

**Exploring the linkages between attitudes towards Human  
Resource Management practices and organisational commitment:  
Evidence from the financial services industry in Ireland.**

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## DECLARATION

I hereby certify that this material, which I now submit for assessment on the programme of study leading to the award of PhD, is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

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## ABBREVIATIONS

<b>CSO</b>	Central Statistics Office
<b>EIU</b>	Economist Intelligence Unit
<b>HCM</b>	High Commitment Management
<b>HPWP</b>	High Performance Work Practice
<b>HPWS</b>	High Performance Work System

## ABSTRACT

Since the 1990s, research in Human Resource Management (HRM) has been largely concerned with the search for links between HR 'systems' and firm performance (Guest, 1997). This has given rise to a body of literature that has been labeled 'high performance' and 'high commitment' management. Despite references to the term commitment within this literature, little research has examined the relationship between these HR systems and employee commitment. This is despite claims that commitment is best viewed as a multi-dimensional construct, with different outcomes for both individuals and for organisations pursuing high commitment strategies. This points to a need to consolidate both individual and firm level perspectives. The present study extends this literature by (a) focusing on the individual as the unit of analysis (b) viewing commitment as a multi-dimensional construct (c) examining whether attitudes towards HR practices are linked to different forms of commitment and (d) establishing whether career stage has a moderating influence on the HR-commitment relationship. The empirical research is based on an employee attitude survey (n = 288) and interviews with HR managers within three financial service organisations in Ireland. The findings highlight that (a) attitudes towards HR practices impact on some forms of commitment more than others (b) certain attitudes have a greater impact on commitment than others (c) attitudes do not interact with career stage to predict affective commitment and (d) attitudes that do not impact on affective commitment are, in some cases, those that impact on intention to leave. It seems that the management of employment experiences over time provides the key to both high retention and high commitment within organisations. Based on these findings, models of high commitment management and high retention are presented.

## INTRODUCTION

Research in human resource management (HRM) has faced considerable criticism for its lack of focus on those 'at the receiving end' of HRM practice (e.g. Legge, 1998). In its place, a dominant theme within the literature concerns the identification of HR practices that will impact on firm level outcomes, such as higher productivity, lower turnover, lower rates of absenteeism and higher levels of financial performance (e.g. Arthur, 1994; Huselid, 1995). This has led to the identification of what have been regarded as 'best HR practices' (e.g. Pfeffer, 1998), which it is argued can be universally adopted both across *and* within organisations yielding favourable firm level outcomes and employee behaviours. These practices include, for example, extensive training and career development opportunities and high job security. While a number of studies have investigated relationships between these practices and firm level outcomes, little research has examined outcomes that are relevant from the perspective of the employee.

There is increasing support among researchers for a more complex understanding of commitment. It is posited that commitment is more appropriately viewed as a multi-dimensional construct comprising of three separable components, each of which reflect a unique underlying psychological state (Meyer and Allen, 1997). *Affective commitment* reflects an emotional attachment to, identification with, and involvement in the organisation. It represents the most positive form of commitment, and employees displaying affective commitment are likely to remain in an organisation because they *want* to do so. *Continuance commitment* relates to employee perceptions of the costs associated

with leaving the organisation and an associated *need* to remain in the organisation. *Normative commitment* relates to feelings of moral obligation to remain with the organisation, where employees remain because they feel they *ought* to. Although each of these three components of commitment may be viewed separately, it is assumed that employees display all three forms to varying degrees. One interesting feature of the universal perspective within HRM is that 'best' HR practices have also been labeled as both 'high commitment' *and* 'high performance' practices. A notable weakness of this perspective, however, is that most of the research in the area has failed to acknowledge the complexity of the commitment construct and has failed to measure it. This suggests that those practices associated with high performance may not necessarily be consistent with those associated with high commitment. Furthermore, the reference to both commitment and performance in this literature implies that these outcomes go 'hand in hand'.

Research studies that have regarded commitment as a singular, uni-dimensional construct have failed to firmly establish a relationship between commitment and performance. However, there is a growing body of evidence to suggest that relationships are stronger between job performance and the affective dimension of commitment in particular (e.g. Hackett et al, 1994; Meyer et al, 1989). This suggests that organisations seeking to adopt high commitment strategies should focus on those practices that impact on the affective commitment of employees. To date, there has been relatively little research carried out to investigate the way in which employee attitudes towards HR practices impact on multiple dimensions of commitment.

The concept of mutuality has been regarded as one of the central features associated with HRM models, particularly those models relating to high commitment (e.g. Walton, 1985a, b). One debate in the literature in recent years has concerned the extent to which HRM can be regarded as mutually beneficial to both organisations and their employees (e.g. Benkhoff, 1997a). It can be argued that HRM is associated with positive outcomes for both individuals and organisations if it is established that HR practices: (a) promote affective reactions among employees, thus signalling a positive outcome; and (b) lead to higher job performance among employees, which presumably impacts on firm performance. This suggests that a focus on multiple dimensions of commitment, and in particular affective commitment, will provide a better understanding of how attitudes towards HR practices and commitment are linked. It will also provide a better understanding of how commitment is related to performance. It is, however, possible that attitudes towards HR practices will impact on forms of commitment that produce undesirable outcomes for both the individual and the organisation. This is an issue that could have important implications for the development of high commitment strategies within organisations, yet it has received relatively little attention in the literature.

Concerns have also been raised regarding the extent to which commitment can be managed (e.g. Morris et al, 1993). Research findings indicate that certain organisational and individual variables are related to different forms of commitment (e.g. Iverson and Buttigieg, 1999; Taormina, 1999). In particular, there is research evidence which identifies differences in work attitudes and commitment over the stages of an employee's career (e.g. Allen and Meyer, 1993). This challenges the view that a generic approach to high



commitment management can be adopted within organisations and implies that HR practices may need to be configured according to particular categories of employees. Research to date has not considered this possibility.

Changes in the organisation of work indicate that the employment relationship has shifted towards a more short-term and less predictable state with adverse implications for the psychological contract between employee and employer (Cappelli, 1998). These changes present significant challenges to the high investment nature of practices associated with high commitment management in the literature. In addition, they raise questions concerning whether perceptions of the employment relationship have changed and whether commitment to the organisation has been affected. Some research suggests that a perceived breach in the psychological contract has a negative impact on employee commitment, and that perceptions of this contract will vary according to career stage (e.g. Sparrow, 1996).

The lack of focus on employee experiences of HR practices represents a notable weakness in the literature because it conflicts with much of the rhetoric and underlying theory in HRM. In particular, the failure to address individual differences that might impact on how employees view HR practices and how they subsequently view their attachment to the organisation, may be important in providing a better understanding of the complex HR-commitment relationship.

This thesis seeks to provide a better understanding of how employee attitudes are related to multiple forms of commitment. It provides a critique of research that has investigated

'high commitment management' and seeks to challenge some of the implicit assumptions that characterise firm level research within HRM. It highlights the lack of concern within this literature for (a) the complexities underlying the commitment construct and (b) the individuals that these HR practices ultimately seek to influence. It also challenges the 'best practice' perspective, in view of the possibility that attitudes towards HR practices and commitment within an organisation might vary among individuals. This presents the possibility that organisations pursuing high commitment strategies may need to tailor HR practices to suit employees' needs. This research identifies career stage – captured by employee age and organisational tenure - as a possible contingency variable that might provide a better understanding of the HR-commitment relationship.

The thesis is divided into six sections.

**Section one** provides an overview of the literature on HRM, organisational commitment and the psychological contract (**chapters one to five**). **Section two** describes the research methodology employed to investigate the research hypotheses and provides an overview of the research context (**chapters six and seven**). **Section three** presents the main findings from the research (**chapters eight to eleven**). **Section four** provides a discussion of the findings and presents the main conclusions from the research.

**Chapter one** describes both theoretical and research perspectives within HRM. It highlights developments in research investigating 'high commitment' management at the level of the firm. An overview of the HR practices associated with high commitment

strategies is provided. The chapter then shows how references to these practices as high commitment within this literature are misleading. The possibility that career stage influences attitudes towards HR practices casts doubt on the universal applicability of such strategies at the employee level.

**Chapter two** provides a detailed overview of the commitment concept. It highlights key debates within the commitment literature regarding both the definition and measurement of the commitment construct. The relationships between commitment and its consequences, most notably performance and turnover, are examined. The possibility that career stage will influence both the level and form of commitment shown by individuals is discussed. This casts further doubt on the universal applicability of high commitment strategies at the employee level.

**Chapter three** reviews the research that has investigated relationships between attitudes towards HR practices and commitment. It describes the HR practices that have been associated with high commitment strategies in greater detail. It emphasises the lack of research examining the relationship between attitudes towards HR practices and multiple dimensions of commitment. The possibility that these attitudes might impact on different dimensions of commitment is raised. This presents a further challenge to the application of high commitment strategies at the employee level.

**Chapter four** describes changes that have reportedly impacted on the employment relationship and on the psychological contracts of employees. It argues that these changes

conflict with the high-investment nature of HR practices that are assumed to influence employee commitment. The importance of career stage as a potential influence on perceptions of the psychological contract is identified.

**Chapter five** provides an overview of some of the key issues that were identified during the literature review. It points to the need to (a) focus on the individual as the unit of analysis (b) adopt a 'systems' focus and (c) recognise commitment as a multi-dimensional construct. The possibility that career stage might interact with attitudes towards HR practices to predict commitment is also considered. The chapter develops the main hypotheses in the study and presents a model that summarises the hypothesised relationships. These relationships concern career stage, attitudes towards HR practices, perceptions of the delivery of promises, commitment and intention to leave.

**Chapter six** considers the philosophical and methodological choices available to researchers when selecting an appropriate research framework. The research design in the present study is correlational by means of a cross-sectional survey methodology. The instruments employed provide a measure of attitudes towards HR practices, commitment, perceptions of the psychological contract and career stage. The survey data also provides the opportunity for respondents to offer additional information associated with their work environments. In addition, interviews with the three senior human resource managers in each organisation are conducted to determine the composition of HR practices within each organisation.

**Chapter seven** describes the context within which the research took place. It describes the significant economic developments in Ireland that were taking place at the time of the survey. It then provides an overview of the financial services industry in Ireland and presents key information regarding the three organisations participating in the research.

**Chapter eight** gives an overview of the HR practices employed within the three participating organisations, based on evidence provided by the three HR managers during interviews. The chapter highlights the views of HR managers regarding the management of HR practices associated with commitment. In particular, the possible limitations to the adoption of these HR practices are identified. **Chapter nine** describes the survey findings and also presents employees' views on issues of relevance to the research. **Chapter ten** addresses the first set of hypotheses proposed in the research and analyses the means of the main variables in the study. **Chapter eleven** provides an analysis of the remaining hypotheses in the study, which focus on the relationships between the key variables.

**Chapter twelve** provides a detailed discussion of the key findings and presents models of both high commitment and retention. **Chapter thirteen** identifies and discusses the main conclusions from the research. It also identifies some of the limitations of the research and provides directions for future research.

The research focuses on the HR mechanisms that may be responsible for observed relationships between attitudes and organisational commitment, in particular, affective commitment. It provides a detailed analysis of how HR practices are perceived by those

‘at the receiving end’ of HRM (Legge, 1998). It demonstrates that attitudes towards certain HR practices impact on the development of affective and continuance commitment. In addition, many of the attitudes that are less important in the development of high commitment are instead important to retention. The research fails to find support for interaction effects between career stage and attitudes towards HR practices in the prediction of affective commitment. This suggests that those practices associated with affective commitment can be applied universally across an organisation, regardless of career stage. However, interaction effects are found between career stage and other dimensions of commitment. These provide important clues regarding the routes to high commitment. The research also identifies organisational tenure as having a key impact on both commitment and intention to leave. This suggests that the management of employment experiences over time is important in the development of high commitment and retention.

The research has a number of implications for the management of commitment and retention within organisations. While the findings provide clear evidence to suggest that commitment is multi-dimensional, the need for research in HRM to recognise each of its dimensional forms is questioned. In addition, the need for greater clarity regarding the meaning of commitment among both researchers and practitioners is highlighted. As will be shown, the findings of the thesis complement and refocus research on this important issue.

**SECTION ONE**

**REVIEW OF THE LITERATURE**

## **OVERVIEW OF SECTION ONE**

The review of the literature is structured around four key themes that represent central features within the present research. The first theme concerns the nature of HRM (chapter one). The importance of commitment within HRM, the HR practice choices available to organisations and those practices associated with high performance are all issues developed under this theme. The second theme concerns the nature of commitment (chapter two). This theme is developed by describing the issues surrounding the definition of commitment and by identifying both the antecedents and the consequences associated with the concept. The third theme integrates the first two and explores the relationships between HR practices and commitment (chapter three). Finally, a fourth theme is developed, which seeks to identify the challenges and complexities associated with the high commitment model (chapter four). These four themes are then incorporated into a research model, which summarises the relationships that the present research seeks to address (chapter five).



## CHAPTER ONE

### HUMAN RESOURCE MANAGEMENT AND EMPLOYEE COMMITMENT: THEORETICAL AND EMPIRICAL PERSPECTIVES

#### 1.1 Introduction

This chapter presents a review of the literature that traces the development of human resource management (HRM) against a broad background of theoretical perspectives and empirical findings. It gives particular emphasis to the importance of the concept of employee commitment within the HRM literature. It then describes research that attempts to establish linkages between HRM and performance, which has been regarded as *the* research agenda in the field (Guest, 1997). Those practices that have variously been described as 'high commitment', 'high performance' or 'best' HR practices are identified. The chapter then proceeds to discuss a number of problems that limit the extent to which further progress can be made in the search for HR practices that predict high commitment.

#### 1.2 The Nature of Human Resource Management

By the 1980s, a number of factors influenced the need for a new approach to the management of human resources. The product market environment had become increasingly global and competitive, new technological advances were impacting on work practices, and there was a marked growth in the service sector. There was also a growing interest in the management principles of successful Japanese companies and their close associations with high employee commitment (Legge, 1995; Oliver and

Wilkinson, 1992). Meanwhile, the traditional personnel function faced criticism for its lack of planning (Flanders, 1970), the contradictory nature of its policies (Batstone, 1980), and the lack of credibility among personnel specialists (Legge, 1978). Basically, the function was identified as lacking a long-term strategic focus, with no demonstrable link with organisational performance.

The emergence of the term 'human resource management' gave rise to a considerable body of literature and a new vocabulary in people management (Legge, 1989; Delbridge and Turnbull, 1992), which was greeted with both optimism and scepticism. A new wave of literature sought to identify the characteristics that distinguished HRM from traditional personnel management (e.g. Armstrong, 1987; Beer et al, 1985; Fowler, 1987; Guest, 1987, 1992, 1997; Hendry and Pettigrew, 1986; Keenoy, 1990; Legge, 1995; Storey, 1987). The prescriptive literature exhorted a move away from bureaucracy and towards a more strategic perspective clearly aimed at demonstrating a link between HR practices and firm performance (Fombrun et al, 1984; Beer et al, 1984; Guest, 1987).

A number of commentators questioned whether HRM merely represented a case of 'old wine in new bottles', a re-titling of personnel management, or simply a more effective form of personnel management (Armstrong, 1987; Guest, 1987). This debate has largely dissipated in recent years and - in rhetoric at least - a number of distinctive features of HRM have been identified. These features are: (1) high commitment or high involvement management; (2) a strategic approach to the human resource, where HR policies are integrated with one another, and with the overall business strategy; (3) devolvement of HRM activities to line managers; (4) an individualistic, possibly non-

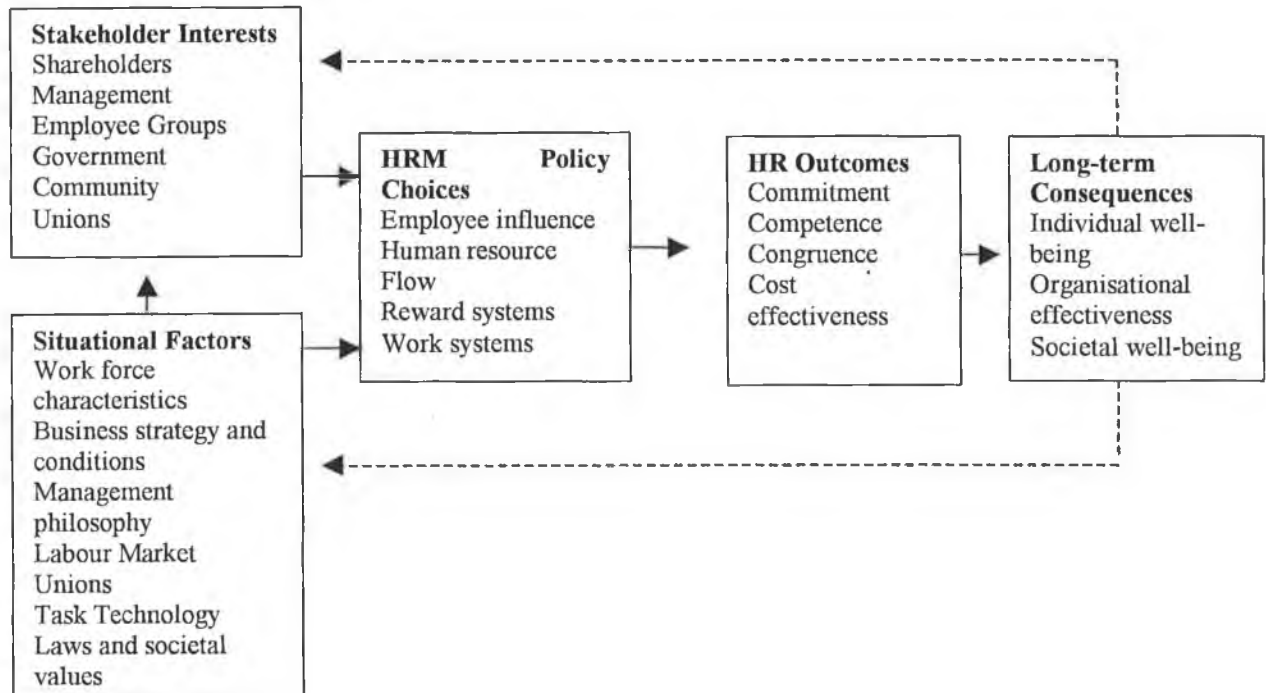
union, approach to industrial relations (Sisson, 1990, p. 5). In particular, it is the importance attributed to employee commitment (Beer et al 1984) and strategic integration (Storey, 1987; Hendry et al, 1988; Miles and Snow, 1984) that have been regarded as central components of HRM. Accordingly, Storey (1987, p. 6) distinguishes between the 'hard' and 'soft' versions of HRM. The hard model emphasises the 'quantitative, calculative and business strategic aspects of managing the headcount resource in as "rational" a way as for any other economic factor'. The soft model, while emphasising the importance of integrating HR practices with business strategy, sees employees as valuable assets and a source of competitive advantage. It emphasises the generation of commitment through 'communication, motivation and leadership'. These hard and soft versions have been generally regarded as representing 'utilitarian instrumentalism' and 'developmental humanism' respectively (Hendry and Pettigrew, 1990).

