

EXPLORING EMPLOYEE REACTIONS TO HIGH PERFORMANCE WORK SYSTEMS: IS THERE A POTENTIAL “DARK SIDE”?

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As organizations consider ways to increase and enhance organizational performance, research on strategic human resource management (HRM) has gained increasing attention. Within research on strategic HRM, a particular focus has emerged on high performance work systems (HPWS), also referred to as high performance work practices and best practice HRM. HPWS are a set of practices that typically comprise comprehensive recruitment and selection, incentive-based compensation, performance management, extensive employee involvement, and detailed training initiatives (Huselid, 1995). Collectively, these practices are expected to provide a source of sustained competitive advantage to firms when the practices are horizontally matched as a compliment to each other and also vertically aligned with the firm’s strategy (Delery, 1998; Huselid, 1995). Indeed, scholars have empirically established a relationship between HPWS and a variety of organizational outcomes (Batt, 2002; Guthrie, 2001; Huselid, 1995), suggesting that from an organizational perspective, HPWS are an important contributor to organizational success.

While the mainstream view is that HPWS are beneficial for organizations, an alternative theoretical perspective has developed which challenges the “rhetoric versus reality” of HPWS. This perspective suggests that HPWS, which are aimed at creating a competitive advantage for organizations, do so at the expense of individual employees (Godard, 2001, 2004; Gould-Williams, 2007; Kroon, van de Voorde, & van Veldhoven, 2009; Ramsay, Scholarios, & Harley, 2000). Dark side scholars suggest that while the rhetoric of HPWS may be soft, the reality is almost always hard, as business performance trumps employee well-being, leading workers to feel exploited rather than taken care of (Truss, Gratton, Hope-Hailey, McGovern, & Stiles, 1997).

To avoid the hard reality of HPWS, we argue that it is critical for HPWS to be implemented with a sufficient amount of job control, as evidenced by job demands-control theory (Karasek, 1979) and stressor-strain relations (Jex & Beehr, 1991). Job demands-control theory states that strain is a function of job demands and control (also referred to as job decision latitude). Thus, two employees faced with the same job demands will respond differently depending upon the amount of control or discretion they have in determining how to complete their job and fulfill their responsibilities (Karasek, 1979). We follow existing work which argues that HPWS not only present employees with great opportunity but also place great demands on employees as well (Evans & Davis, 2005; Kroon et al., 2009). In this way, HPWS may serve as a psychological stressor that has the potential to result in work-related strain. However, as emphasized by job demands-control theory, employees also vary in the extent to which they have discretion over the various demands of their jobs. Employees who have more control over how

and when decisions are made, delegation of work tasks, and autonomy may be better able to cope with job demands (Karasek, 1979). The ability for employees to cope with stressful situations has been the focus of much occupational research and those who are able to effectively cope with workplace stressors often experience fewer stress-related outcomes (Jex & Beehr, 1991; Jex, Bliese, Buzzell, & Primeau, 2001). As stated by Jex et al. (2001: 401), “it is logical to conclude that stressors would be much more threatening to those who do not perceive themselves of being capable of performing their job tasks.” Therefore, we argue that the effect of HPWS on employee strain should be considered in light of employee job control.

Hypothesis 1: The relationship between HPWS utilization and strain is moderated by job control. As job control increases, HPWS utilization will relate to lower strain.

Hypothesis 2: The relationship between HPWS utilization and work intensification is moderated by job control. As job control increases, HPWS utilization will relate to lower work intensification.

Drawing on the stressor-strain relationship, work stressors can be viewed as triggers of negative emotions, attitudes, and cognitions, which ultimately lead to coping behaviors via emotional or physical withdrawal (Jex, 1998). Turnover intentions are a form of job-related withdrawal (Hanisch & Hulin, 1991), and several scholars have established empirical evidence linking stressful work to turnover intentions (Balfour & Neff, 1993; Todd & Deery-Schmitt, 1996). Furthermore, the relationship between stressful work (as a function of job demands and control) and turnover intentions was supported by de Croon, Sluiter, Blonk, Broersen, and Frings-Dresen (2004) in a sample of Dutch truck drivers.

