



High commitment HR practices, the employment relationship and job performance: A test of a mediation model



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ABSTRACT

Purpose: This study outlines and tests a high commitment model of human resource (HR) practices and its association with outcomes through a path including employee perceptions and attitudes, thereby seeking a new way of opening the so-called 'black box' between human resource management (HRM) and performance.

Methodology: Data were collected through a questionnaire survey with responses from 835 Spanish workers from three sectors (services, education and food manufacture). In order to test hypotheses, we conducted a path analysis.

Findings: High commitment HR practices were related to employee performance through the mediating effect of perceived organizational support, a fulfilled psychological contract and job security, as key features of the employment relationship, and job satisfaction.

Research implications/limitations: This study highlights the roles of high commitment HR and a social exchange model that places a positive employment relationship at the centre of the link between HRM and performance. In so doing, it supports a causal chain from input (HR practices) to perceptions (the employment relationship), attitudes (job satisfaction) and performance (employee behaviour). However, it is based on self-report and cross-sectional data, and hence future research should obtain independent performance data and should ideally be longitudinal.

Originality/value: This study is novel in its analysis of how high commitment HRM affects performance through the employment relationship within a social exchange analytic framework. As such, it offers an alternative, albeit complementary view of the HRM – performance link to the more dominant AMO (ability, motivation and opportunity) model.

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1. Introduction

Recent decades have seen a burgeoning of research and writing on human resource management (HRM). It has been argued that for the field to progress, we need good theory about the nature of HRM, relevant outcomes and the relationship between HRM and outcomes (Guest, 1997). Much of the research attention has focused on the relationship between HRM and performance, and their outcomes concluded that there is evidence of a positive association

(Boselie, Dietz, & Boon, 2005; Combs, Liu, Hall, & Ketchen, 2006). However, the studies noted a failure to fully consider the process whereby HRM and outcomes might be linked. Subsequent research has begun to explore this linkage process, dominated by the use of the AMO model that explores how human resource (HR) practices affect the ability (A), motivation (M) and opportunity to contribute (O) of employees. Some studies have shown evidence to support the mediating role of these variables (Jiang, Lepak, Hu, & Baer, 2012; Subramony, 2009).

Despite the significant focus of the AMO model on employee behaviour, this approach fails to explain the process whereby HR practices affect employee behaviour. In order to understand this, as Wright and Gardner (2003) have argued, we need to incorporate the role of employee perceptions and employee attitudes. The analytic framework that may be best able to incorporate perceptions

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and attitudes and link them to performance is social exchange theory (Blau, 1964). Drawing on signalling theory (Suazo, Martinez, & Sandoval, 2009), it proposes that HR practices signal to employees what the organization has to offer; and the norm of reciprocity (Gouldner, 1960) that lies at the heart of social exchange theory proposes that employees will feel obliged to respond with positive attitudes and behaviour, mediated by perceptions of the signals from the organization. This study therefore presents an alternative route to that offered by the AMO model to explain the relationship between HRM and performance. It seeks to complement rather than contradict the AMO model, but it is based on distinctly different assumptions about the core aims of HR practices. Furthermore, it responds to calls to place employees at the centre of the analysis of the HRM – performance relationship.

There has been a steadily growing body of research exploring employee perceptions of HRM. For example, Nishii, Lepak, and Schneider (2008) and Van de Voorde and Beijer (2015) studied employees' perceptions of HRM and the attributions they make about management motives for utilizing HR practices. Social exchange theory focuses more specifically on the employment relationship and the implied exchanges in that relationship. In so doing it draws attention to different perceptions and their impact. Three sets of perceptions closely associated with social exchange form the focus of this study, namely perceived organizational support (POS), the psychological contract and job security. The proposition is that these perceptions determine whether there is a positive employment relationship and it determines levels of satisfaction, motivation and performance. It is these issues and this process of linking HRM and performance that is explored in this study. The first part of this study explains why we need to study employees' individual perceptions of high commitment HR practices and how these can, in turn, develop perceptions of organizational support, fulfilment of the psychological contract and higher job security, which we characterize as central features of a positive employment relationship from an employee perspective. We then consider how those perceptions are related to job satisfaction and employees' performance. Subsequent sections set out the methodology for the study, report the findings and discuss the implications of the results.