In accordance with the central themes of strategic integration and employee commitment within HRM, a number of corresponding models emerged within the literature (Beer et al 1984; Fombrun et al, 1984; Guest, 1987; Hendry and Pettigrew, 1990). The Michigan 'matching' model (Fombrun et al, 1984), and the Harvard 'commitment' model (Beer et al, 1984) have perhaps been regarded as the seminal works in the area. While both models emphasise the need for a strategic approach to HRM, the Harvard model - with its roots in the human relations tradition - has been regarded as more humanistic and has informed much of the current thinking and writing on HRM and commitment.

### 1.2.1 Models of Human Resource Management

Beer et al (1984: xi) used the term ‘human resource management’ to highlight attempts that were being made within organisations to ‘integrate practice traditions and make the personnel function responsive to the needs of business, employees, and society’. They provided an analytical model of HRM, based on a management philosophy about the way in which the human resources should be managed. This model proposes that HRM policies do not operate in isolation, but rather are influenced by multiple stakeholder interests and a wider environmental context, which will impact on both employee behaviour and organisational performance. Beer et al’s (1984) model is presented in Figure 1.1.

**Figure 1.1 The Harvard Analytical Framework for HRM**



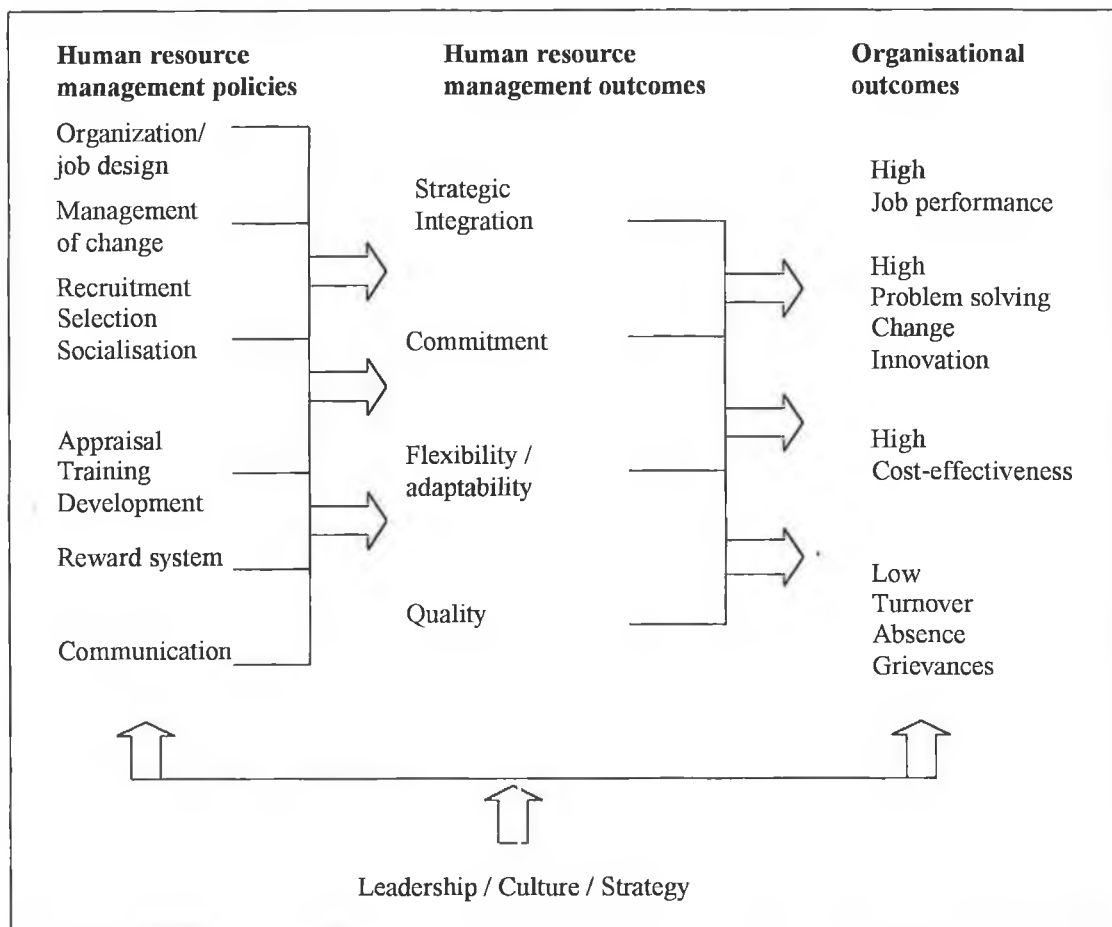
Source: Beer et al, (1984)

Beer et al identify four major HRM policy areas: (1) Human resource flow, which focuses on the flow of people into, through, and out of the organisation through recruitment, staffing, training and performance appraisal processes; (2) Employee influence, which relates to the degree of responsibility, authority and power delegated by the organisation to individuals within it, through processes of participation and communication; (3) Reward systems, which relate to the compensation provided - financial or otherwise - to attract, motivate and retain employees at all levels; (4) Work systems, which relate to the organisation of people, information, activities and technology in work design. While these broad HR policy areas are also representative of traditional personnel management, the key difference is that these activities are highly integrated with each other, and with the overall strategic aims of the business. Beer et al (1984) develop their model further by identifying a number of HR outcomes - commitment, congruence, cost effectiveness and competence - that managers must consider in making HR policy choices. Finally, the authors propose that the long-term consequences of HRM policy choices will be determined on three levels: organisational effectiveness, employee well being, and societal well being. Highlighting the importance of employee commitment in relation to firm performance, Beer et al (1985, p. 20) state that 'increased commitment can result not only in more loyalty and better performance for the organisation, but also in self-worth, dignity, psychological involvement, and identity for the individual'.

In the UK, Guest (1987) proposed what has also been regarded as a 'soft' model of HRM focused on the achievement of four HRM outcomes: strategic integration, employee commitment, flexibility and adaptability, and high quality. He suggests that these HRM outcomes will lead to favourable organisational outcomes including high

job performance, improved cost-effectiveness, better problem solving, reduced turnover, absences and grievances. He also argues that these outcomes can only be achieved if HRM is fully integrated with business strategy. Guest (1987, 1992) proposes seven HRM policy areas, many of which are broadly consistent with Beer et al's policy choices. Guest's model is presented in Figure 1.2.

**Figure 1.2 A Model of Human Resource Management**



Source: Guest (1992, p. 129)

Guest (1992, p. 128) proposes that leadership, culture and strategy represent 'the cement that binds the human resources system together and ensures that it is taken seriously within a given organisation'. Beer et al's (1984) and Guest's (1987, 1992)

models both give strong recognition to the needs of employees (e.g. regarding motivation and development). In addition, both emphasise commitment, performance and a strategic approach to HRM.

Guest's (1987) model has been criticised for representing an 'ideal type' or a particular management style (e.g. Keenoy, 1990; Legge, 1989). Keenoy (1990, p.367) argues that the four HRM goals may not be mutually compatible, 'incorporating somewhat unrealistic conditions for the practice of human resource management', which may be difficult to achieve. Both Legge (1989) and Keenoy (1990) argue that the concept of 'fit' between HRM and strategy might not be attainable, or desirable, in diversified organisations. Despite criticism, it is argued that the strength in Guest's approach is that he takes the implicit Harvard theory and expresses it as 'a clearer, more carefully constructed set of theoretical propositions which can be tested' (Boxall, 1992, p. 73). Furthermore, research that has tested the various theoretical propositions associated with the model has found support for it (e.g. Benkhoff, 1997a).

The importance of employee commitment within HRM has been advanced by Walton (1985a, b), who argues that organisations can optimise performance by moving away from the traditional control-type HR practices i.e. practices that tend to emphasise efficiency through the exercise of managerial control and adherence to rules and procedures. Walton argues that instead, organisations should seek to instill mutuality and commitment through offering commitment-enhancing practices such as broadly defined jobs, flexibility and employee involvement. Walton (1985a, p. 79) states:

The new HRM model is composed of policies that promote mutuality - mutual goals, mutual influence, mutual respect, mutual rewards, mutual responsibility. The theory is that policies of mutuality will elicit commitment, which in turn will yield both better economic performance and greater human development.

Based on Walton's writings in the area, subsequent HRM literature has distinguished between two distinct approaches that shape employee behaviours and attitudes at work; namely 'control' and 'commitment' human resource strategies (Arthur, 1994; Guest, 1992; Lawler, 1986; Wood and de Menezes, 1998). According to Arthur (1994), control strategies seek to improve efficiency by reducing labour costs, ensuring employee compliance to clearly defined rules and procedures, and rewarding behaviour based on objective output or criteria (Walton, 1985a). By contrast, commitment strategies seek to shape positive employee behaviours by forging a long-term relationship based on respect and trust between the employer and employee for the achievement of mutual goals.

### **1.3 Theoretical Perspectives in Human Resource Management**

The focus of attention on performance and commitment enhancing HR practices has emerged as a dominant theme within the HRM literature. To continue to establish the context within which research on employee commitment has been placed within HRM, it is necessary to trace the theoretical developments that have shaped current thinking and research within the field. There have been criticisms that the HRM literature has lacked strong theoretical foundations (Delery and Doty, 1996; Guest, 1997, 2001; Noon, 1992). Despite this, however, three modes of theorising in HRM have been identified which represent contingency, configurational and universalistic perspectives (Delery and Doty, 1996).



### 1.3.1 The Contingency Perspective

Based largely on Fombrun et al's (1984) model, the contingency perspective focuses on a matching process and emphasises a high degree of 'external fit' between HRM and the overall strategic aims of the business. This approach assumes that HR practices can be identified which are most appropriate for firms pursuing particular business strategies. It therefore identifies a set of strategic options such as cost, quality and innovation and identifies a corresponding set of HR practices, which will elicit the behaviours necessary to support the particular strategy being pursued (e.g. Miles and Snow, 1984; Schuler and Jackson, 1987). The difficulty with this approach is that with such a limited range of competitive strategies and HR practices from which to choose, the pursuit of a competitive advantage that is unique and inimitable is somewhat constrained (Huselid and Becker, 1997). This perspective also implies that organisations pursue only one form of business strategy from which they do not deviate (Boxall, 1996). A further and perhaps more notable difficulty with this perspective is whether the HRM practice choices available to organisations pursuing a particular strategy conflict with those associated with the development of commitment, thus militating against a high commitment strategy.

In a review of research in strategic HRM, Lengnick-Hall and Lengnick-Hall (1988, p. 468) conclude 'there is little empirical evidence to suggest that strategic HR directly influences organisational performance or competitive advantage'. Subsequent research studies have found little evidence that the more effective HRM practices are those that fit with business strategy (e.g. Becker and Gerhart, 1996; Delery and Doty, 1996; Dyer and Reeves, 1995; Huselid, 1995; Wright and Snell, 1998). Other theorising and

research which recognises the importance of external fit as part of a broader 'idiosyncratic' contingency, has gained increased attention in recent years (Boxall, 1996; Barney, 1991). The focus on strategic contingencies has therefore been largely subsumed by the configurational approach.

### **1.3.2 The Configurational Perspective**

The configurational approach adopts a 'systems' perspective and attempts to identify holistic patterns or 'bundles' of HR practices, which when used in association with each other, or with a particular strategy, predict better performance (Delery and Doty, 1996; Dyer and Reeves, 1995; Huselid, 1995). This perspective posits that the combination of practices comprising the HR system is of greater value - both in terms of organisational performance and in fostering appropriate employee behaviours - than the adoption of particular practices in isolation. In order to be maximally effective, a HR system must achieve both horizontal consistency (i.e. internal fit) between HR practices and vertical consistency (i.e. external fit) between the HR system and other organisational characteristics (e.g. organisational strategy). The most appropriate HR system will be one where the optimal degree of horizontal fit has been achieved (Baird and Meshoulam, 1992; Delery and Doty, 1996; Roche, 1997, 1999). Drawing largely from the resource-based view of the firm (e.g. Barney, 1991, 1995), this approach suggests that organisations can only develop and sustain competitive advantage if the value they create is rare and difficult for competitors to imitate. Unlike traditional sources of competitive advantage such as natural resources, capital investments and economic scale, a properly developed HR system represents an 'invisible' strategic human asset.

This system, it is argued, is so deeply embedded in the operational system of the organisation that it enhances the organisation's capabilities (Becker and Gerhart, 1996).

A number of researchers have identified typologies of HR systems i.e. configurations of HR practices which form unique patterns and are maximally effective. These have included for example, control and commitment HR strategies (Arthur, 1994); reward systems (Kerr and Slocum, 1987); career systems (Osterman, 1987; Sonnenfeld and Peiperl, 1988) and internal and market-type systems (Delery and Doty, 1996). One notable characteristic of these systems is that - as suggested by their labels - they are configured differently with the aim of achieving a particular outcome.

### **1.3.3 The Best Practice Perspective**

The universal or 'best practice' approach posits that certain HR practices lead to higher performance and therefore should be adopted by all organisations, irrespective of the basis upon which they seek to compete (Pfeffer, 1994, 1998). Derived largely from the systems perspective, Delery and Doty (1996) suggest that HR practices that have been consistently related to firm performance - either theoretically or empirically - may be regarded as 'strategic' or generic 'best' HR practices. Based on the research of others (e.g. Miles and Snow, 1984; Osterman, 1987; Sonnenfeld and Peiperl, 1988), Delery and Doty (1996) identify seven such HR practices, which have been consistently identified in the literature as effective. These practices are: internal career opportunities, formal training systems, results-based performance appraisals, profit sharing, employment security, employee voice and broadly defined jobs. Pfeffer (1998) also recommends seven such best practices that can be associated with positive

HRM outcomes such as higher quality employees, higher flexibility and higher levels of commitment. These practices include selectivity in recruitment, high wages, incentive pay, employment security and information sharing.

#### **1.3.4 Identifying 'Best' HR Practices**

Table 1.1 identifies a number of HR practices that have been commonly termed as 'high performance', 'high commitment' or 'best' HR practices. These practices can be broadly classified in terms of their impact on employees' skills and ability, motivation, and the way that work is structured (Huselid, 1995).

**Table 1.1 Summary of 'High Commitment', 'High Performance', 'Best' HR Practices**

<b>HR Practice Areas</b>	<b>Key Characteristics</b>	<b>Examples From the Literature</b>
<b>Recruitment &amp; Selection</b>	Selective recruiting/ recruitment intensity; Focus on trainability and commitment; Human relations skills in selection	Huselid, 1995; Ichniowski et al, 1997; Wood, 1996, 1999a.
<b>Socialisation</b>	Extensive socialisation	Arthur, 1994; Patterson et al, 1997.
<b>Job Design</b>	Broad job descriptions; Flexible working; Job rotation; Teamwork	Arthur, 1994; Ichniowski et al, 1997; MacDuffie, 1995; Patterson et al, 1997; Wood, 1996.
<b>Communication/ Participation</b>	Information sharing; Attitude surveys; Grievance/ conflict resolution; Team briefing; Suggestion schemes	Arthur, 1994; Huselid, 1995; Lawler et al, 1998; MacDuffie, 1995; Wood, 1996; Wood & DeMenezes, 1998.
<b>Training</b>	Induction training; Formal training; Re-training; On-the-job training; Cross-training	Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Patterson et al, 1997; Wood, 1996, 1999a.
<b>Performance Management</b>	Formal Appraisals; Results-oriented; Merit-based	Delery and Doty, 1996; Huselid, 1995; Wood, 1996, Youndt et al, 1996.
<b>Career Development</b>	Promotion from within; Career ladders and progression, Internal recruitment	Huselid, 1995; Pfeffer, 1994, 1998; Wood, 1996, 1999a.
<b>Employee Reward</b>	High rewards; Salaried workers; Incentive pay; Team rewards; Extensive benefits; Profit sharing; Stock ownership	Arthur, 1994; Delery and Doty, 1996; Huselid, 1995; Ichniowski et al, 1997; MacDuffie, 1995.
<b>Job Security</b>	High job security	Delery and Doty, 1996; Huselid, 1995; Wood 1996.