de Croon et al. (2004) also found that psychological strain mediated the relationship between stressful work and turnover intentions. According to several models of work stress (see Jex & Beehr, 1991 for a review), it is important not only to understand the direct effects of stress on employee outcomes, but also to identify the mediating mechanisms for a more complete understanding of the stress process (Beehr & Schuler, 1982). In line with this theorizing, we propose that the stressor of HPWS, in combination with low job discretion, will relate to increased strain and work intensification perceptions. These perceptions, in turn, are theorized to relate to increased coping via turnover intentions. We posit that employees faced with job demands that overwhelm their personal control will seek to psychologically separate themselves from the demands of work by thinking about leaving. In doing so, turnover intentions serve as a coping mechanism in response to psychological strain. Therefore, we hypothesize:

Hypothesis 3: Psychological strain mediates the interaction of HPWS utilization and control perceptions on turnover intentions.

Hypothesis 4: Work intensification mediates the interaction of HPWS utilization and control perceptions on turnover intentions.

METHODS

The sample for this study was derived from a larger study of government employees in Wales (Andrews & Boyne, 2007; Gould-Williams, 2008). In this context, employees were nested

within local departments. To account for the effects of departmental practices on employee level outcomes and the nesting of employees within departments, we utilized a multi-level approach.

Data and Sample

Context. Twenty two unitary government authorities were asked to participate in a study on employee practices. In Wales, unitary government authorities provide all local government services such as education, and social work, to road services and waste management. Local government authorities are comparable to municipalities or city governments. To encompass a wide array of services while managing survey costs, the study focused on eight departments in each authority: Education (excluding schools), Social Services (children's services), Planning, Housing Management, Revenues and Benefits, Waste Management, Leisure and Culture, and Human Resources. Each department is nested within its local authority. The sampling frame consisted of 8 departments nested in each of 22 local authorities, for a total of 176 departments.

Of the 22 authorities, six declined participation because they were going through internal restructuring, lacked adequate resources to conduct a survey across different departments in the local authority, or they had recently conducted a similar workforce survey. It is important to note that departments in the current context are unlike departments (such as marketing, finance, etc.) within a firm. Each department is an autonomous unit with discretion over employment policies. Data was collected from both employees and department managers in separate surveys.

Employee-level survey. The employee survey was sent to employees of the 128 participating departments (16 local authorities with 8 departments each). To ensure representativeness across occupational classes, a stratified sample was used. Some authorities have a higher number of individuals in the Waste Management Department, while others have a higher percentage in the Education Department. Thus, self-completion questionnaires were distributed to a stratified sample with a purposeful oversampling of frontline, non-managerial staff to ensure representativeness of this type of employee. The targeted sample of 6,625 non-managerial employees held a variety of occupational titles. Of those asked to participate, 1,755 returned questionnaires by the cut-off date, providing a response rate of 26.5%.

Department-level survey. A separate survey was conducted with department managers to assess department level practices. A total of 102 department heads, who were not a part of the employee survey, were sent short questionnaires in November 2007 by mail with a cover letter. This number is reflective of the fact that 16 of the service departments failed to provide enough employee responses (less than 3) to warrant a departmental survey. Although this survey was conducted at the same time as the employee survey, the departmental responses were used to corroborate employee responses. The participants were provided the option of completing the questionnaire by phone or returning it by mail. A total of 91 responses were received from department heads, representing a response rate of 89%. Sixty five department heads returned completed questionnaires by mail and 26 answered the questionnaire by phone. Overall, our final sample consisted of 1,755 employees nested within 91 local authority departments.

Measures

Employee-level measure of HPWS. Employee perceptions of HPWS were measured using

a 15-item scale ($\alpha = 0.81$), which consisted of (i) seven HR practice items drawn from Gould-Williams and Davies (2005) and (ii) eight items from Truss (1999).

Department-level measure of HPWS. The measure of HPWS at the department level ($\alpha = 0.81$) was provided by department managers and was comprised of 21 items, 19 of which were from the HPWS measure utilized by Datta et al. (2005). Two additional items were used to assess family friendly policies.

Job control. Spreitzer's (1995) measure of job control ($\alpha = 0.88$) was comprised of six items. A sample item is "I have significant autonomy in determining how I do my job."

