear rewards or recognition for initiative reinforces this dynamic. The low HR service orientation exacerbates the issue, as employees feel unheard and unsupported. Implicitly, they learn that "staying quiet is safer" and "taking initiative poses personal risk." This fosters a stagnant work culture, stifles organizational learning, and diminishes the proactive spirit critical to the insurance industry, which must constantly adapt to evolving customer and regulatory demands.

These findings align with Forster et al. (1998), who showed that environments overly focused on error prevention, strict rules, and inflexibility generate defensive, protective employee behavior. Instead of being driven by aspirations, employees operate out of obligation and fear. As a result, contributions to innovation, continuous improvement, and active participation in change processes remain minimal. A further consequence is weakened ownership and emotional engagement. Employees complete tasks, but without a sense of purpose or attachment to the organization's vision. Over time, this can lead to presenteeism—being physically present but psychologically disengaged.

For PT RAF, this condition poses a significant threat, as success in insurance depends not only on operational efficiency but also on the quality of employee-client relationships. The dominance of prevention-focused motivation is not an individual flaw but a rational response to a non-empowering environment lacking mutual trust. Without structural reform and a more empathetic HR approach, this pattern will continue to hinder the organization's path toward high performance and a culture of innovation.

CONCLUSION

This study aimed to explore how discretionary HR practices and the service orientation of the HR team influence employee motivation and performance at PT RAF, a general insurance company in Indonesia. Using a qualitative approach based on in-depth interviews and non-participant observation, three key findings emerged. First, HR practices at PT RAF remain largely transactional and administrative, with developmental programs such as training, coaching, and employee involvement in decision-making implemented sporadically

and unsystematically. As a result, employees feel unsupported in their growth, leading to the absence of promotion-focused motivation that is essential for encouraging initiative and innovation. Second, the HR team has yet to fully embrace its role as an internal service provider. The relationship between HR and employees is predominantly one-directional, lacking responsiveness and emotional support, thus weakening the perceived value of HR policies. Finally, the work environment's restrictive and unsupportive nature fosters a prevention-focused motivation among employees, who tend to avoid mistakes rather than take initiative. This results in low emotional engagement, minimal extra-role contributions, and stagnation in the organizational culture. These three findings are interconnected and highlight that the effectiveness of HR policies at PT RAF is strongly influenced by how they are communicated, implemented, and experienced by employees—making HR service orientation a critical factor.

Based on these findings, several recommendations are proposed. PT RAF should improve the quality of discretionary HR practices by establishing more progressive and structured development policies, including regular, relevant training, cross-level mentoring programs, and employee involvement in policy-making. Additionally, the HR function must transform into a strategic partner through empathetic and supportive service delivery, achieved by training HR staff in service-oriented mindsets, creating two-way feedback forums, and positioning HR as a facilitator of growth. The company should also foster a workplace culture that encourages promotion-focused motivation by providing psychological safety, recognizing innovation, incorporating personal growth into performance evaluations, and maintaining open and inspiring internal communication. Lastly, as this research is exploratory and limited to a single organization, future studies are encouraged to adopt a multiple case study or mixed-method approach to compare HR practices across insurance firms and to empirically test the relationship between HR practices, regulatory focus, and performance on a broader scale.

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