As Table 1.1 shows, there exists some degree of consistency regarding the composition of these practices. However, the fact that a single or 'ideal' set of best practices is neither distinct nor clearly identifiable represents a notable weakness to this perspective. A key debate within the literature concerns the lack of agreement

regarding the composition of HR practice bundles (e.g. Hutchinson et al, 2000; Monks and McMackin, 2001; Wood, 1999b), which inevitably raises questions regarding how these practices should be measured. For example, Arthur's (1994) commitment HR system places a low emphasis on variable pay, while others (e.g. Huselid, 1995; Ichniowski et al, 1997; MacDuffie, 1995) place high emphasis on variable pay. Differences of view also exist regarding whether the degree of emphasis on individual performance-related pay is consistent with a corresponding emphasis placed on teamwork (e.g. Arthur, 1994; Huselid, 1995; Pfeffer, 1994). Some authors emphasise the use of internal promotions (e.g. Huselid, 1995; Pfeffer, 1994), while others have indicated that internal promotions form part of a more inflexible HR system, often associated with high bureaucracy, intense unionisation and lower levels of productivity (Arthur, 1994; Ichniowski et al, 1997). Indeed, a number of researchers have questioned the extent to which organisations can make significant investments in employees by providing internal labour markets and high employment security, considering the need to sustain competitiveness in an increasingly unstable environment (Arthur, 1994; Cappelli, 1995; Ichniowski et al, 1996). The lack of consistency in how these practices have been defined and measured (e.g. Huselid and Becker, 1997; Ichniowski et al, 1997; MacDuffie, 1995; Youndt et al, 1996), has perhaps inhibited progress in establishing a clear relationship between HRM and performance (Wright et al, 2001).

### **1.3.5 Best Practices or Best Fit?**

While there is broad agreement about the 'bundle' effect within the literature, one key difference exists between those researchers who identify with the best practices

perspective and those who identify with the best fit approach (Boxall, 1996; Boxall and Purcell, 2000; Purcell, 1999; Wood, 1999b). The literature emphasising the role of strategy as an important contingency variable in HRM implies a rejection of the universal perspective. Yet, studies investigating best practices have used categorisations of strategy (e.g. Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Youndt et al, 1996), which would suggest that their findings do not support best practices, but in fact support 'best fit'. Studies have also reported that the existence of so-called 'high performance' or 'high commitment' practices are associated with a high degree of strategic integration (e.g. Cully et al, 1999; Roche, 1999; Wood and Albanese, 1995). Wood and Albanese (1995) investigated high commitment management (HCM) characterised by information dissemination, problem-solving groups, job flexibility and team working practices in 135 manufacturing plants in the UK. They found support for the universal principles proposed by Walton (1985a, b) as opposed to those proposed by the contingency or 'matching' theorists which imply that HCM is only one of a number of approaches that may be adopted depending on certain circumstances. They therefore argue against the 'best fit' view and instead argue that the adoption of HCM is a matter of degree. In a study of 269 Irish organisations, Roche (1999) searched for evidence of the adoption of the high commitment model based on Beer et al's (1984) four core HRM practice areas: reward systems, employee voice, human resource flows and work organisation. He found that organisations with high levels of strategic integration were more likely to adopt 'bundles' of HR practices associated with the commitment model. In an earlier Irish study, Monks (1993) however, found little evidence to suggest that companies with innovative HR practices pursue an integrated approach between business strategy and HR issues.

The best practice perspective has also faced criticism for its unitarist assumptions and its failure to acknowledge the complexities of strategy (Purcell, 1999). Purcell warns that 'the effect of claiming that all firms will gain if they adopt the HR bundle is to turn HR, like personnel before it, into an isolated operational matter' (p. 36). Bundles of universally applicable best practices represent what he terms a 'utopian cul-de-sac', which disregards complex changes within organisations, employment and society.

Becker and Gerhart (1996, p. 786) suggest that if there is a generalisable best practice effect, it will not exist at the level of HR practice, but instead will be due to the overall 'architecture' of the system. This architecture will be guided by the principles underlying the HR system relating to desired HR outcomes (e.g. commitment), which if deeply embedded in the organisation, will lead to a best practice effect. They suggest that:

one architectural element of a high performance HR system might be that employee performance is valued and rewarded. It is this architectural characteristic that would be expected to have the generalizable (best practice) effect on firm performance.

Becker and Gerhart suggest that regardless of the HR practices used, these practices must be aligned with one another and must be consistent with the overall HR architecture. In this way, the best practice and contingency perspectives are not necessarily in conflict, but operate at different levels of the HR system. Becker et al (1997, p. 43) later identify possible 'deadly combinations' which develop within firms when HR practices are adopted:

that might well make sense in isolation but when evaluated within the context of other HRM practices deployed throughout the firm are a recipe for disaster. Simple examples can be found in firms that invest in sophisticated performance management systems only to adopt compensation policies that provide for little meaningful economic distinction between high and low performing employees;



or firms that encourage employees to work together in teams, but then provide raises based on individual contributions.

In contrast, Becker et al identify 'powerful connections' or synergies that occur when economic returns from the 'whole' of the HRM system add up to more than the sum of its parts.

Roche (1997) identifies what he terms 'threshold-fit', which he suggests is the dominant perspective within the commitment model. According to Roche, this view posits that a set of HRM practices in any HR policy area must be systematically developed with regard to the principles underlying the commitment model, as distinct from loosely incorporating 'little more than minor modifications of other, more "traditional" types of policies' (p. 5). Roche argues that unless a high threshold of policy development exists simultaneously across all the HRM policy areas (i.e. 'threshold' and 'fit' exist concurrently), the desired effects on either employee behaviours or organisational performance will not be achieved.

Roche (1997, p.6) identifies a second conceptualisation of internal fit which he labels the 'leading policy areas' version. This perspective proposes that not all HRM policy areas need to embody commitment-type principles in order for coherence or fit to be achieved. Instead, those policy areas that are viewed as critical within an organisation must incorporate commitment-type HRM policies to a high degree, while other policy areas may be considered of secondary importance, incorporating commitment principles more loosely. A similar argument is proposed by Guest (1997, p. 271) who states:

In principle there may be a number of possible combinations or configurations of practices that will lead to high performance; for example, some organisations

may emphasise job security as the building block; others prefer training and development. The other practices fit around these .... The key is to look not so much at the total number of HRM practices but to take those who adopt above a certain number, perhaps the median, as long as a distinctive core exists.

These views are consistent with arguments which claim that 'bundles' and 'best practices' should not be regarded as conflicting, but that both perspectives represent a general approach to the management of people which forms part of a best practice view (Edwards and Wright, 2001; Youndt et al, 1996).

#### **1.4 Research on High Commitment Management**

Research examining high commitment management has its roots in both the configurational and the universal frameworks. In broad terms, studies have tended to examine the diffusion of practices associated with the high commitment model and the extent to which these practices are associated with firm level outcomes.

##### **1.4.1 Evidence of High Commitment Management?**

A number of researchers have searched for evidence of the high commitment model within organisations (e.g. Cully et al, 1999; Guest, 1999; Ichniowski et al, 1996; Roche, 1999; Wood and Albanese, 1995; Wood and DeMenezes, 1998). This research points to a lack of evidence for the existence of coherent bundles of HR practices in the US (e.g. Ichniowski et al, 1996), the UK (e.g. Millward, 1994; Wood and Albanese, 1995; Wood and de Menezes, 1998) and Ireland (Roche, 1999). At the same time, evidence from the UK (e.g. Guest, 1999; Wood and DeMenezes, 1998) indicates that the use of high commitment practices might be more prevalent than previously assumed.

Wood and Albanese (1995), in their study of 135 manufacturing plants in the UK, found evidence for high commitment management (HCM) centred on the use of selection for trainability and commitment, involvement, and team working, rather than one centred on performance-related pay or performance management. They found that 'high' HCM was significantly more prevalent among workplaces in the banking and finance sector.

Cully et al (1999), reporting from the 1998 Work Employee Relations Survey (WERS), found that certain high commitment management practices were more widespread in UK organisations, such as procedures for dispute resolution, briefing meetings, performance appraisals, single status and family friendly policies. Others much less evident included employee share ownership, personality tests during recruitment, profit-related pay and guaranteed job security.

One notable gap in this research is that few studies have investigated evidence of high commitment management from an employee perspective. Guest (1999) examined data from the 1997 annual survey of the CIPD, which is representative of 80 per cent of the UK working population. The 12 HR practice measures captured in the survey are representative of those identified as high commitment management practices and relate to training and development, communications, single status, job variety and performance-related pay systems. Based on a 'yes-no' dichotomy, and consistent with management reports, employee responses suggest that a high proportion of these practices are in place. The median number of practices reported was six and these practices were more prevalent in larger, private sector organisations in the industrial and manufacturing sector. In addition, these practices were reported to be evident

among non-blue collar and permanent employees in particular. In a follow-up survey comparing findings from the 1998 and 1999 CIPD surveys, Guest and Conway (2001) noted a decline in the reported use of these practices, in particular those associated with employee involvement in decision making and direct participation.

Overall, these findings suggest that the practices associated with a high commitment strategy include a focus on employee involvement, skill development and flexible job designs. The HR practice areas where there is less agreement relate to performance-related pay, performance management and job security.

#### **1.4.2 High Commitment Management Practices and Performance**

A number of studies in HRM have examined the commitment-performance relationship at the firm level by examining the adoption of practices associated with high commitment strategies and indicators of firm performance. These indicators include productivity, turnover and financial performance (e.g. Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Patterson et al, 1997, Ramsay et al, 2000; Wood and DeMenezes, 1998). The research has tended to rely on reports from HR managers though, in some instances, responses from another senior (e.g. finance) manager have also been obtained (e.g. Huselid, 1995; MacDuffie, 1995).

Huselid (1995), in a study of 968 US organisations, found that the simultaneous use of certain high performance work practices – broadly relating to employee skills, organisational structures, and employee motivation - was significantly related to turnover, productivity and financial performance. Other studies by Huselid and his

colleagues (e.g. Becker and Huselid, 1997; Delaney and Huselid, 1996), and other US studies, have reported similar findings (e.g. Delery and Doty, 1996; MacDuffie, 1995). Delery and Doty (1996) in a study of 216 banks found that financial performance was significantly higher for banks adopting practices such as results-oriented appraisals, profit sharing and high employment security. MacDuffie (1995) in a study of 62 assembly plants in the US automobile industry reported a strong positive relationship between productivity levels and HR practice 'bundles' including: work teams, suggestion schemes, job rotation and contingent compensation. Similar findings have been reported within this industry with respect to employee participation in suggestion schemes, quality of life programmes, and productivity and quality levels (Katz et al 1983; 1985).

In a study of steel minimills in the US, Arthur (1994) found that 'commitment' systems, including high levels of participation, training and high wages, were associated with higher productivity, lower scrap rates, and lower employee turnover than control-type systems. Ichniowski et al (1997) in a study investigating steel production lines identified seven HR practice areas which were: incentive compensation plans, extensive recruitment and selection, work teams, employment security, flexible job assignments, skills training, and labour-management communication. They found that complementarities among all seven practice areas were related to higher levels of productivity.

Patterson et al (1997) examined the extent to which HR practices accounted for variation in organisational profit and productivity in 67 manufacturing organisations in the UK. They found that HR practices explained 19 per cent of the variance in

profitability and 18 per cent of the variance in productivity. In the case of both outcomes, the most significant HR practices were those relating to job design (flexibility and responsibility) and acquisition and development of skills (selection, induction, training and appraisal).

In a study based on data from the Workplace Industrial Relations Survey (WIRS) and the employers' manpower and skills practice survey, Wood and DeMenezes (1998) found no strong evidence for a unique commitment-performance linkage among firms adopting HCM in its entirety. These authors suggest that '... there are a number of links in the chain running from the use of high commitment management to performance, and it may be that it is not having any significant effect on employees' commitment, or if it is, this is not being translated to tangible behaviours' (1998, p. 515). This suggests that it is the lack of focus on the precise attitudes or behaviours that these practices do foster that is lacking from research on high commitment management.

#### **1.4.3 Evidence of High Commitment and High Performance?**

One notable feature of recent research within HRM is that the HR practices commonly identified as 'best' practices have been simultaneously referred to as both 'high commitment' *and* 'high performance' practices. This implies that a relationship between commitment and performance is well established. Yet, a number of research studies suggest that this relationship is weak (e.g. Mowday et al, 1982; Lee and Mowday, 1987; Shore and Martin, 1989). Recent research viewing commitment as a multi-dimensional construct has reported relationships between one particular dimension of

commitment and performance, though not others (Meyer et al, 1989). It is therefore possible that some or all of these HR practices will have different impacts on different forms of commitment, with different performance outcomes. While some research has examined the influence of one or a small number of HR practices on commitment (e.g. Gaertner and Nollen, 1989; Taormina, 1999), it has been suggested that this approach may produce biased estimates of the effects (Delaney and Huselid, 1996). Little empirical research has examined those HR practices associated with the high commitment model and consequent employee commitment (Meyer and Allen, 1997).

Another feature of research investigating 'high commitment' HRM is that it has focused almost exclusively at the level of the firm and has invariably relied on managerial perceptions of HR practices (Arthur, 1994; Huselid, 1995; Wood and Albanese, 1995; Wood and DeMenezes, 1998). It is possible, however, that the perceptions of management and employees regarding the nature of HR practices differ (Gallie et al, 2001). Furthermore, the concept of commitment depicts an individual attitude and high levels of commitment can only be assumed to exist if the actual commitment levels among a workforce are assessed. For these reasons, references to 'high commitment' HR practices based on research that has been conducted at the level of the firm, and that is guided by managerial perceptions, are somewhat misleading. Only a small number recent studies have addressed both organisational and individual perspectives on commitment and performance (e.g. Cully et al, 1999; Gardner et al, 2000; Guest et al, 2000), representing an important development in research in the field.

#### **1.4.4 High Commitment Practices and Turnover**

The impact of high commitment practices on turnover rates has been examined to some degree in this literature (e.g. Huselid, 1995). However, while low levels of employee turnover may indicate employee retention, assumptions about 'high' employee commitment on the basis of this research cannot be substantiated. Shaw et al (1998, p.511) argue further that the treatment of quits, discharges and total turnover as synonymous by some researchers (e.g. Arthur, 1994; Huselid, 1995) 'ignores the markedly different etiologies of these phenomena'. Shaw et al (1998) provide evidence that HR practices are differentially related to voluntary and involuntary turnover and so suggest that an examination of total turnover may be misleading. Cascio (1991) argues that research has not adequately addressed the issue of voluntary turnover in particular, which has important implications in terms of replacement costs and loss of intellectual capital.

A further key question concerns whether the costs of turnover are incorporated into other measures of firm performance or profitability, or at least impact upon them. If they do, then it may be that it is higher employee commitment that links these practices to lower turnover, lower replacement costs and therefore higher financial performance. If there exists a high degree of consistency between those practices that predict high commitment and those that predict lower (voluntary) turnover within organisations, then arguments about the impact of high commitment practices on financial performance can be substantiated further.



## 1.5 Managing Employee Commitment: A Universal Perspective?

Walton (1985a,b) suggests that commitment strategies can be applied universally across organisations; a view that is somewhat consistent with perspectives in the recent best practice literature. A related issue concerns whether commitment strategies can be applied universally for all employees *within* an organisation, and yield the same behavioural outcomes. Some commentators reject this notion. For example, Baron and Kreps (1999, p. 29) argue that:

no single approach to human resource management is universally applicable. Employees are people, and people are complex. They interact in complex ways with each other, with customers, with technology, and with strategy.

This implies that the universal application of high commitment practices may yield inconsistent employee outcomes, because employees' experiences of these practices will vary. Researchers have also criticised the view that HR strategies are internally homogenous, since HR practices can vary for different categories of employees (Lepak and Snell, 1999; Morris et al, 1993; Wright and Snell, 1998). Lepak and Snell (1999) argue that it may be inappropriate and monolithic to suggest that there is a common bundle of practices for managing all of a firm's employees. They agree with Becker and Gerhart (1996) that while a dominant HR strategy or 'architecture' may exist, at an operational level multiple bundles of practices may develop that are unique to particular employee sub-groups. They argue that 'just as there may be no universally best set of HR practices for every firm ... there may be no one best set of practices for every employee within a firm' (1999, p. 45).

Morris et al (1993) also question whether 'blanket' human resource policies can have the desired influence on commitment levels. They suggest:

...what one employee regards as good career prospects may be regarded as mediocre by another and, while some employees may be committed to the organisation because of the job security it offers, others may be committed because of the nature of the work (pp. 37 - 38).