Strain. Psychological strain was measured with the two psychological strain items (inter-item correlation was 0.62 ($p < 0.001$, two-tailed)) from Spreitzer, Kizilos, and Nason's (1997) scale of stress. A sample item is "I feel a great deal of stress because of my job."

Work intensification. Work intensification was measured using an eight-item scale ($\alpha = 0.91$) from Cousins, Mackay, Clarke, Kelly, Kelly, and McCaig (2004). A sample item is "I am pressured to work long hours."

Turnover intentions. Turnover intentions were assessed using a four-item scale ($\alpha = 0.89$) derived from Tett and Meyer (1993). A sample item is "I often think of quitting this job."

Control variables. Given the multi-level nature of the study we use controls at both the employee and the department level. At the department-level we controlled for (a) percentage of managerial employees, (b) percentage of professional employees, and (c) total number of employees. At the employee level, we controlled for (a) job position, measured as a dummy variable with non-manager as a reference category [1 = manager; 2 = supervisor], (b) employment status [1 = permanent; 0 = temporary], (c) gender (1 = male; 0 = female), (d) years of education, (e) age, (f) marital status (1 = married; 0 = unmarried), and (g) years of service. The selection of control variables was guided by previous studies.

ANALYSIS AND RESULTS

As a result of the nesting of employees within department, the testing of our hypotheses requires an examination of both employee and departmental effects on turnover intentions. In order to control for these effects, we employed a multi-level moderated-mediation analytic technique. We utilized Mplus Version 5.21 (Muthén & Muthén, 2009) to estimate all structural equation models (SEMs) in this study. An FIML estimator was used for all analyses, and the weighted least squares mean and variance adjusted (WLSMV) estimator was also used to test model fit based on chi-square measures. The MLR estimator is asymptotically equivalent to the estimator proposed by Yuan and Bentler (2000). Adaptive Gauss-Hermite quadrature with default integration points was used for numerical estimation. We used the residual covariance matrix, which is derived after removing the effects of control variables. The results of this analysis provided a model demonstrating satisfactory fit ($\chi^2/df = 1.259$; RMSEA = 0.066; SRMR_{within} = 0.020; SRMR_{between} = 0.007; CFI = 0.949; TLI = 0.937).

Hypotheses 1 and 2 proposed moderating effects of job control on strain ($\beta = -0.112$; $p =$

0.009) and work intensification ($\beta = -0.122$; $p = 0.001$), respectively. With increasing HPWS perceptions at the employee level, we see that at high levels of job control, strain and work intensification are almost flat, while at lower levels of job control, stress and work intensification are significantly greater. Therefore, Hypotheses 1 and 2 were supported.

Hypotheses 3 and 4 proposed moderated mediation effect of the interaction of HPWS and job control through strain ($\beta = -0.045$; $p = 0.007$) and work intensification ($\beta = -0.153$; $p = 0.008$) on turnover intentions, respectively. Results support both hypotheses such that strain and work intensification partially mediate the interaction of HPWS and job control on turnover intentions.

DISCUSSION

High performance work systems have begun to receive a great deal of research attention in the strategic HRM literature. These studies have suggested that HPWS may be utilized to reduce turnover, increase productivity, and to ultimately enhance firm performance (Delaney & Huselid, 1996; Guthrie, 2001; Messersmith & Guthrie, 2010; Way, 2002). The net result of these studies has generated a strong paradigm in HR research that touts the positive performance benefits that arise from HPWS adoption and implementation (Guest, 1999; Kroon et al., 2009).

However, the bulk of research on HPWS arising from the strategic HRM perspective has focused upon firm-level performance outcomes. This focus tends to look beyond the resources theorized to be affected by HPWS utilization – individual employees – and the potential negative side effects that HPWS utilization may hold for an organization's work force. In this study we examine the potential "dark side" of HPWS by emphasizing the importance of HPWS implementation with a sufficient amount of job control.