2. Theoretical background

Since interest grew in finding the relationship between HRM and performance, stimulated in particular by the seminal paper by Huselid (1995), descriptions of HR practices have often been prefaced by words that imply their aims. The most commonly used are high performance HR, high commitment HR and high involvement HR. The terms high performance HR or even high performance work systems (HPWS) have tended to dominate the literature, reflecting the particular interest in those practices most likely to lead to high performance. However one of the early influential studies by Walton (1985) emphasized the need to move from an approach based on control to one based on commitment, implying the need for a distinctive set of HR practices. This has been followed up in subsequent research and writing (see, for example, Pfeffer, 1998; Wood & Albanese, 1995). The case for high involvement HR practices has been outlined by Boxall and Macky (2009). Both the high involvement and more particularly the high commitment approaches to HRM imply that performance needs to be based on a positive employment relationship. As such, they can be differentiated from the AMO model that has as its main focus those HR practices that improve employee performance, leaving aside any concern for the employment relationship.

The aim of this study is to explore the effect of high commitment HRM on employee performance and to test a model explaining how

it has an impact. The underlying assumption of this model, reflecting the ideas of Walton and others, is that the organization needs to develop a positive reciprocal relationship with employees with the aim of achieving mutual benefits. Again, this can be contrasted with the AMO model, where the focus is on organizational benefits, particularly on performance outcomes, to the neglect of employee concerns. It is reflected in reviews raising questions about how far an approach based on the concept of high performance HR practices can result in both high performance and high employee well-being (Godard, 2004; van de Voorde, Paauwe & Veldhoven, 2012). Our proposition is that a high commitment approach to HRM is more likely to lead to mutual benefits reflected in both high satisfaction and high performance and resulting from a positive social exchange.

Social exchange theory has been widely used as an explanatory framework in organizational behaviour and employment relationships (see, for example Coyle-Shapiro & Conway, 2004). The central argument is that if an organization provides, or at least offers, something that employees value, they will reciprocate by offering in return something that the organization values. A classic example is the psychological contract (Rousseau, 1995), which has been defined as 'an individual's belief regarding the terms and conditions of a reciprocal exchange agreement between the focal person and another party'. A psychological contract emerges when one party believes that a promise of future returns has been made, a contribution has been given and thus, an obligation has been created to provide future benefits (Rousseau, 1989, p.123). Rousseau and Greller (1994) showed how HR practices signal the content of the psychological contract and Guest and Conway (2002) showed how these practices can help communicate the content of the psychological contract. In line with exchange theory, the psychological contract is concerned with mutual promises and obligations, and studies have consistently shown that where organizations keep their promises there is higher trust and lower intention to quit the organization (Zhao, Wayne, Glibkowski, & Bravo, 2007).

While the employment relationship can be considered at a variety of levels, the decline of collective activity in many countries has shifted the focus to the relationship at the individual level (Guest, 2004). One manifestation of this is the growing interest in the concept of I-Deals (Rousseau, 2005), defined as idiosyncratic deals that individual employees negotiate for themselves with their employer. Reflecting this focus, there have been calls to pay more attention to employee attitudes and perceptions in seeking to understand the effect of HR practices (Kehoe & Wright, 2010; Piening, Baluch, & Ridder, 2014). A number of features of the employment relationship are likely to be particularly salient in promoting mutual benefits over the long term. Of them, POS, fulfilment of the psychological contract and job security are particularly salient and have been previously analysed within the context of exchange theory. The basis for this claim and the resulting hypotheses are elaborated below.

2.1. Influence of HR practices on POS, the psychological contract and job security

POS has been defined as 'beliefs by employees about their organization that might contribute to the perception that the organization values their contributions and cares about their well-being' (Eisenberger, Huntington, Hutchison & Sowa, 1986; p.501). We expect high commitment HR practices to be associated with POS, because they signal a sense of caring for the well-being of employees. Several studies have highlighted the association between specific high commitment HR practices and POS. For example, Liu (2004) found that employee perceptions of pay level, career development opportunities and work-family support were

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