There are indications that employee attitudes and preferences regarding work are also changing. It is claimed that a 'new generation' of employees seeks greater independence, autonomy, and flexibility because priorities are now shared between work, leisure and family life (Rothwell, 1995). As a result, it is suggested that attitudes have changed regarding career management, rewards and working hours. Therefore organisations seeking to enhance the commitment of their 'workforce may need to consider changing attitudes and factors which affect them. It has been suggested that as people progress through various stages of their careers, their work-related experiences vary considerably (Levinson, 1978; Super, 1957; VanMaanen and Schein, 1979). Therefore, career stage may be an important variable in investigating the development of organisational commitment.

### **1.5.1 HRM and Career Stage**

Both Super (1957) and Levinson (1978) argue that people - regardless of their occupation or background - need to master a number of activities and make a number of psychological adjustments during each stage of their careers. As Schalk and Freese (1997, p. 120) suggest:

Often different perspectives are found in the workforce. For example, young people with little job experience might like to be offered extensive training, so they are able to find another job more easily. Older people might prefer more flexible and higher pension benefits, so they won't have to worry so much about their income after they retire ... Organisations could take this into account, for example, by offering choices from a certain variety of provisions, reflecting an intersection across the different employee perspectives.

A number of studies have shown that employee work attitudes differ across career stages (e.g. Allen and Meyer, 1993; De Korte and Bolweg, 1994; Cron and Slocum, 1986; Guthrie and Schwoerer, 1996; Hiltrop, 1995; Lynn et al, 1996; Mehta et al, 2000; Morrow and McElroy, 1987; Oliver, 1990). Some of these studies focus on the value or importance of particular HR practices to employees, while others examine satisfaction with these practices. De Korte and Bolweg (1994, cited in Freese and Schalk, 1997) found during in-depth interviews with specific groups of employees (e.g. lawyers, economists, bankers and retail sales people) that 'new' employees consider career opportunities as important and aim for security, autonomy and attention from management. Research among a graduate sample in the UK also supports the view that career management is important during early career stages (Sturges et al, 2000). However, Mehta et al (2000) found that sales managers in later career stages place greater importance on opportunities for promotion.

Hiltrop (1995) found that while older employees seek a high degree of job security in their work, younger employees seek different rewards such as involvement, flexibility and quality of life. Guthrie and Schwoerer (1996), in a study of 715 managerial and supervisory employees in the US public sector, found that individuals in later career stage perceive less need for training in three major skills areas: basic management, human resource management and communication and technical skills. Oliver (1990) investigated the work values and commitment of employees in a common ownership firm in the UK. He found that participatory work values, such as opportunities to participate in decision making, were positively related to employee age. Furthermore, it was found that instrumental work values, such as job security and fairness of income, were negatively related to both age and organisational tenure.

It has been postulated in the literature that older employees have, or at least perceive they have, more positive work experiences than do younger employees (Allen and Meyer, 1993; Cherrington et al, 1979). However, there is also evidence that aspiration for, and satisfaction with, certain organisational rewards (e.g. promotion or pay) decrease with age (Evans and Gilbert, 1984; Meyer, 2001). Allen and Meyer (1993) found that hospital employees and university librarians were more affectively responsive to particular experiences during their early careers, such as well-defined and challenging jobs. Cron and Slocum (1986), in a study of 466 salespeople in the US, found that during early career stages, employees expressed lack of job involvement, challenge, promotion opportunities and discretion in decision making. In addition, managers rated employees in these career stages as poor performers. Lincoln and Kalleberg (1990) found evidence to suggest that older employees experience greater autonomy and intrinsic rewards, often as a result of promotion.

These research findings suggest that it is possible that heterogeneity among employees will result in different attitudes towards HR practices, even if these practices are applied consistently. Furthermore, they suggest that certain experiences of HR practices are more important at particular stages of a career than others, which may in turn lead to varying levels of commitment. While the findings are somewhat mixed, they indicate that intrinsic rewards are regarded as more important, though viewed less favourably, during early career stages. Career stage, therefore, challenges the universal applicability of high commitment practices to all employees within an organisation. This suggests that it is possible that no one set of practices can be universally applied across all employees, but that perhaps a series of individualised contracts for employees is required (Herriot and Pemberton, 1997). An alternative scenario is that there exists

particular HR practices which, when used in combination, are optimally effective in enhancing the commitment of all employees. If this is the case, then some degree of consistency can be applied across the 'core' workforce. It is possible that the relationship between HR practices and commitment is contingent on unique characteristics of individuals, such as the stage of their career. This would indicate that - similar to firm level research – best practice, contingency or indeed configuration perspectives might be required when analysing the complexity of commitment within organisations.

## **1.6 Conclusions**

This chapter has highlighted both the progress of, and the limitations to, research within HRM that has sought to identify both commitment and performance enhancing HR practices. Some evidence suggests that differences in organisational performance can be attributed to differences in the way in which the employment relationship is managed. Yet, this firm level research speaks little about the way in which employees perceive these practices, and how their experience of them affects their commitment. The research to date has largely sought to show that while firms, industries and individual HR practices may differ, there may be some level at which consistency can be found. This research fails to address the uniqueness of the human capital itself, which is what it ultimately seeks to influence. Despite references to the term 'commitment' within studies of best HR practices at the level of the firm, the association between these practices and actual levels or forms of commitment has been largely assumed, since many studies fail to acknowledge the complexity of the concept and fail to measure it. There is therefore a need for individual level research that can examine

these practices in relation to actual employee commitment. This argument supports calls within the literature to direct a greater focus within HRM towards those at the 'receiving end' of HR practices (Clark et al, 1998; Guest, 1999; Legge, 1989, 1998).

The focus on HRM outcomes - most notably employee commitment – appears to have been dominated by a concern for 'hard' evidence for a link between HR practices and firm performance. The research to date implies a trade-off between the search for organisational outcomes - namely firm performance through HRM - and the search for HRM outcomes, such as commitment and flexibility. This argument points to the long-standing conflict regarding strategic integration (hard) and commitment (soft) goals espoused within the literature, and ultimately questions the extent to which HRM outcomes and organisational outcomes can be achieved universally, to the maximum benefit of all concerned. Despite gaining considerable attention from a theoretical point of view, there are indications that the 'soft' dimension within HRM has not been sufficiently explored from a practical, and more particularly from an employee perspective (Storey, 1992; Wood, 1995; Guest, 1999). This highlights an important and visible gap in research suggesting the need for an emphasis on the precise employee behaviours that these practices do foster.

## CHAPTER TWO

### THE NATURE OF EMPLOYEE COMMITMENT

#### 2.1 Introduction

Over the last three decades, organisational commitment has emerged as a key concept in the study of work attitudes and behaviour (Mathieu and Zajac, 1990; Meyer and Allen, 1997). This chapter examines the highly complex nature of the commitment concept and reviews the theoretical and empirical research on the area. It then examines in detail two important consequences of commitment, specifically performance and turnover. It also examines research on the antecedents to commitment, most notably career stage.

#### 2.2 The Nature of Organisational Commitment

It is widely accepted within the literature that the focus of commitment can vary and that an individual can display multiple commitments (e.g. Meyer and Allen, 1997; Morrow, 1993). These foci of commitment can relate to one's organisation, work group, manager, union, career, occupation and profession. Organisational commitment represents 'the most maturely developed of the work commitment family of constructs' (Morrow and McElroy, 1993, p. 1). This form of commitment has been found to be conceptually distinguishable from job satisfaction, job involvement, occupational commitment, work group commitment and turnover intention (e.g. Cohen, 1993; Mathieu and Farr, 1991; Meyer et al, 1993; Mueller et al, 1992; Randall and Cote, 1991; Taormina, 1999).

### 2.2.1 Definitions of Organisational Commitment

Despite an abundance of research spanning more than three decades, there exists a considerable degree of diversity and controversy concerning definitions of organisational commitment within the literature. One set of definitions concerns an individual's identification with the goals and values of the organisation (e.g. Buchanan, 1974; Morris and Sherman, 1981; Porter et al, 1974; Sheldon, 1971). Buchanan (1974, p. 533), for example, views commitment as '...a partisan, affective attachment to the goals and values of an organisation, to one's role in relation to goals and values, and to the organisation for its own sake, apart from its purely instrumental worth'.

Other definitions consider both identification and involvement as forming the basis of a moral (as opposed to an affective) attachment to the organisation (e.g. Hall and Schneider, 1972; Lee, 1971; Marsh and Mannari, 1977; Wiener and Gechman, 1977; Wiener, 1982). For example, Marsh and Mannari (1977, p. 59) suggest that 'the committed employee considers it morally right to stay in the company, regardless of how much status enhancement or satisfaction the firm gives him or her over the years'. From this perspective, the individual experiences normative pressures - familial, societal or cultural - prior to organisational entry (Allen and Meyer, 1993). After organisational entry these pressures continue as a result of socialisation and the provision of organisational rewards (e.g. payment of college fees or extensive investment in training), so that employees feel committed to remain with the organisation until perceived 'debts' have been repaid.

Others identify what can be broadly termed as cost-based commitment (Becker, 1960;



Hrebanick and Alutto, 1972; Kanter 1968; Rusbult and Farrell, 1983). Based largely on theories of social exchange (Blau, 1964; Homans, 1961), this perspective focuses on an assessment by the individual of the perceived 'gains' associated with continued membership of an organisation, and the perceived 'costs' associated with leaving. For example, Becker (1960) proposes that a 'side bet' is created when some outcome (e.g. reward or promotion opportunity) is perceived as important to individuals and is contingent on them remaining as employees of the organisation. A cost associated with leaving might be the difficulty in securing alternative employment. Where there is a perception of few alternative employment opportunities, employees will feel that they have little choice but to remain with their present employers. Thus, the extent to which an exchange favours the employee will impact on the degree to which exchange-based commitment is evident (Hrebanick and Alutto, 1972).

Much of the criticism of the commitment concept has led to calls from researchers for greater clarification of the concept (McGee and Ford, 1987; Meyer and Allen, 1984, 1990; Reichers, 1985). In response, Meyer and Allen (1997) classify the various definitions according to those who regard commitment as (a) an affective attachment (b) a cost-based exchange or (c) a moral obligation. A summary of the various definitions from each of these three perspectives is presented in Table 2.1.

**Table 2.1 Definitions of Commitment<sup>1</sup>**

<b>Definitions of Commitment</b>	<b>Author(s)</b>
<p><b>Identification/ Involvement</b></p> <ul style="list-style-type: none"> <li>• The attachment of an individual's fund of affectivity and emotion to the group</li> <li>• The process by which goals of the organisation and those of the individual become increasingly integrated and congruent</li> <li>• Some degree of belongingness or loyalty</li> <li>• An attitude or an orientation toward the organisation which links or attaches the identity of the person to the organisation</li> <li>• A partisan, affective attachment to the goals and values of an organisation, to one's role in relation to those goals, and to the organisation for its own sake apart from its instrumental worth</li> <li>• The relative strength of an individual's identification with and involvement in a particular organisation</li> </ul>	<p>Kanter (1968, p. 507)</p> <p>Hall et al (1970, p. 176)</p> <p>Lee (1971)</p> <p>Sheldon (1971, p. 143)</p> <p>Buchanan (1974, p. 533)</p> <p>Mowday et al (1982, p. 27)</p>
<p><b>Obligation</b></p> <ul style="list-style-type: none"> <li>• Commitment behaviours are socially accepted behaviours that exceed formal and/ or normal expectations relevant to the object of commitment</li> <li>• The committed employee considers it morally right to stay in the company, regardless of how much status enhancement or satisfaction the firm gives him or her over the years</li> <li>• The totality of internalised normative pressures to act in a way which meets organisational goals and interests</li> </ul>	<p>Wiener and Gechman (1977, p. 48)</p> <p>Marsh and Mannari (1977, p. 59)</p> <p>Wiener (1982, p. 421)</p>
<p><b>Cost/ Exchange</b></p> <ul style="list-style-type: none"> <li>• Commitment comes into being when a person, by making a side bet, links extraneous interests with a consistent line of activity</li> <li>• Profit associated with continued participation and a 'cost' associated with leaving</li> <li>• A structural phenomenon which occurs as a result of individual-organisational transactions and alterations in side bets or investments over time</li> <li>• The awareness of the impossibility of choosing a different social identity ... because of the immense penalties involved in making the switch</li> </ul>	<p>Becker (1960, p. 32)</p> <p>Kanter (1968, p. 504)</p> <p>Hrebiniak and Alutto (1972, p. 556)</p> <p>Stebbins (1970)</p>

<sup>1</sup> Adapted from Meyer and Allen (1997, p. 12)

### 2.2.2 Organisational Commitment: An Attitude or Behaviour?

A closer examination of the various definitions of commitment points to a notable and well established distinction between attitudinal commitment (e.g. Sheldon, 1971; Hall et al, 1970; Kanter, 1968) and behavioural commitment (e.g. Becker, 1960; Rusbult and Farrell, 1983; Salancik, 1977; Stebbins, 1970). Mowday et al. (1982, p. 26) distinguish these as follows:

Attitudinal commitment focuses on the process by which people come to think about their relationship with the organisation. In many ways it can be thought of as a mind set in which individuals consider the extent to which their own values and goals are congruent with those of the organisation ... Behavioural commitment, on the other hand, relates to the process by which individuals become locked into a certain organisation and how they deal with this problem.

The notable difference between these perspectives is that the attitudinal approach proposes that individuals become committed to an entity (i.e. the organisation), while the behavioural approach proposes that employees become committed to a course of action (i.e. maintaining membership in the organisation).

One interesting feature of Mowday and his colleagues' earlier definition of commitment (Porter et al, 1974, p. 604) is that they consider the construct as both an attitude and a behavioural response. They suggest that commitment is characterised by (a) a strong belief in, and acceptance of, the organisation's goals and values; (b) a willingness to exert considerable effort on behalf of the organisation; (c) a definite desire to maintain organisational membership. In a rigorous critique of this conceptualisation, Benkhoff (1997b) provides evidence to suggest that these three dimensions of commitment are not homogeneous. Her criticisms echo closely the views of others in the literature (e.g. Guest, 1992; Hall, 1979), who argue that problems with defining commitment arise

from the difficulty of separating the commitment concept from other concepts such as motivation, job satisfaction and identification. Regarding identification, for example, it has been suggested that change within organisations - such as downsizing, delayering and outsourcing - has led both individuals and organisations to experience 'identity crises' (Handy, 1989). In particular, it is the potential for individuals to identify with their organisation that has been challenged as a result of such changes (Hirsch, 1987; McLean Parks and Kidder, 1994).

The behavioural dimension relating to extra effort proposed by Porter et al (1974) is interesting because it goes some way towards endorsing a commitment-performance relationship. However, speculation about work characteristics arising from organisational changes, and individual motives, give rise to a number of issues relating to performance. For example, there are indications that as a result of changing organisational structures and work practices, employee workloads and efforts have increased (Edwards et al, 1998; Guest and Mackenzie-Davey, 1996; McLean Parks and Kidder, 1994; Schor, 1991). It can be argued, however, that greater workloads require employees to increase their efforts, perhaps unwillingly. The possibility that increasing workloads might be coupled with feelings of resentment towards an organisation makes any relationship between extra effort and commitment less conceivable. It is also possible that individuals increase their efforts to satisfy their own goals as opposed to those of the organisation, for example, to maintain personal standards of performance (Benkhoff, 1997b). In a similar way, individuals displaying cost or exchange based commitment may exert effort to avoid potential job loss (a perceived cost), or due to the presence of an incentive reward system (a perceived gain). For example, some research

evidence suggests that the need to increase efforts reflects a 'fear factor' regarding job loss (Metcalf, 1994).

The 'desire to remain' dimension proposed by Porter et al (1974) has stemmed largely from the traditional turnover models (March and Simon, 1958), which examine relationships with job satisfaction. The exchange-based view of commitment proposes that individuals might choose to remain with an organisation for reasons unrelated to job satisfaction or in the absence of any genuine affective attachment to the organisation. This calculative or exchange-based perspective therefore represents a form of commitment that Porter et al's (1974) definition does not consider. It reflects a need as opposed to a desire to stay and it makes no assumptions about job satisfaction. This would suggest that desire to stay should not be incorporated in conceptualisations of commitment.

It can further be argued that the behavioural dimensions relating to extra effort and the desire to remain represent consequences of commitment as much as they form part of the actual concept itself (DeCotiis and Summers, 1987; Guest, 1992). As Guest (1992, p. 115) argues 'it is difficult to relate variation in levels of commitment, defined and measured in this way, to dependent variables such as effort, performance and labour turnover, since these are contained in the definition'. This suggests that definitions of commitment comprising several complex variables should be separated with respect to attitudes and behavioural intention (Hall, 1979).