After accounting for the nesting of employees within departments, the results of our analysis demonstrate a significant interaction between employee perceptions of HPWS utilization and job control on both work intensification and strain. Employees who perceive greater organizational use of HPWS and who possess more job control demonstrate lower levels of strain and work intensification, while those with less job control demonstrate higher levels of strain and feel that their work is being intensified. Further, the results of the study also suggest that strain and work intensification partially mediate the interaction of HPWS perceptions and job control on turnover intentions. This finding implies that HPWS utilization, when coupled with low levels of job control, tends to leave employees feeling greater levels of strain, work intensification, and more prone to turnover intentions.

Taken together these results speak to a critique in the literature toward the motivation of top managers in their decisions to utilize HPWS in organizations (i.e., Godard, 2001, 2004; Guest, 1999; Keenoy, 1997; Kroon et al., 2009; Legge, 1995; Ramsay et al., 2000). These critical assessments have a multitude of complex philosophical roots, but each concentrates on one question: while HPWS may be a boon for organizational performance, what effect do they have on the lives of individual employees? Critical scholars have argued that HR systems, such as HPWS, are little more than a "wolf in sheep's clothing" (Godard, 2001; Keenoy, 1990). These authors suggest that organizations implement HPWS as a form of covert exploitation designed at eliciting greater levels of participation and effort from employees (Kroon et al., 2009; Legge, 1995; Willmott, 1993). However, to date little empirical work has been done to address this viewpoint. Early assessments have relied primarily upon case studies, which have not necessarily been directed at assessing the utilization of HPWS specifically, but have focused more upon performance management and other more narrow aspects of human resource management (Guest,

1999). The present analysis, along with recent work on burnout by Kroon et al. (2009), provides some credence to this viewpoint, as the door has been opened to a potential dark side to the implementation of HPWS when this set of practices is not accompanied by a sufficient amount of job control. These results echo the literature on job demands-control theory (Karasek, 1979), which has long recognized the importance of control perceptions on employee attitudes.

The results of this study should be considered in light of its limitations. First, the sampling frame for this study focuses upon public sector employees in the government of Wales. The sampling frame provides a unique context that limits the generalizability of the findings. It may be that public sector employees are more apt to feel strain and work intensification from the utilization of HPWS than their counterparts in private sector organizations. In particular, the government of Wales has a history of demanding high performance standards from employees (NAFW, 2000). Further, in an era where great scrutiny is placed on the use of public funds it may be that public sector employees are more prone to have negative perceptions of HPWS, which serve to color their attitudes and intentions. As a result, future studies should investigate the hypothesized model in a private-sector setting.

In addition, the study focuses on turnover intentions, rather than actual turnover events. While Ajzen's (1991) model has been useful in linking intentions to behaviors, focusing on turnover intentions rather than actual turnover remains a weaker test of this important individual and organizational outcome. Future research should endeavor to collect data on actual turnover events and supplement these empirical findings with qualitative assessments from exit interviews. Such assessments would provide a more fine-grained assessment of the linkages between HPWS utilization and turnover in organizational settings. This is particularly salient given that existing research in strategic HRM has reported a negative relationship between HPWS utilization and turnover rates at the organizational level of analysis (i.e., Huselid, 1995; Messersmith & Guthrie, 2010; Way, 2002). Additional work is needed to help reconcile these findings between individual perceptions of intent to turnover and actual turnover rates at the organizational level.

Finally, it should be noted that the strategic HRM literature has yet to consistently agree upon a set of practices that constitute HPWS (Takeuchi et al., 2007). As a result, the specific practices selected for this study may not be representative of all HPWS utilized in organizations. However, we attempt to mitigate this by including a large number of practices that have been identified as elements of high performance work systems in previous strategic HRM studies (e.g., Gould-Williams & Davies, 2005; Truss, 1999).

Conclusion

High performance work systems hold the promise of offering organizations a strategic mechanism to achieve performance benefits; however, the results of the present analysis suggest that HPWS should be adopted and applied with a mind toward the philosophy and method of implementation. Simply instating a bundled set of integrated HR practices may have negative effects on employee perceptions of strain and intensification, if the utilization of such practices is not coupled with an appropriate hand off of control and autonomy to individual employees. This becomes even more salient when turnover intentions are considered, as results from the present analysis suggest that HPWS can lead to stronger turnover intentions. In conclusion, this study suggests a more nuanced approach to assessing HPWS in organizational settings.

REFERENCES AVAILABLE FROM THE AUTHORS

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