



Contents lists available at ScienceDirect

European Management Journal

journal homepage: www.elsevier.com/locate/emj

Are High-Performance Work Systems always a valuable retention tool? The roles of workforce feminization and flexible work arrangements

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ARTICLE INFO

Article history:

Received 5 June 2015

Received in revised form

31 March 2016

Accepted 10 April 2016

Available online xxx

Keywords:

Human resource management
High-Performance Work Systems
Workforce feminization
Flexible work arrangements
Retention rate

ABSTRACT

High-Performance Work Systems (HPWS) are commonly related to higher rates of employee retention. However, variations in such rates arising from differences in workforce gender composition have hardly been studied, so the aim here is to address these issues based on a sample of British workplaces. It is hypothesized that HPWS have reduced retention outcomes in highly feminized workplaces as compared to less feminized ones. An exploration is also made of how HPWS operate in conjunction with the provision of Flexible Work Arrangements (FWAs) to affect retention across both types of workplaces. The results suggest that workforce gender composition does indeed matter when it comes to the relationship between HPWS and retention. Contrary to expectations, the provision of FWAs alongside HPWS appears to be a less-than-optimal approach to retain employees, particularly in highly feminized workplaces.

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1. Introduction

After more than two decades of research, the benefits of HR practices for firm performance are well-documented (Jackson, Schuler, & Jiang, 2014; Posthuma, Campion, Masimova, & Campion, 2013). Yet these benefits seem highly dependent on firm context, whereby different firms may reap differential benefits from the same practices. A number of contingent variables capable of influencing the effectiveness of HR practices have been identified, including firm size (Way, 2002), reputation (Slavich, Cappetta, & Giangreco, 2014), industry (Datta, Guthrie, & Wright, 2005), business strategy (Takeuchi, 2009), and labour deployment strategy (Stirpe, Bonache, & Revilla, 2014).

Despite the considerable body of research on contextual variables affecting the outcomes of HR practices, there is only scant literature focusing specifically on contingences related to workforce composition. For instance, employee age has been shown to moderate the relationship between HR practices and employee work attitudes (Innocenti, Profili, & Sammarra, 2013; Kooij, Jansen, Dijkers, & De Lange, 2010), but similar studies analyzing other

demographic variables are scarce. This is surprising, especially considering the assumption that managers should take into account workforce composition when identifying suitable HR practices for their firms (Baron & Kreps, 1999). Thus, Peccei, Van de Voorde, and Van Veldhoven (2013) argue that the interaction between workforce characteristics and HR practices is a promising avenue for future research, and one that may well contribute to a better understanding of the HRM–performance relationship. The overall argument is that employees with different demographic backgrounds and profiles “are likely to have different priorities and expectations at work and, consequently, are likely to evaluate and respond to HR practices differently” (Peccei et al., 2013: 39).

Among the demographic variables defining the workforce, gender is particularly relevant, as the increasing presence of women in paid work has led to more feminized workplaces (Rubery, 2015b). Nevertheless, little research has been conducted on how workforce gender composition influences the effectiveness of HR practices. This study has therefore been designed to address this matter. In particular, we aim to explore the impact of workforce gender composition on the outcomes of what it is usually assumed to be the most effective set of HR initiatives, that is, the so-called High-Performance Work Systems (HPWS). Specifically, we explore how the presence of women in the workplace affects the workforce retention outcomes of these systems.

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Our focus on such specific outcomes is informed by two issues: (1) the recognition of the demanding nature of HPWS for employees, and (2) the role of women in society, as women are typically responsible for a disproportionate share of home chores. As to the first issue, although HPWS increase employee satisfaction through higher participation and discretion, they are demanding in terms of working schedules, and may lead to increased job strain, and a negative work–family interface (e.g., [White, Hill, McGovern, Mills, & Smeaton, 2003](#); [Wood & de Menezes, 2011](#)). As to the second, the demanding nature of HPWS may be particularly relevant for women, who experience greater work–family conflict reflecting unequal home responsibilities ([Adams, Heywood, & Miller, 2014](#)). Therefore, we pose the following question: Are HPWS equally effective as a retention tool in workplaces with a higher degree of workforce feminization as compared to workplaces with a lower degree?

We also analyze whether workplaces providing more extensive Flexible Work Arrangements (FWAs) alongside HPWS record improved retention outcomes. We argue that by allowing employees to better manage their work and non-work responsibilities, FWAs may help to buffer the burdens of HPWS, with this effect being more important for workplaces with a higher degree of workforce feminization. By so doing, not only do we show how HPWS operate depending on workforce gender composition, but we also explore whether these systems may operate better when many women are present in the workplace.

The study is structured as follows. First, we present HPWS, their theoretical foundations, and the effects these systems have on firm performance and employee wellbeing. We then discuss how women's unequal burden of household responsibilities might modify the HPWS–retention relationship. Based on this, we propose our hypotheses. We then present the study's methodology, our findings and, finally, our main conclusions.