### 2.2.3 Organisational Commitment: A Multi-Faceted Concept

As the previous discussion suggests, there has been little consensus over the years as to which of the various definitions of commitment presented in Table 2.1 is more valid or universally acceptable. For this reason, it has been suggested that researchers recognise the complexity of the construct and view commitment as multi-faceted (Benkhoff, 1997b). More recent research has therefore adopted this multi-dimensional approach, viewing commitment as a combination of affective, exchange and moral elements (e.g. Allen and Meyer, 1990; Caldwell et al, 1990; Mayer and Schoorman, 1992; Meyer and Allen, 1991, 1997). Meyer and Allen (1991, p. 67) propose one such conceptualisation of commitment as 'a psychological state that (a) characterises the employee's relationship with the organisation, and (b) has implications for the decision to continue membership in the organisation'. They propose three separable components of commitment, each of which reflect a unique underlying psychological state. These components of commitment - affective, continuance and normative - reflect a desire, a need and an obligation to maintain membership in an organisation. Meyer and Allen (1991, p. 67) provide a description of each of these commitment forms as follows:

Affective commitment refers to the employee's attachment to, identification with, and involvement in the organisation. Employees with a strong affective commitment continue employment with the organisation because they *want* to do so. Continuance commitment refers to an awareness of the costs associated with leaving the organisation. Employees whose primary link to the organisation is based on continuance commitment remain because they *need* to do so. Finally, normative commitment reflects a feeling of obligation to continue employment. Employees with a high level of normative commitment feel that they *ought* to remain with the organisation.

This conceptualisation of commitment corresponds closely to definitions presented in Table 2.1. For example, the affective and normative conceptualisations are similar to those relating to identification and obligation, while the description of continuance

commitment is similar to others' definitions of calculative or exchange-based commitment. However, there are a number of key features of Meyer and Allen's definition, which distinguish it from the more traditional conceptualisations.

First, it offers a more unified approach by recognising that individuals may remain with an organisation for a variety of reasons whether moral, calculative or emotional. Although each of the three components may be viewed separately, Meyer and Allen recognise that employees may display all three types of commitment to varying degrees. For example, an employee might feel a desire and a need to remain, but may not necessarily feel an obligation to do so.

Second, it incorporates the exchange-based conceptualisation of commitment and, more importantly, it seeks to measure it. The development of exchange-based commitment has received relatively less attention within the literature due to the more widespread focus on the other perspectives which have dominated the research, and because no adequate measure of the concept has been available until relatively recently (Cohen and Lowenberg, 1990; Meyer and Allen, 1997; Wallace, 1997). Remarkably, research that has investigated exchange or continuance commitment has relied on measures of affective commitment (Somers and Birnbaum, 1998; Wallace, 1997), a point which highlights the extent to which a number of commitment studies have been flawed (Mathieu and Zajac, 1990). The view that a more transactional and short-term employment relationship now prevails within organisations (e.g. Herriot and Pemberton, 1997) highlights the need for a renewed focus on this form of commitment in particular.

Third, it is suggested that this definition of commitment and its associated measure has undergone considerable empirical evaluation to date (e.g. Allen and Meyer, 1996; Hartman, 2000; Somers, 1993). Despite criticism, Porter et al's (1974) conceptualisation of commitment described earlier, and its associated measure the Organisational Commitment Questionnaire (OCQ; Mowday et al, 1982), have represented the 'market leaders' in commitment research (Benkhoff, 1997b). Reflecting on many of the conceptual difficulties highlighted earlier, Benkhoff suggests that commitment research has been 'wasteful' due to reliance on the OCQ among researchers. In a restatement of Hall's (1979) earlier appeals, Benkhoff argues that future research should abandon the OCQ and either consider these dimensions separately, or use scales that are based on a different concept entirely. A notable feature of Meyer and Allen's (1991) perspective is that it combines the attitudinal and behavioural dimensions of commitment, while avoiding to make any of the explicit assumptions contained within Porter et al's (1974) definition. For example, Meyer and Allen (1991) make no assumptions about motivation, performance or 'desire' to remain. They argue that regardless of the form of commitment described within the various definitions within the literature, each definition assumes that 'committed' employees will be more likely to remain in an organisation than will 'uncommitted' employees. However, their perspective on commitment captures all of the elements of the more traditional conceptualisations, thus enabling comparative analysis with previous research.

Finally, Meyer and Allen's (1991) definition challenges current thinking and research within HRM with regard to what has been somewhat casually referred to as 'high commitment' management. Due to its predominately firm level focus, this research has



not adequately recognised the complexity of the commitment construct. Yet, there exists the possibility that HR practices will have differential impacts on the affective, continuance and normative commitment of employees. This is an issue that warrants research at the employee level.

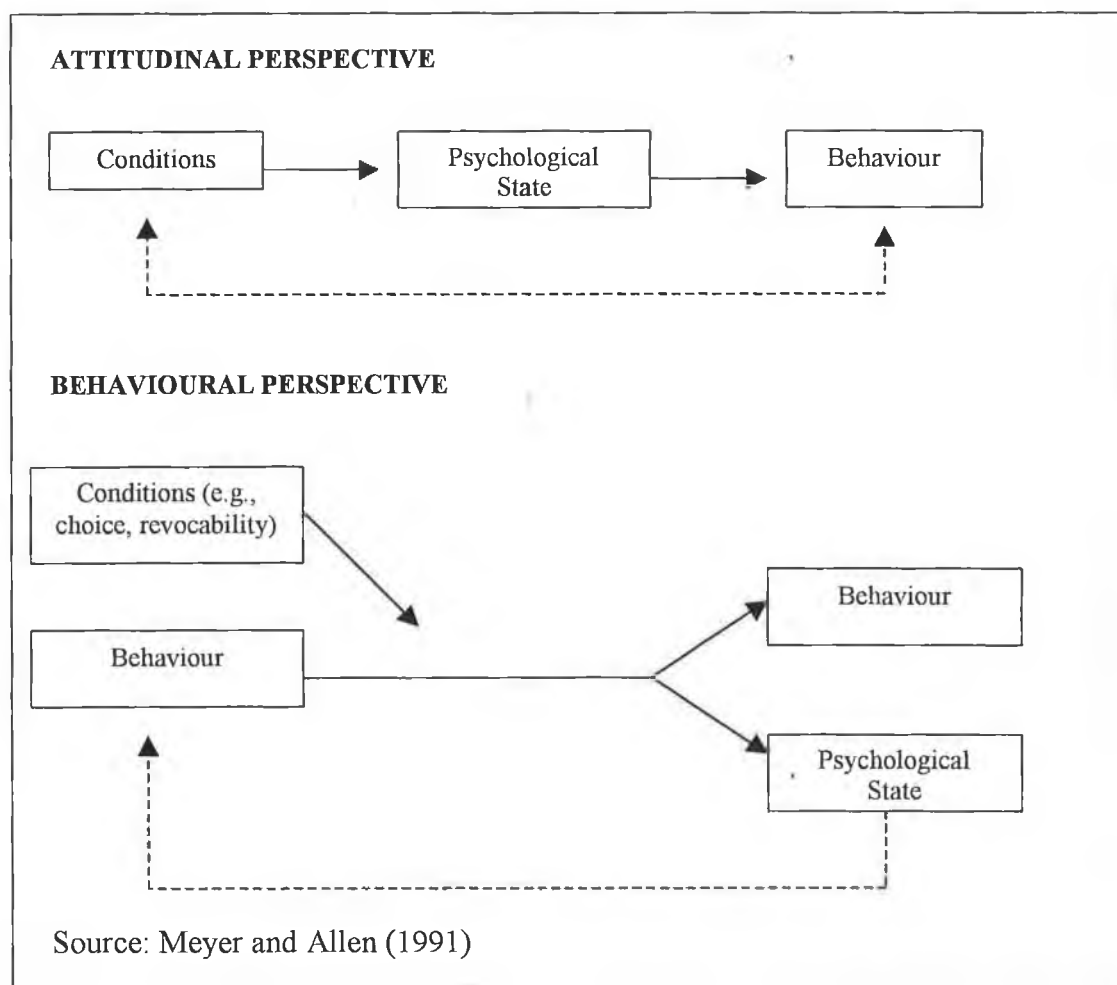
### **2.3 Research on Organisational Commitment**

In a meta-analytical review, Morrow (1983, p. 486) argues that 'the growth in commitment related concepts has not been accompanied by a careful segmentation of commitment's theoretical domain in terms of intended meaning of each concept or the concepts' relationships among each other'. Much of the criticism of commitment research can therefore be viewed as a consequence of the many and sometimes conflicting definitions of the concept (Caldwell et al, 1990; Meyer, 2001), and hence the diversity of approaches adopted in its measurement. This difficulty is further complicated with claims that often research studies do not measure commitment in accordance with the way in which the concept has been defined (Morrow, 1983; Meyer, 2001; Meyer and Allen, 1984; Swales, 2002). As a result, Morrow (1983, p. 498) argues that 'commitment has consumed an inordinate amount of researchers' attention without a commensurate increase in understanding of its fundamental nature'.

Research on organisational commitment has to a large extent been influenced by the way in which commitment has been viewed from both the attitudinal and behavioural perspectives (see Figure 2.1). Meyer and Allen (1991) describe research from the attitudinal perspective as involving the identification of the factors that impact on commitment, which lead to behavioural consequences (i.e. identifying the antecedents

and outcomes of commitment). Research from the behavioural perspective focuses on identifying the conditions under which an individual becomes committed to a course of action by (a) identifying a behaviour (b) identifying the conditions under which this behaviour, once exhibited, tends to be repeated and (c) examining the effects of this behaviour on attitude change.

**Figure 2.1 The Attitudinal and Behavioural Perspectives on Organisational Commitment**



The broken arrows in Figure 2.1 imply that 'a complementary set of processes may be involved in the commitment-behavior link' (Meyer and Allen, 1991, p. 62). From the

attitudinal perspective, the behavioural consequences of commitment will influence the conditions that contribute to stability or change in commitment. From the behavioural perspective, attitudes resulting from the behaviour will affect the likelihood that the behaviour will occur again. Therefore, commitment may develop retrospectively as suggested by the behavioural approach, or prospectively as suggested by the attitudinal approach. As referred to earlier, Meyer and Allen (1991) incorporate both attitudinal and behavioural perspectives in their theorising and research on commitment.

### **2.3.1 Outcomes of Organisational Commitment**

From an organisational perspective, desirable outcomes of commitment will include, for example, higher productivity and lower absenteeism and turnover. Research studies have found that organisational commitment predicts a number of outcomes including turnover, absenteeism, intent to leave and length of service (Angle and Lawson, 1993; Lee and Mowday, 1987; Mowday et al, 1979; Somers, 1995; Suliman and Iles, 2000). Other research indicates that commitment is positively associated with motivation and involvement (Eby et al, 1999; Farrell and Rusbult, 1981; Stumpf and Hartman, 1984) and positive affect and loyalty (O'Reilly and Caldwell, 1980). There is a limited amount of research that suggests a relationship between employee commitment and performance (Angle and Lawson, 1994; Caruana et al, 1998; Iverson and Buttigieg, 1999; Meyer et al, 1989; Suliman and Iles, 2000; Wiener and Vardi, 1980). In view of the focus on HR practices and commitment in the present study, and the potential links between HR practices and performance, studies investigating relationships between commitment, performance and turnover are examined in greater detail in the sections that follow.

### 2.3.1 (i) Organisational Commitment and Performance

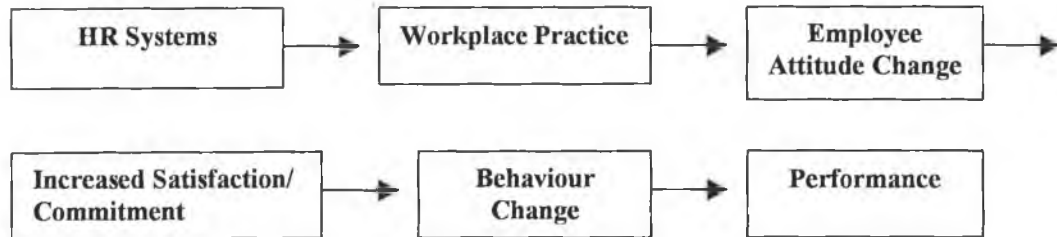
Despite the abundance of research interest in the area of commitment, Benkhoff (1997c, p. 701) claims that 'researchers have not been able to come up with evidence that commitment and performance go hand in hand.' This poor track record is perhaps indicative of inappropriate measures of both commitment and performance. While both constructs have been regarded as multi-dimensional (e.g. Astin, 1964; Meyer and Allen, 1991), most research on the commitment-performance relationship has relied on single dimensions of each variable (Somers and Birnbaum, 1998). For example, studies have generally employed supervisor ratings of performance (e.g. Angle and Lawson, 1994; De Cotiis and Summers, 1987; Meyer et al, 1989). However, some research has considered other on-the-job behaviours such as attendance at work (e.g. Eby et al, 1999; Iverson and Buttigieg, 1999), organisational citizenship (e.g. Shore and Wayne, 1993), sales targets (e.g. Benkhoff, 1997a, c) and control of operational costs (e.g. De Cotiis and Summers, 1987).

In an attempt to establish the 'links in the chain' between HRM, commitment and performance, Guest (1997, p. 267) proposes a move towards a behavioural model. This model proposes that employees' perceptions may be linked to their behaviour, which may lead to individual or group-level outcomes, which in turn may impact on unit and therefore company performance. Elaborating on Guest's model, Edwards and Wright (2001, p. 570) suggest that:

*systems* such as teamwork are established; they influence workplace *practice*; employees *attitudes* change, with increased satisfaction or commitment; there is a consequent effect on *behaviour*; and this in turn feeds through to the *performance* of the work unit and eventually the company.

These relationships can be represented as shown in Figure 2.2.

**Figure 2.2 Linking Commitment to Performance**



Edwards and Wright (2001, p. 570) suggest that 'it remains rare for studies to assess all the links in the chain, with the effects on employee commitment being a particularly rarely studied issue'. If high commitment is necessary for high performance, then commitment may represent the critical link missing from this research (Whitfield and Poole, 1997).

Significant developments have been made to incorporate individual and firm level data on both commitment and performance, particularly in the UK (e.g. Benkhoff, 1997a, c; Guest et al, 2000). In a study of 182 employees from 34 bank branches in Germany, Benkhoff (1997a) tested Guest's (1987) HRM model to establish whether HRM could be regarded as 'good for employers and employees'. Using satisfaction and intention to stay as indices of employee outcomes, and sales targets as the performance indicator for employers, she investigated the relationships between identification (which was viewed as synonymous with commitment), quality, flexibility and strategic integration. It was found that identification had the strongest impact on both employee outcomes and on branch performance, though strategic integration was also important. Benkhoff concludes that while commitment and performance are linked, commitment is not a

sufficient condition for high performance and strategic integration is also necessary. This finding corresponds closely to firm level research that has found that the adoption of the high commitment model is closely associated with high levels of strategic integration (e.g. Roche, 1999). Based on the same sample, Benkhoff (1997c) used the OCQ and four measures of a self-developed Commitment Behaviour Scale (CBS) which assessed hard work and extra effort based on self-reports and reports by employees of the commitment of their branch managers. She found that the perceived direction and feedback provided by managers towards desired behaviour had a significant impact on sales and savings targets.

Guest et al (2000) examined the HRM-commitment-performance relationship using data from the Workplace Employee Relations Survey (WERS). Based on a survey of some 28,000 employees randomly selected from 2,100 organisations, Guest et al found significant associations between HR practices and employee commitment and satisfaction, which in turn had a significant impact on managers' reports of performance indicators including turnover, absence, productivity and quality. Their evidence suggests that employees respond positively to HR practices and that attitudes may mediate the relationship between HRM and performance.

Ramsay et al (2000), using data from the 1998 WERS, examined the influence of employee commitment as a mediator of the relationship between High Performance Work Systems (HPWS) and firm performance. High commitment explained some of the relationship between high performance work practices (HPWP) and performance but the effect was quite small, suggesting that commitment is not a strong mediator of the relationship between HPWS and performance. These authors conclude that 'the

widely held assumption that positive performance outcomes from HPWS flow via positive employee outcomes has been shown to be highly questionable' (p.521).

Recent research by Guest and Conway (2001) has found that the experience of a greater number of HR practices among employees is associated with self-reported improvements in performance, thus suggesting some degree of support for these linkages. Patterson et al (1997) in a CIPD commissioned study, found that organisational commitment explained five per cent of the variance in profitability and seven per cent of the variance in productivity, while job satisfaction explained five per cent and 16 per cent of the variance in these outcomes respectively.

Based on the CIPD annual survey of 1997, Guest (1999) reported that employees experiencing 'high' HRM were more highly motivated and more secure and satisfied in their jobs. Cully et al (1999), reporting from the WERS, found that employees with higher levels of commitment were more likely to be working in better performing workplaces. Furthermore, the number of HR practices experienced by employees was positively related to commitment. They argue that:

this suggests a clear connection between management initiatives to promote commitment and how employees respond to these initiatives ... what matters more for determining workplace performance, is whether employees *as a whole* at a given workplace are committed or not ... to examine this adequately requires a shift in the unit of analysis to the workplace and a more elaborate statistical treatment (pp. 188 – 189).

### **2.3.1 (ii) Affective, Continuance and Normative Commitment and Performance**

A small number of studies have reported relationships between various conceptualisations of commitment and job performance, including that proposed by Meyer and Allen (1991). In particular, these studies have reported relationships between affective commitment and job performance (e.g. Angle and Lawson, 1994; Caruana et al, 1998; Hackett et al, 1994; Meyer et al, 1989; Suliman and Iles, 2000; Van Scotter, 2000). Other studies, however, have found no relationship between affective commitment and job performance (e.g. Ganster and Dwyer, 1995; Somers and Birnbaum, 1998).

Meyer and his colleagues have found that affective commitment is associated with higher productivity (Meyer et al, 1989), more positive work attitudes (Allen and Meyer, 1996) and more organisational citizenship behaviours (Meyer and Allen, 1991). Reporting a relationship between affective commitment and performance among employees within food service companies, Meyer et al (1989, p. 152) conclude that 'it is the nature of commitment that counts'. Angle and Lawson (1994), in a study of employees within Fortune 500 companies in the manufacturing sector, reported that affective commitment was unrelated to supervisors assessments of employees' performance, organisation, accomplishment and judgement. However, affective commitment was positively related to supervisor ratings of employees' dependability and initiative. These authors therefore conclude that 'it is also the nature of performance that counts' (Angle and Lawson, 1994, p. 1539).



DeCotiis and Summers (1987) examined commitment among 367 restaurant managers and measured performance using performance evaluations (i.e. supervisor ratings) and financial results (i.e. food, drink and labour costs). They found that affective commitment was not related to performance, as rated by supervisors, but was associated with the three financial results measures.

A number of studies suggest that affective commitment is associated with attendance at work (Mathieu and Zajac, 1990). Hackett et al (1994), in a study of 2301 registered nurses and bus drivers, found no relationship between affective commitment and supervisor ratings of performance among either sample. Among the sample of bus drivers they found that affective commitment was positively related to a non-rated performance measure of culpable absences. This finding is generally supported in other studies (Gellatly, 1995; Iverson and Buttigieg, 1999; Meyer et al, 1993, Somers, 1995).

Relatively few studies have examined relationships with continuance commitment that are not confounded with measures of affective commitment (Somers and Birnbaum, 1998). It is implied in the literature that high levels of continuance commitment represent a negative feature within organisations (Iles et al, 1996; Meyer et al, 1993; Randall and O'Driscoll, 1997). Studies that have reported either no relationship between continuance commitment and performance, or a negative one, would lend some support to this assumption (e.g. Angle and Lawson, 1994; Caruana et al, 1998; Hackett et al, 1994; Konovsky and Cropanzano, 1991; Meyer et al, 1989; Somers and Birnbaum, 1998). Hackett et al (1994), for example, found that bus drivers with stronger continuance commitment received significantly fewer commendations for their

work.

Continuance commitment has also been associated with lower levels of organisational citizenship behaviours (Shore and Wayne, 1993) and lower job satisfaction (Hackett et al, 1994; Moorman et al, 1993). Meyer et al (1993) found that strong continuance commitment among a sample of nurses was associated with passive withdrawal from dissatisfying work situations, rather than attempts to change the situation. Randall and O'Driscoll (1997) found that continuance commitment was associated with perceptions of low organisational support, low agreement with organisational policies, perceptions of fewer positive values characterising the organisation, and fewer bonds to the organisation.

Iles et al (1996) suggest that a high level of continuance commitment is unlikely to lead to high job performance, because unlike the affective or normative dimensions, continuance commitment is incompatible with flexibility and adaptability. These authors suggest that organisations should seek to develop HRM practices that foster affective or normative commitment, but reduce levels of continuance commitment. In a later study of the commitment of 55 managers in Jordan, Suliman and Iles (2000) found that continuance commitment was related to performance. These authors suggest that where unions are non-existent, weak or tightly controlled by management as evident in the context of their research, then high performance might be necessary to secure continuance of employment. They also suggest that to foster high levels of continuance commitment, intrinsic and extrinsic rewards and benefits should be provided. Slocombe and Dougherty (1998) propose another explanation for a possible relationship between continuance commitment and performance. They suggest that

employees, even if dissatisfied, will exert extra effort in order to secure maximum compensation either (a) to maintain their reputation as good employees or (b) until such time as an attractive alternative becomes available.

Wahn (1993) examined the relationship between ethical behaviour and continuance commitment among HR professionals from a variety of organisations. She found support for the proposition that individuals displaying high continuance commitment are more dependent on their organisation and less likely to engage in unethical activities that might jeopardise enhancement in their careers.

Relatively little research has examined the relationship between normative commitment and performance, though some studies suggest that normative commitment is positively related to work effort (e.g. Randall and O'Driscoll, 1997) and a self-report measure of overall performance (e.g. Ashforth and Saks, 1996). Iverson and Buttigieg (1999) in a study of 505 fire fighting and rescue personnel in Australia found that employees displaying high levels of normative commitment were less likely to be absent. Other studies have reported no significant relationships between normative commitment and performance (e.g. Caruana et al, 1998; Hackett et al, 1994).

In summary, while relationships have been reported between commitment and performance, they have been relatively modest (Somers and Birnbaum, 1998). Despite this, the more widely reported relationships between affective commitment and performance support the suggestion that the particular form of commitment does matter (Meyer et al, 1989). Meyer and Allen (1997) propose a number of reasons for this relationship. First, the relationship between affective commitment and performance

based on supervisor ratings may be moderated by the extent to which supervisors take the appraisal process seriously. Second, employees with high affective commitment may direct their performance towards matters that are valued by or within an organisation. Third, the relationship may only be observed among performance indicators that reflect employee motivation to perform. Finally, affective commitment may only be related to performance indicators which employees have control over. HRM research that has examined relationships between HR practices and performance has not to date given adequate attention to the forms of commitment that HR practices may promote. If positive employee attitudes are associated with affective commitment, then it is possible that the HR practices that foster those attitudes will have the performance-enhancing effect. This is an issue that remains to be examined in detail in the literature to date.

### **2.3.1 (iii) Organisational Commitment and Turnover**

Intention to leave an organisation has emerged as a well-established antecedent to actual turnover (e.g. Griffeth et al, 2000; Hom and Griffeth, 1995). Furthermore, research has shown that an employee's intention to leave a job represents an important predictor of actual turnover (e.g. Griffeth et al, 2000; Guest and Conway, 2001; Hom and Griffeth, 1995; Tett and Meyer, 1993). Yet, research on turnover has been criticised because of its failure to focus adequately on why employees decide to remain in an organisation and what determines their attachment (Maertz and Campion, 2001; Meyer and Allen, 1991; O'Reilly and Chatman, 1986).

An understanding of the antecedents of voluntary turnover is important due to the costs

of replacements, incurred training costs, and loss of intellectual capital (Cascio, 1991; Mirvis and Lawler, 1977). In addition, administration costs also arise (Dalton and Todor, 1982) as does operational disruption, which can affect productivity and profitability (Staw, 1980). It is possible that excessive voluntary turnover will give rise to other intangible costs such as low morale (Maertz and Campion, 2001). It can be argued that some degree of voluntary turnover can be functional for the organisation (Dalton and Todor, 1979). For example, it is suggested that an organisation can save salary costs if a highly paid and longer tenured employee is replaced by a new hire (Campion, 1991; Muchinsky and Morrow, 1980).

Common to all conceptualisations of commitment is a link to turnover; employees with high levels of commitment are less likely to leave their employer (Allen and Meyer, 1990). However, it has been recognised that employee attitudes (e.g. low commitment) and behavioural intentions (e.g. intention to leave an organisation) may differ. For example, Iverson and Buttigieg (1999) found that perceptions of alternative job opportunities were related to higher levels of continuance commitment. This suggests that individuals displaying high continuance commitment might only be more likely to intend to leave an organisation if they perceive that there are many suitable and attractive alternatives available. Thus, the degree to which turnover can be confidently predicted using a measure of commitment is problematic. In response to this problem, the measurement of both commitment *and* turnover intention has been regarded as one of the most reliable predictors of actual turnover (Cohen, 1991, 1993; Lee and Mowday, 1987; Michaels and Spector, 1982; O'Reilly and Caldwell, 1981). In addition, perceptions of the opportunities available within the labour market, and the attractiveness of these alternatives, are important (Mowday et al, 1984). Turnover

research also provides evidence that low levels of commitment *and* actual job search activity will provide a better predictor of turnover intention (Mobley, 1982; Spencer et al, 1983).

Several studies have reported negative correlations between organisational commitment and both intentions to leave an organisation and actual employee turnover (Allen and Meyer, 1996; Cohen, 1993; Mathieu and Zajac, 1990). While such findings have been associated with affective commitment in particular, similar findings have also been reported for the other conceptualisations of commitment (e.g. Allen and Meyer, 1996; Iverson and Buttigieg, 1999; Mathieu and Zajac, 1990; Mayer and Schoorman, 1992). For example, Iverson and Buttigieg (1999) found that affective, continuance and normative were all negatively related to turnover intention among Australian employees.

Sparrow's (1996) study of 200 employees in a large retail bank in the UK found that 35 per cent expected to actively seek new employment outside the company. Guest and Conway (2001) found that 42 per cent of their sample either 'sometimes' or 'often' considered leaving their organisation. In view of these research findings, a better understanding of how affective, continuance and normative commitment impact on turnover intention is needed.

### 2.3.2 Antecedents of Organisational Commitment

A number of research studies have focused on the antecedents of organisational commitment. These antecedents can be grouped according to personal and situational attributes (e.g. Steers, 1977; Mowday et al, 1982; Meyer and Allen, 1997). Personal characteristics relate to individual-based variables such as gender, marital status, education, age, tenure and personality. Situational attributes relate to organisational characteristics, work experiences and human resource practices.

Though a large number of research studies have investigated these antecedents, there has been little consensus regarding the impact of both individual and organisational (situational) factors on commitment. For example, in studies predicting commitment some argue that organisational factors are more important than individual factors (Angle, 1983; Hrebaniak and Alutto, 1972; Morris and Sherman, 1981; Steers, 1977; Stevens et al, 1978). Others suggest that it is individual factors (Koch and Steers, 1978), and yet others suggest that it is a combination of both factors (Brief and Aldag, 1980; Buchanan, 1974). Some research suggests that individual characteristics have no significant impact on commitment (Aryana and Jacobson, 1975; Bateman and Strasser, 1984; DeCotiis and Summers, 1987; Shadur et al, 1995). Overall therefore, the research to date has produced disappointing and inconclusive results. This section will highlight some of the key research findings highlighting relationships between individual variables and commitment.

Some research has reported a relationship between gender and commitment. Studies suggest that women display lower levels of attitudinal commitment (Dodd-McCue and

Wright, 1996) and higher levels of continuance commitment (Wahn, 1998). Meta-analytical research, however, suggests that these variables are largely unrelated (Aven et al, 1993; Mathieu and Zajac, 1990) and differences may be more appropriately attributed to differences in work characteristics and experiences that may be linked to gender (Aven et al, 1993; Marsden et al, 1993). No research studies have reported significant relationships between marital status and commitment (Meyer and Allen, 1997).

Education level has been found to be negatively associated with employee commitment (Angle and Perry, 1981; Iverson and Buttigieg, 1999; Koch and Steers, 1978, Morris and Sherman, 1981; Somers, 1993). In particular, research has reported a negative relationship between education and the development of continuance commitment (e.g. Somers, 1993), suggesting that employees with lower levels of education perceive that their skills are less transferable elsewhere. Iverson and Buttigieg (1999) found that education was negatively related to normative and continuance commitment. Status or position occupied within the organisation has also been associated with affective, normative (e.g. Somers, 1993) and continuance commitment (e.g. Meyer and Smith, 2000; Somers, 1993). Other dispositional variables, such as perceptions of competency, have been related to affective commitment (Mathieu and Zajac, 1990). Research also indicates that the commitment of new employees tends to vary considerably, suggesting that individuals may vary in their propensity to become committed to the organisation (Mowday et al, 1982). It is the relationship between career stage variables, such as age and organisational tenure, and commitment that has received most empirical support.



### 2.3.2 (i) Career Stage and Commitment

A number of research studies suggest that commitment will vary over the course of people's careers (Adler and Aranya, 1984; Allen and Meyer, 1993; Angle and Perry, 1983; Brief and Aldag, 1980; Cohen, 1991; Jans, 1989; Mathieu and Zajac, 1990; Suliman and Iles, 2000). Within the career development models the most common career stage indicator is employee age (Super, 1957; Levinson, 1978), while the commitment models generally consider both age and organisational tenure (Morrow and McElroy, 1987; Mowday et al, 1982; Reichers, 1986). To achieve some degree of parsimony between indicators of both age and tenure, Reichers (1986) proposes three distinct stages of development: early, mid and late career stages.

A number of studies indicate that age is positively related to organisational commitment (e.g. Mathieu and Zajac, 1990; Meyer and Smith, 2000). Mathieu and Zajac (1990) in their meta-analysis reported a modest positive relationship between attitudinal commitment (similar in concept to affective commitment) and age ( $r = .22$ ). Similar relationships have been reported when controlling for both positional and organisational tenure (e.g. Allen and Meyer, 1993). This would suggest that employee age represents the real career stage effect on affective commitment and that older employees are more affectively committed than younger employees, perhaps due to more positive work experiences (Allen and Meyer, 1993).

Further meta-analytic studies suggest a positive relationship between attitudinal or affective commitment and organisational tenure (Cohen, 1993; Mathieu and Zajac, 1990; Meyer and Smith, 2000). There are several possible explanations for this finding. For example, the positive relationship between tenure and commitment may be due to

tenure-related differences in job status and quality, or due to attempts on the part of longer-serving employees to cognitively justify their decision to remain with the company for many years (Meyer, 2001; Salancik, 1977). It might also suggest that employees with high affective commitment choose to remain for longer periods of time because they believe in the organisation and its mission, while those with lower levels of affective commitment will choose to leave the organisation (e.g. Ogilvie, 1986). O'Reilly and Chatman (1986) suggest that employees with longer tenure will identify more with the goals of the organisation and will be more willing to exert extra effort in achieving these goals. It has also been suggested that commitment may develop simply as a result of the longevity of the employment relationship (Gaertner and Nollen, 1989; Ogilvie, 1986).

If it is assumed that the number and magnitude of investments or 'side-bets' generally increases over time (e.g. the development of firm specific skills, investments in a pension etc.), it can be expected that continuance commitment will increase with organisational tenure or age. Furthermore, continuance commitment may be expected to increase due to perceptions that job mobility is restricted for older or more tenured employees. There is evidence to suggest that age and tenure are antecedents to the development of calculative (e.g. Alutto et al, 1973; Buchanan, 1974; Farrell and Rusbult, 1981; Ferris and Aranya, 1983) and continuance commitment (e.g. Allen and Meyer, 1993; Mathieu and Zajac, 1990; Meyer and Smith, 2000; Reilly and Orsak, 1991; Somers, 1993). Hackett et al (1994) found that tenure was positively related to continuance commitment among a sample of nurses, while age was positively related to continuance commitment among a sample of bus drivers. This suggests that perceptions of the investments accumulated within an organisation (and therefore costs associated

with leaving) will increase with employee age and tenure. However age, and in particular organisational tenure, should be regarded as representing proxy estimates of an individual's investment in an organisation rather than direct predictors of continuance commitment (Cohen and Lowenberg, 1990; Meyer and Allen, 1984).

Studies by Allen and Meyer (1993) and Taormina (1999) have found that age is a significant predictor of normative commitment. Hackett et al (1994) reported that organisational tenure was positively associated with normative commitment among their sample of nurses. They suggest that 'research concerning the possible differential antecedents of [affective, continuance and normative commitment] should continue' (Hackett et al, 1994, p.21).

### **2.3.2 (ii) Career Stage and Turnover Intention**

The career development models (Levinson, 1978; Super, 1957) suggest that during early career stages individuals experience conflict regarding the need to adjust to their organisation on the one hand, and the need to keep their options open on the other. Research findings suggest that both age and organisational tenure are negatively related to turnover intention (Cohen, 1991, 1999; Khatri et al, 2001; Landau and Hammer, 1986; Lee and Mowday, 1987) and actual turnover (Huselid and Day, 1991). During early career stages, levels of organisational commitment will also vary depending on an individual's opportunities and whether attractive alternatives are available (Meyer and Allen, 1984; Rusbult and Farrell, 1983). It is also suggested that if the organisational experience is not satisfactory, employees in the early career stage will show little hesitation in leaving (Ornstein et al, 1989). Where these feelings are coupled with a

strong labour market, the decision to leave is likely to be further influenced. Therefore, this stage of employment is critical, both in terms of commitment and in terms of the decision to stay with or leave the organisation.

The career models also suggest that as individuals proceed through the later stages of their careers, they are less likely to leave their employer. Those in mid-career stages seek stability and commitment to work and family, while those in later career stages seek to maintain that stability. Furthermore, due to the investments made and the costs associated with leaving (particularly where there are perceptions of low mobility), it is less likely that employees in later career stages will leave.

## **2.4 Conclusions**

This chapter has provided an overview of the nature of organisational commitment. The literature suggests that (a) commitment should be viewed as a multi-faceted construct and that (b) different individuals may display each facet to different degrees. The chapter has highlighted the key studies that have examined both antecedents and consequences of commitment. The research reviewed identified career stage as one potentially important antecedent to the development of organisational commitment. Yet, the relative influence of career stage on affective, normative and continuance commitment remains largely untested in research to date. The review also shows that reported linkages between commitment and performance have been modest, though reports of linkages between affective commitment and performance are more widespread.