2. Theoretical rationale and hypotheses

2.1. The meaning of High-Performance Work Systems for firms and employees

HR practices may favourably affect firm performance ([Jackson et al., 2014](#)). HPWS have proven to be particularly valuable ([Posthuma et al., 2013](#)). While there is no agreement about which specific HR practices compose such systems, skill-enhancing practices (e.g., selective staffing, training), motivation-enhancing practices (e.g., performance appraisal, incentives), and participation-enhancing practices (e.g., flexible job assignments, disclosure of company information) are typically included in HPWS measures ([Combs, Liu, Hall, & Ketchen, 2006](#)). Taken together, these practices encourage greater employee flexibility, proactivity, collaboration, and organizational involvement ([Posthuma et al., 2013](#)). Their meaning for the firm is mirrored in several positive outcomes, such as improved production quality ([Appelbaum, Bailey, Berg, & Kalleberg, 2000](#)), productivity ([Stirpe et al., 2014](#)) and profitability ([Huselid, 1995](#)). Furthermore, a significant body of research consistently reports a positive association between the greater use of HPWS and workforce retention (e.g., [Gardner, Wright, & Moynihan, 2011](#); [Guest, Michie, Conway, & Sheehan, 2003](#); [Guthrie, 2000](#); [Jensen, Patel, & Messersmith, 2013](#); [Sun, Aryee, & Law, 2007](#); [Way, 2002](#); [Yalabik, Chen, Lawler, & Kim, 2008](#)).

These positive outcomes have been explained from different theoretical perspectives (see [Jackson et al., 2014](#)). Building on Social Exchange Theory, it has been argued that these systems are interpreted by employees as signs of high appreciation, investment, and recognition by the employer, as well as of the employer's intention

to establish a long-term exchange relationship with the workforce. Perceptions of employer goodwill motivate employees to enter into a social exchange (as opposed to a purely mercantile relationship) with the employer, which in turn motivates them to reciprocate by remaining with the organization and performing to a high level ([Evans & Davis, 2005](#); [Paré & Tremblay, 2007](#); [Takeuchi, Lepak, Wang, & Takeuchi, 2007](#)). Several practices contribute to nurturing such an interpretation by employees. For example, careful selection may indicate to employees that the firm values them very highly ([Takeuchi et al., 2007](#)). Employees may interpret participation in decision-making through quality circles, information disclosure, and teamwork, as recognition of their importance ([Evans & Davis, 2005](#)). In addition, training and multi-skilling signal both organizational investment in employees and a commitment to them ([Paré & Tremblay, 2007](#)).

In light of their positive effects for firms, HPWS are often regarded as “HR best practices”. Nevertheless, there is still considerable debate about the impact of such systems on general employee wellbeing at work. The empirical evidence generally suggests a positive association between HPWS and areas of employee wellbeing, such as satisfaction and commitment ([Peccei et al., 2013](#)). These results are often explained by the higher levels of autonomy and empowerment HPWS generate for employees, as well as a generally more interesting and rewarding work environment (e.g., [Akdere, 2009](#); [Katou & Budhwar, 2010](#)).

However, HPWS have also a “dark side” ([Jensen et al., 2013](#)). Indeed, a less positive association has been found between these work arrangements and other indicators of employee wellbeing. In particular, research carried out in the UK has reported the negative impacts such systems have on the components of health-related wellbeing. For example, [Ramsay, Scholarios, and Harley \(2000\)](#) have found that HPWS increase job strain. The authors argue that this effect is the result of the work intensification and stress that employees subjected to HPWS experience due to the enhanced discretion and responsibilities that these systems afford them. [Truss \(2001\)](#) has similarly found that some HPWS practices are coupled with employee feelings of increased stress and work pressure. [White et al. \(2003\)](#) have found that because HPWS are designed to evince greater employee contributions in the pursuit of organizational goals, they subtract hours from home time. Thus, selected HPWS practices have been related to a more negative interface between employees' work and their domestic lives. This negative impact on private life remains even after controlling for several organizational and individual variables, leading [White et al. \(2003\)](#) to conclude that HPWS are an additional and independent source of work–home spillover. More recently, [Wood and de Menezes \(2011\)](#) have shown that some HPWS practices encouraging greater employee involvement are associated with higher degrees of employee anxiety, which can be explained by the greater pressure to be proactive and flexible that such practices place on employees. These findings have received additional support from [Wood, Van Veldhoven, Croon, and de Menezes \(2012\)](#) and [Jensen et al. \(2013\)](#).

However, what are the consequences of these side-effects of HPWS for employee attachment to the firm? Judging from HPWS research, one may well argue that the negative impact of HPWS on employees is not severe enough to result in increased employee turnover. Indeed, as mentioned, there is sound evidence that HPWS are positively associated with employee retention (e.g., [Gardner et al., 2011](#); [Jensen et al., 2013](#)). This evidence suggests that the positive effects of HPWS for employees outweigh the negative ones.

Yet drawing such a conclusion for the workforce as a whole may be ill-judged. Indeed, the workforce is not homogeneous ([Lepak & Snell, 2002](#)), whereby the specific profile and condition of each employee group may actually lead to an idiosyncratic response to

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