## **CHAPTER THREE**

### **EXPLORING HRM-COMMITMENT RESEARCH**

#### **3.1 Introduction**

This chapter considers research that has examined the relationship between HRM and employee commitment. It describes those practices that have been associated with 'high commitment' in the HRM literature and then addresses a number of issues relating to how particular practices might influence, or indeed inhibit, the development of commitment within organisations. The chapter is structured using the framework proposed by Beer et al (1984), which addresses four key HR policy areas: employee influence, managing human resource flow, reward systems and work systems. Following the review of the research across each of these four areas, a number of important issues arising from the general approach to research investigating HRM and commitment are raised. In addition, the lack of attention to commitment as a multi-dimensional construct is considered.

#### **3.2 Employee Influence**

Beer et al (1984) consider the employee as a primary stakeholder within the organisation. They suggest that employee interests should be recognised and that employees should be afforded the opportunity to influence or shape the organisation's HRM policies. Two broad distinctions regarding employee influence can be identified within the literature (e.g. Gallie et al, 1998; Marchington, 1995; McGuckian, 2000; Townley, 1989). Townley (1989) suggests that the communication process can serve

both an educative and a commitment function. The educative function represents a one-way process that seeks to inform employees of managerial decisions, but offers little or no opportunity to impact on these decisions. The commitment function, however, is more integrated and aimed at influencing perceptions and stressing the common interests of the organisation and its employees. It reflects a concern not only for communication but also for participation and reflects the extent to which employees can use information to influence decision making within the organisation. Consistent with Townley's 'commitment' function, the terms employee involvement and participation are used interchangeably in the following section to relate broadly to all forms of communication, consultation and participation that seek to enhance employee influence within organisations.

### **3.2.1 Employee Involvement and Participation**

The importance of communication systems within organisations has been heightened in recent years due to a realisation that commitment to the goals of the organisation is crucial for organisational effectiveness (Gallie and White, 1993; Pfeffer, 1994; Townley, 1989; Walton, 1985a, b). Townley (1989, p. 343) suggests that a lack of formal communication systems - particularly within organisations undergoing change - is likely to foster 'low morale, low trust and the pursuit of disparate goals'. This is because participation in decision making provides employees with a sense of control, reduces uncertainty and increases their understanding of events (Gratton et al, 1999, Matteson and Ivancevich, 1987; Witt et al, 2000). Gratton et al (1999, p. 209) state that 'it is clear that some understanding of why the organisation is currently behaving as it is, and how it may behave in the future, is crucial to creating commitment.'

The HR practices associated with high commitment in the literature emphasise extensive information sharing and participation (e.g. Arthur, 1994) and regular briefings with employees (Wood, 1996). While the precise form of employee participation has been made less explicit, mechanisms identified include greater two-way communications and opportunities for employees to participate in attitude surveys (e.g. Huselid, 1995), and problem solving groups (e.g. MacDuffie, 1995).

It has been reported that the most regular forms of communication within organisations are team briefings and regular meetings between senior management and employees (Cully et al, 1999). In the 1998 Work Employee Relations Survey (WERS), 60 per cent of firms reported 'the systematic use of the management chain' as the most common method of communicating with employees (Cully et al, 1999, p. 229). Other methods employed were newsletters (50 per cent) and regular (at least annual) management-employee meetings (48 per cent). One third of workplaces (33 per cent) reported use of suggestion schemes, while over 60 per cent communicated information regarding the organisation's financial position and staffing plans.

Team briefings may be regarded as favourable to the development of commitment, since they allow changes to be clearly communicated and provide employees with the opportunity to respond (Garnett, 1988). Townley (1989) claims that such one-way communication can be reactive, relied upon in times of crisis, and there can be a tendency to relate only negative information. This may be perceived by employees as threatening, encourage compliance rather than commitment (Townley, 1989), and instill negative attitudes regarding the communications process itself.

A number of research studies have found that participation in decision making is linked to commitment (Allen and Meyer, 1990; Cropanzano and Folger, 1996; DeCotiis and Summer, 1987; Dunham et al, 1994; Iverson and Buttigieg, 1999; Taormina, 1999) and organisational citizenship behaviours (VanYperen et al, 1999). The extent to which management is perceived as receptive to employee ideas has also been positively associated with both affective and normative commitment (Allen and Meyer, 1990; Iverson and Buttigieg, 1999), and negatively associated with continuance commitment (Iverson and Buttigieg, 1999). Taormina (1999) found that organisational understanding was significantly and positively related to affective, continuance and normative commitment among a random sample of 193 employees in Hong Kong. In a study of employees in a food service distribution company in the US, Gardner et al (2000) examined the impact of HR practices on collective behaviours (turnover and absenteeism) mediated by collective attitudes (job satisfaction and commitment). Using a similar classification as that used by Huselid (1995) and others in firm level HRM research (i.e. skill enhancing, motivation enhancing and empowerment enhancing HR practices), they found that only empowerment enhancing HR practices were significant in predicting commitment. Empowerment enhancing HR practices were also marginally, though negatively related to turnover.

There is evidence to suggest that while employers might communicate organisational goals through the use of teams, there is little opportunity for upward communication or employee participation within organisations (Gratton et al, 1999; Guest and Conway, 2001; Witt and Myers, 1992). Guest and Conway (2001), comparing the results of the 1998 and 1999 CIPD surveys in the UK, report a decline regarding employee perceptions of opportunities to influence day-to-day activities. Those reporting high



involvement – such as senior management and those with higher pay - 'have by and large maintained this, while among those who had less control, it has reduced still further' (2001, p. 8). In another large scale survey in the UK, Gallie et al (2001) report a decline in employees' scope for decision making. Grant (1999) suggests that tensions between the rhetoric of high involvement and the lack of opportunities for participation may increase employees' frustration and reduce commitment.

It is necessary to consider a number of issues on the basis of the preceding discussion. Of particular interest is the extent to which organisations provide adequate communications *and* invite employee participation. Perhaps one of the key conflicts regarding this issue is whether organisations - by extending communication about decisions and inviting workers to participate - actually invite conflict rather than reduce it, particularly if employee opinions are frequently over-ruled by traditional management prerogative. There is also little research that examines the impact of communication and participation practices on affective, normative and continuance commitment.

### **3.3 Managing Human Resource Flow**

This section explores the development of commitment during the various stages of employment within an organisation.

### **3.3.1 Recruitment and Selection**

The quality and effectiveness of an organisation's recruitment and selection practices will largely depend on the extent to which high quality candidates are attracted to the organisation in the first place (Anderson and Shackleton, 1993). It has been posited that organisational characteristics that are more observable to an applicant, and that allow distinctions to be made between a number of organisations, will largely determine organisational attraction (Cable and Judge, 1996; Rynes, 1989; Rynes and Barber, 1990; Turban and Keon, 1993). For example, Turban and Keon (1993) identified performance-related reward systems and decentralised decision-making as two such characteristics that influenced applicants' impressions of an organisation. Notably, these practices have also been associated with high commitment models at the level of the firm.

A key decision within organisations concerns whether recruitment for available positions should take place internally or externally. While it can be argued that both internal and external labour markets are used to some extent by all organisations, it is likely that a dominant orientation prevails regarding the issue. This orientation will largely depend on the predominant management philosophy regarding the value of developing the existing human resource, the availability within both labour markets, and the rate of voluntary turnover. To a large extent, the dominant strategy adopted will largely influence the type of practices employed in other HR policy areas (Doeringer and Poire, 1971).

Selection methods can vary from traditional techniques such as interviews, application forms and references, to more sophisticated methods, such as psychological testing, assessment centres and work samples. Pfeffer (1994, p.58) points to the symbolic attributes of the selection process and states that 'if someone goes through a rigorous selection process, the person feels that he or she is joining an elite organisation. High expectations are created, and the message sent is that people matter'. Since sophisticated selection techniques are characterised by both high reliability and validity (Anderson and Shackleton, 1993), it can generally be assumed that applicants will regard selection decisions as both consistent and fair. However, within many organisations, selection processes tend to result in decisions that are based on the more subjective selection methods, as opposed to methods that yield higher validity, reliability and objectivity (Sparrow and Hiltrop, 1994). Therefore, even if sophisticated techniques are employed, unless they form a strong basis upon which selection decisions are based, it is likely that they will be perceived as unfair among employees. As a result, the commitment among those candidates adversely affected by such decisions may decrease.

The HR practices that have been associated with the development of high commitment correspond closely to those associated with internal labour markets and emphasise policies of promotion from within, combined with high investment in training activities and high employment security (e.g. Huselid, 1995; Wood, 1996). The practices described in this literature regarding selection - though quite ambiguous - include sophisticated procedures, which presumably comprise a combination of traditional and sophisticated methods. Although references to specific selection procedures are somewhat limited, a selective approach (Huselid, 1995; Ichniowski et al, 1997), and

selecting for skills (Arthur, 1994), commitment, and trainability (Wood, 1996) are identified. The emphasis appears to be focused not only on existing skills and abilities, but also on future potential and an openness to learning new skills (MacDuffie, 1995; Wood, 1996).

For many years the focus of research on recruitment and selection has been dominated by the concept of 'fit' as a matching process between the person, the job, the situation and the organisation (e.g. Cable and Parsons, 2001; Caldwell et al, 1990; Kristof, 1996). Research studies investigating the various types of fit have reported positive relationships regarding individual job performance, job satisfaction, organisational commitment and turnover (Holland, 1985; O'Reilly et al, 1991). A smaller number of studies have examined the accuracy of information provided to recruits during selection and subsequent employee commitment. Wanous (1992) examined the effects of 'realistic job previews' that provide recruits with both the positive and negative aspects associated with positions, and reported positive associations regarding job satisfaction, affective commitment, job survival, and sustained productivity. Subsequent meta-analyses investigating these claims indicate that the better the fit between individual expectations and the reality of organisational life, the higher the job satisfaction and the longer the tenure (e.g. McEvoy and Cascio, 1985; Premack and Wanous, 1985).

In many studies on HRM and commitment, issues relating to recruitment and selection are generally not asked of employees, perhaps due to the lack of clear theoretical links between recruitment, selection and commitment. Based on interviews with managers in the UK hotel industry, McGunnigle and Jameson (2000) found little evidence of the use of sophisticated selection procedures. It can be argued that the experience of the

recruitment and selection process is difficult to accurately assess from an employee perspective, since for the majority of employees it will not be a frequently encountered experience, and therefore will not often be subjectively appraised. Furthermore, recollections of the process - particularly for employees with longer service - may be less clear, unless perhaps a number of applications for internal positions have been made. In some respects, these reservations about the validity of individual assessments of the process are wholly justified. Yet, the impact of on-going recruitment and selection decisions will have implications for the work experiences of all employees within an organisation. As a consequence, the commitment of both new and existing employees may be affected during this process. For this reason, the importance of employee attitudes regarding the process of recruitment and selection process as a factor in the development of commitment cannot be ruled out.

On the basis of the preceding discussion, it is likely that an emphasis on internal rather than external recruitment will be associated with higher organisational commitment. However, if it is perceived that promotion decisions favour external candidates, thereby disregarding the acquired skills, experience and service of existing employees within the organisation, then it is quite possible that employee commitment will be adversely affected. In addition, such decisions may gradually de-motivate employees to perform well and perhaps instill feelings of resentment towards those recruited from the external labour market. The impact of these decisions on the culture, commitment, retention and subsequent performance within the organisation could therefore be significant.

### 3.3.2 Socialisation

Socialisation is the process through which newly selected employees learn the behaviours and attitudes necessary to assume their role within an organisation (Bauer et al, 1998; Fisher, 1986; Van Maanen and Schein, 1979; Wanous and Reichers, 2000). It is suggested that the socialisation process will reduce initial anxieties and induce greater identification with the organisation, thus facilitating organisational adjustment (Ostroff and Koslowski, 1992). The literature identifies extensive socialisation activities for new employees as part of high commitment strategies (e.g. Arthur, 1994; Delery and Doty, 1996).

Empirical research to date addressing the socialisation process can be described as both limited and piecemeal (Morrison, 1993; Ostroff and Koslowski, 1992). Despite this, research findings indicate that early work experiences contribute to later commitment (e.g. Ashforth and Saks, 1996; Buchanan, 1974; Meyer et al, 1998; Pierce and Dunham, 1987; Taormina, 1999; Witte, 1993). Socialisation has been positively related to commitment when there is a high degree of support shown from other organisational members (e.g., Allen and Meyer, 1990; Ashforth and Saks, 1996), and when information is provided regarding the sequence and timing of progression within the organisation (Jones, 1986; Ostroff and Koslowski, 1992). In addition, commitment is high if socialisation practices are structured and emphasise identification with the company (Chatman, 1991). A number of studies also suggest that ineffective socialisation processes are related to increased turnover, lower performance, negative work attitudes and dissatisfaction, role ambiguity and stress (e.g. Ashforth and Saks, 1996; Feldman, 1981; Louis et al, 1983; Nelson, 1987; Van Maanen and Schein, 1979).

On the basis of these findings, it can be postulated that positive experiences of the socialisation process will be related to higher levels of commitment and lower intentions to leave.

### **3.3.3 Training**

The literature associates extensive and long-term training and skill development activities with strategies of high commitment (e.g. Arthur, 1994; Pfeffer, 1994; MacDuffie, 1995; Wood, 1995, 1996). Wood (1995, p. 52), for example, identifies the setting of training budgets with 'at least a two year financial horizon'. It can be assumed that employees will regard investments in training as evidence of employer commitment and organisational support (Gaertner and Nollen, 1989), and that these investments will be reciprocated with increased commitment (Eisenberger et al, 2001). However, if an organisation is perceived as failing to facilitate employees' skills and aspirations, then it is likely that commitment levels will diminish (Steers, 1977).

A number of studies have found that commitment is higher if there is a commitment by the organisation to the long-term development of employees (Gaertner and Nollen, 1989; Gallie and White, 1993; Gallie et al, 2001; Tannenbaum et al, 1991; Randall and O'Driscoll, 1997; Taormina, 1999). Gaertner and Nollen (1989) suggest that the extent to which training is 'company specific' may be more closely related to exchange (continuance) rather than psychological (affective) commitment, since the employee will perceive that they are more valuable to their existing employer than to another organisation. Taormina (1999) found that training was a significant predictor of affective, continuance and normative commitment. Randall and O'Driscoll (1997)

found that agreement with training policies was associated with higher levels of affective commitment among employees in New Zealand, though not employees in Ireland.

One difficulty in relation to the provision of training opportunities is that these activities are often regarded as representing a significant cost for organisations rather than an investment (Buckley and Caple, 1992), and that these investments have limited relevance to company performance (Lloyd, 2002). Organisations can also be discouraged to invest heavily in training due to concerns that skilled labour will be 'poached' by competitors, and so they will fail to recoup on any investments made (Chapman, 1993). Particularly in industries where there is a significant shortage of skills, employers may be concerned that intensive training activity may in fact lead to higher turnover, as newly trained employees leave to join competitors taking their more marketable and valuable skills with them.

When investment in training activity occurs in favourable economic conditions, 'rent seeking' behaviours may be encouraged (Cappelli and Neumark, 2001; McCartney and Teague, 2001). McCartney and Teague (2001, p. 774) describe this scenario as follows:

In an economy where transferable skills predominate, employees will have to be paid the going rate for the job or they will invariably quit. But having to pay the going wage rate weakens the incentives for employers to engage in skill formation activity. Firms calculate that it would be cheaper to offer a wage package above the going rate and poach workers from other firms rather than invest in human-capital activity. If too many firms adopt such free-riding behaviour the result is an under-provision of qualified labour. With skill shortages evident, employers are likely to compound labour market distortions by pursuing 'leap-frogging' pay strategies.



This argument implies that there exists some degree of strategic choice regarding the provision of training. Organisations can choose not to invest heavily in developing the skills needed, but instead exploit the skills already available within the labour market. If they do so, the use of expensive recruitment initiatives and offers of attractive remuneration packages to potential employees may resolve skills deficits, in the short term at least. However, unless adequate development opportunities are provided when individuals join the organisation, negative consequences including lower commitment and higher turnover in the longer term are perhaps inevitable. Furthermore, if employees do leave the organisation they will take with them highly tacit knowledge, which has taken significant time to develop and is difficult to replace. This strategy will also be of little benefit if skills within the labour market are already scarce and the organisation is unable to attract potential employees in the first place.

The foregoing discussion therefore raises important questions concerning whether high job mobility and turnover lead to lower investments in training, or whether lower investments in training lead to higher turnover. It also questions whether in a fluid labour market high investment in training leads to high turnover. While the research reviewed here suggests that investments in training are associated with high levels of commitment, the extent to which this is the case in a buoyant labour market is questionable.

#### **3.3.4 Career Development**

Since the 1990s, as a result of intensifying pressures within the business environment, the prevalence of - or indeed role for - the 'traditional' form of career characterised by

clearly defined career paths has provoked considerable controversy (e.g. Cappelli, 1999; Jacoby, 1999). There are claims that new forms of 'precarious' employment (Allen and Henry, 1996) are emerging, and a number of commentators have signaled moves towards 'employability', self-development and individual responsibility for career management (e.g. Bridges, 1994; Carlson and Rotondo, 2001; Handy, 1989; Rajan, 1997). It is suggested that employee development is now focused on the shorter term and employees are encouraged to manage their own careers, even if this takes them outside the organisation. There are indications that the criteria for promotion are changing, where performance is the key determinant as opposed to either qualifications or seniority (Rajan, 1997). This signifies a move from a paternalistic culture providing lifetime guarantees of employment towards one that is more performance driven.

The practices associated with high commitment within the literature place considerable emphasis on internal career opportunities (e.g. Huselid, 1995; Pfeffer, 1994; Wood, 1996). From an employee perspective, transfers to new positions should represent career development opportunities and create a climate of greater employment stability. As a result, employees should be less likely to seek alternative career opportunities or more secure employment outside the organisation, and therefore both commitment and retention should be high. Although organisations will be required to make considerable and long-term investments in employees, there should be a significant return on these investments through the development of firm-specific skills, longer organisational tenure among employees, and greater employee commitment.

A number of studies have examined employee perceptions of career management practices and commitment (Gaertner and Nollen, 1989; Iverson and Buttigieg, 1999;

Meyer and Smith, 2000; Ogilvie, 1986; Schwarzwald et al, 1992; Sturges et al, 2000; Taormina, 1999). Gaertner and Nollen (1989) found evidence that perceived promotion opportunity, actual promotion rate and length of service are related to employee commitment. These authors conclude that commitment is higher among employees 'who believe they are being treated as resources to be developed rather than commodities to buy and sell' (Gaertner and Nollen, 1989, p. 987). Other research has reported similar relationships between career assessments (Robertson et al, 1991) and promotion decisions (Ogilvie, 1986; Schwarzwald et al, 1992) and employee commitment. Sturges et al (2000), in a study of graduate managers in five large UK organisations, found that experience of organisational career management and practice of career self-management were significant predictors of graduates' commitment.

Studies adopting Allen and Meyer's (1990) multi-dimensional view of commitment suggest that career development is related to different commitment components. For example, Iverson and Buttigieg (1999) found that promotional opportunity was a significant predictor of affective commitment. Taormina (1999) and Meyer and Smith (2000) found that career development was one of the most powerful predictors of both affective and normative commitment. Meyer et al (1989) found that continuance commitment was higher among employees that were rated as less promotable by their superiors. Shouksmith (1994) also found that perceptions of promotion opportunities were positively associated with continuance commitment. These studies indicate the need to further examine the way in which career development opportunities – if they exist – impact on the affective, continuance and normative commitment of employees.

### 3.3.5 Job Security

As already discussed, the high commitment literature emphasises significant and long-term investments in employees. Accordingly, the literature would imply that organisations need to provide employees with a high degree of employment security to protect these investments (e.g. Huselid, 1995; Ichniowski, et al, 1994; Walton, 1985a,b; Wood, 1995; 1996). Wood (1995, p. 52) describes the job security associated with high commitment as 'permanent employment, such that there is an expectation on the part of senior managers that employees will stay until retirement'. Rajan et al (1995, cited in Rajan, 1997) conducted a survey on job security in 159 organisations in the UK finance sector. They reported that three in five institutions were replacing traditional job security with employability 'to some extent', while half of the organisations intended to do so 'to some extent' or 'to a large extent'. Rajan et al estimated that more than half of the employees within the institutions investigated would be affected, particularly recent graduates and IT specialists. This would suggest that those new to an organisation and those with occupations with a traditionally high turnover rate are most vulnerable to job insecurity. The 1998 Workplace Employee Relations Survey (WERS) in the UK revealed that only 6 per cent of private sector workplaces employed a policy of guaranteed job security or no compulsory redundancy (Cully et al, 1999).

Sparrow (1998) suggests that in many sectors such as banking, turnover intentions are frustrated because perceptions of job insecurity are regarded as sector-wide. Gallie et al (1998) report that while the characteristics that employees look for in a job are similar to those in the past, job security is now regarded as more important. This contrasts with the views of others (e.g. Guest and Conway, 2001; Smithson and Lewis,

2000) who suggest that job insecurity is of less concern to employees. Guest and Conway (2001, p. 14), reporting on the findings of the 1999 CIPD survey, suggest that 'the results over the past two years confirm that, for most workers, job insecurity is not a matter of great personal concern'.

Pfeffer and Cohen (1994, p. 553) suggest that both the employee and the organisation can benefit from work arrangements that have 'good continuity properties'. There is evidence to suggest that employees who perceive that an organisation is making efforts to provide high employment security are more committed to the organisation (Gaertner and Nollen, 1989; Gallie et al, 1998; Iverson and Buttigieg, 1999). Iverson and Buttigieg (1999) found that job security was a significant predictor of both affective and continuance commitment. If employment insecurity is associated with lower morale and commitment, it may also have negative implications on organisational performance (Gallie et al, 1998). On the basis of these findings, a key issue concerns whether employees are experiencing lower levels of employment security, perhaps in favour of 'employability', and if so whether commitment is affected as a result.

### **3.3.6 Performance Management**

Wood (1995, p. 52) identifies performance management practices associated with high commitment, which include regularly planned team briefings and formal assessment on an annual or bi-annual basis. Huselid (1995, p. 637) identifies appraisals that assess individual and work group performance, which are closely linked with incentive compensation systems. It is also suggested that performance assessments are merit based, focus on behaviour and include feedback used for developmental rather than

evaluative purposes (Delery and Doty, 1996; Huselid, 1995). Gallie et al (2001, p. 1092) found clear support that such 'longer distance' forms of control through performance appraisals were associated with higher levels of employee commitment.

Since performance assessments will often have important implications for both career progression and reward decisions, perceptions of fairness are a necessary consideration. Research indicates that the characteristics of performance-related practices that have been associated with employee commitment include the perceived accuracy of merit assessments and feedback concerning performance objectives (e.g. Gratton et al, 1999; Ogilvie, 1986). It has been suggested, however, that managers can omit potentially important performance criteria during assessments, or they can include irrelevant factors (Cascio, 1987). This in turn will lead to feelings of inequity or resentment among employees, leading to low organisational commitment and high employee turnover (Abelson and Baysinger, 1984). Gratton et al (1999) found that the appraisal process represented one important area that could be extremely damaging to employee commitment if it was perceived to be unfair. This suggests that the behaviours associated with effectiveness within an organisation must be explicitly communicated to employees. In the absence of any performance-reward relationship, however, individual performance appraisal will lack purpose and will be regarded as a mere organisational 'ritual' (Ramamoorthy and Carroll, 1998). Research in the UK has also examined the impact of feedback from assessment centres on the commitment of managerial employees within financial service organisations (Fletcher, 1991; Robertson et al, 1991). Robertson et al found evidence that both commitment and turnover intention were strongly influenced by positive or negative outcomes of early career assessments. Fletcher (1991), on the other hand, found few differences in the

commitment of both successful and unsuccessful candidates either before or after assessments. This finding would suggest that regardless of the outcomes of such assessments, if decisions are perceived as fair, then commitment will not be affected. Despite some evidence to suggest that performance management practices can impact on commitment, Meyer and Allen (1997, p. 110) point out that 'little or no research examines how performance appraisals affect commitment *per se*'. More recently, Meyer and Smith (2000) found that favourable assessments of performance appraisals were associated with both affective and normative commitment. This indicates that more research is needed to examine the impact of performance management practices on multiple forms of commitment.

### **3.4 Reward Systems**

According to Beer et al (1985), reward systems determine the kind of organisation that management seeks to create and maintain, and the kind of behaviour that management expects from employees. The extent to which compensation is used as an incentive, the mix between extrinsic and intrinsic rewards, and the extent to which rewards are linked to individual versus organisational performance are some of the key questions which management must address (Beer et al, 1985). This section will examine the literature on employee commitment and both individual and group based extrinsic rewards. A later section examining work systems will examine intrinsic rewards and their relationship with employee commitment.

### **3.4.1 Rewards, Motivation and Satisfaction**

Many current models of pay satisfaction are based on the concepts associated with expectancy theory (Vroom, 1964) and equity theory (Adams, 1965). Equity theory posits that satisfaction with pay results from perceptions of pay equity or fairness in comparison to other people in the same context. Adams (1965) argues that if there is a perceived inequity in terms of an individual's input and what they receive in return, they will either choose to withdraw effort in their work, or leave their job entirely. Expectancy theory proposes that motivation comprises three components: the belief that effort will result in performance (expectancy), the belief that performance will be rewarded (instrumentality) and the perceived value of the reward to the recipient (valence). This relationship is further explained from an exchange perspective, as proposed in the reward-value model (Locke, 1976; Kalleberg, 1977).

A number of antecedents to pay satisfaction have been proposed within the literature. These include personal and job inputs (e.g. effort, investment in training and performance), monetary and non-monetary outcomes (e.g. pay, benefits, and status), and the comparative process. Taormina (1999) found that 'future prospects' was the main predictor of both pay and work satisfaction. This would suggest that employees tend to be more satisfied with their work and their pay if this is coupled with opportunities for advancement. Lum et al (1998) found that pay satisfaction had both direct and indirect influences on turnover intent among a sample of nurses. While pay satisfaction was significantly associated with lower turnover intention, its indirect effect upon turnover intent, mediated through job satisfaction and organisational commitment, was weaker.



### 3.4.2 Rewards and Commitment

The use of incentive or merit-based compensation systems have been associated with high commitment in the literature (e.g. Huselid, 1995; Ichnowski et al, 1997; McDuffie, 1995). Skill-based pay, profit or gain sharing and stock ownership have also been identified (e.g. Delery and Doty, 1996; Huselid, 1995; Ichnowski et al, 1997; Walton, 1995a, b). Arthur (1994) also suggests that higher benefits are associated with organisations pursuing a high commitment strategy. Baron and Kreps (1999) argue that egalitarian pay structures are more prevalent in organisations which adopt a high-commitment strategy, where there is a reliance on internal labour markets and better protection from external market pressures.

A number of commentators have questioned the effectiveness of performance related pay (PRP) systems in motivating employees (Dwyer, 1994; Kessler and Purcell, 1992; Marsden and Richardson, 1994). Deming (1986) argues that individual merit pay can reward or punish employees for factors (e.g. the system of production) over which they have little control. Issues concerning perceived accuracy and fairness of the performance management process are heightened, particularly when this process is linked to reward decisions. Campbell et al (1998, p. 133) argue that 'for merit pay plans to work, employees must *agree* that distinctions based on the performance measures are fair ... it is not sufficient for the measures simply to *be* accurate; employees must *perceive* them as accurate'. It is also unlikely that individuals will agree with evaluations that are lower than their own self-evaluations, and when such disagreement occurs, employees will not see merit pay as being a true reward for performance (Hills et al, 1987; Kelly and Monks, 1998).

Rewards have generally been regarded as an important determinant of organisational commitment (Gaertner and Nollen, 1989; Mottaz, 1988; Mowday et al, 1982; Steers, 1977). Mottaz (1988) proposes that employees offer commitment in exchange for rewards received from the organisation. Others propose that favourable rewards lead to high commitment because they denote organisational support and dependability (Gaertner and Nollen, 1989; Gregersen, 1992). In addition, the degree of 'fit' between the rewards offered by the organisation and those that are valued by an individual, is also likely to be related to organisational commitment. Levine (1993), in a study of employees in both the US and Japan, found that those receiving higher wages were less likely to quit the organisation, were more satisfied with their pay, and reported higher levels of effort in performing the job. Research has also found that pay equity is related to commitment (e.g. Flood et al, 2001; Rhodes and Steers, 1981; Stevens et al, 1978; Taormina, 1999). Flood et al (2001) investigated both commitment and intention to remain among employees in the high technology and financial services industry. They found that merit based rewards emphasising fairness were important factors in influencing both commitment and retention. Research investigating the use of incentive payment systems in the UK, however, suggests that they are less likely to be adopted in organisations pursuing a high commitment strategy (Wood, 1999a), and that they are associated with lower levels of employee commitment (Gallie et al, 2001).

There has been an increasing interest in the use of profit sharing as a way of fostering greater identification among employees, and as a way of allowing employees share in the risks or rewards of the business (Ehrenberg, 1990; Gomez-Mejia and Balkan, 1992; Weitzman and Kruse, 1990). In the 1998 WERS study, Cully et al (1999) found that 46 per cent of organisations operated profit sharing schemes, while 24 per cent had

systems of share ownership in place. Research has examined various forms of group incentives, such as profit sharing, gainsharing, employee stock ownership and firm-level outcomes (e.g. Freeman, 2001; Jones and Kato, 1993). While fewer studies have examined the influence of such schemes on individual behaviours and attitudes, there is some evidence to suggest that stock ownership is positively related to commitment (Buchko, 1992; Klein, 1987; Klein and Hall, 1988). In addition, studies have reported that such schemes are related to lower rates of turnover (Wilson and Peel, 1991) and turnover intention (Buchko, 1992; Klein, 1987). While it is difficult to determine a clear-cut cause-effect relationship, studies have reported higher commitment among shareholders than non-shareholders within the same company (Bell and Hanson, 1984; Oliver, 1984; Rhodes and Steers, 1981). More recent research, however, questions whether profit sharing schemes are associated with retention (Guest and King, 2001).

Meyer (2001, p. 315) points to a lack of research examining the relationship between benefits and commitment. Some research suggests, however, that benefits are associated with higher levels of commitment (e.g. Meyer and Smith, 2000) and lower levels of turnover (Buchko, 1992; Shaw et al, 1998). Meyer and Smith (2000) found that benefits were positively associated with both affective and normative commitment, but not continuance commitment.

In general, there is little research examining the impact of reward practices on multiple dimensions of commitment. In particular, a focus on continuance commitment, with its emphasis on the perceived costs of leaving an organisation, has been lacking. Iverson and Buttigieg (1999), however, found that pay was a significant predictor of

continuance commitment, due to perceptions of the high cost of leaving and the lack of availability of alternative employment opportunities.

### **3.5 Work Systems**

Work systems relate primarily to the design of work and the way in which people, information, activities and technology are arranged (Beer et al, 1985). Beer et al suggest that changes in the design of the work system can broaden employee responsibilities which will result in improvements in each of the four HRM outcomes (commitment, competence, cost effectiveness and congruence). Following the logic of job design theory, it is suggested that increased task discretion will impact on greater satisfaction with the task and closer identification with the organisation (Gallie et al, 2001). Witte (1993) suggests that unfavourable work assignments may give rise to negative and lasting attitudes about the organisation, and that employee responses to work assignments may be important in the development of commitment. Meyer and Allen (1997) also suggest that employee attitudes towards their organisation may be more readily formed through their assessments of day-to-day work experiences, rather than macro variables such as organisational structures or decision-making processes.

#### **3.5.1 Job Design, Flexibility and Teamwork**

During the 1980s, global competitive pressures, the impact of new technology, and a heightened emphasis on performance gave rise to a number of flexible working strategies in the area of work design. Strategies of 'responsible autonomy' and 'flexible specialisation' (Piore and Sable, 1984) became associated with efforts to increase

employee responsibility and commitment within HRM. These strategies propose that organisations seek employees that possess not only the appropriate skills and abilities, but also the attitudes and values that are supportive of teamwork and flexibility (Wickens, 1987; Yeandle and Clark, 1989).

The HR element of work systems identified within the high commitment literature includes broad job designs, job rotation, job enrichment and quality circles (e.g. Arthur, 1994; MacDuffie, 1995; Wood, 1996). In addition, flexibility (Ichnowski et al, 1997; Womack et al, 1990; Wood, 1996) and team working are emphasised (e.g. Arthur, 1994; Ichnowski et al, 1997; MacDuffie, 1995; Walton, 1985; Wood, 1996). It is suggested that a high degree of functional flexibility should be emphasised, through the development of multiple skills to enable the deployment of employees between a number of tasks and activities (e.g. Pfeffer, 1994).

A number of studies have reported strong correlations between features of job design and commitment (e.g. Dunham et al, 1994; Flood et al, 2001; Gallie et al, 1998, 2001; Hackett et al, 1994; Jans, 1989; Kidd and Smewing, 2001; Lincoln and Kalleberg, 1990; Mottaz, 1988; Ogilvie, 1986). Mottaz (1988) found that intrinsic task rewards (i.e. autonomy, significance and involvement) were the most important determinants of commitment, followed by extrinsic social rewards, and finally, extrinsic organisational rewards. This is consistent with other research studies, which suggest that intrinsic rewards are regarded as more important than extrinsic rewards (Mottaz, 1985). Iverson and Buttigieg (1999) found no predictive relationship between autonomy and affective, normative or continuance commitment, though routine work has been found to be a negative predictor of both affective and normative commitment. Other studies also

suggest that autonomy is only weakly related to commitment (e.g. Mueller and Price, 1990; Mueller, 1994).

It can be assumed that 'broad' job descriptions provide a high degree of scope in terms of variety, challenge and autonomy. Such jobs can be regarded as 'enriched' because they imply greater control and responsibility. However, features such as job rotation may be regarded as moving people from one tedious job to another (Herzberg, 1968), while 'broader' job designs may be viewed as imposing further demands on individuals, requiring them to do more with less. There are indications that the workload of employees is increasing, perhaps lending some support to this assertion (Cooper, 1998; Fernie and Metcalf, 1995; Guest et al, 1996; McLean Parks and Kidder, 1994). There are also indications that a growing number of employees want and expect to manage their own work (Moynagh and Worsley, 2001). For these reasons, the impact of broader assignments on the attitudes and commitment of employees is an important consideration.

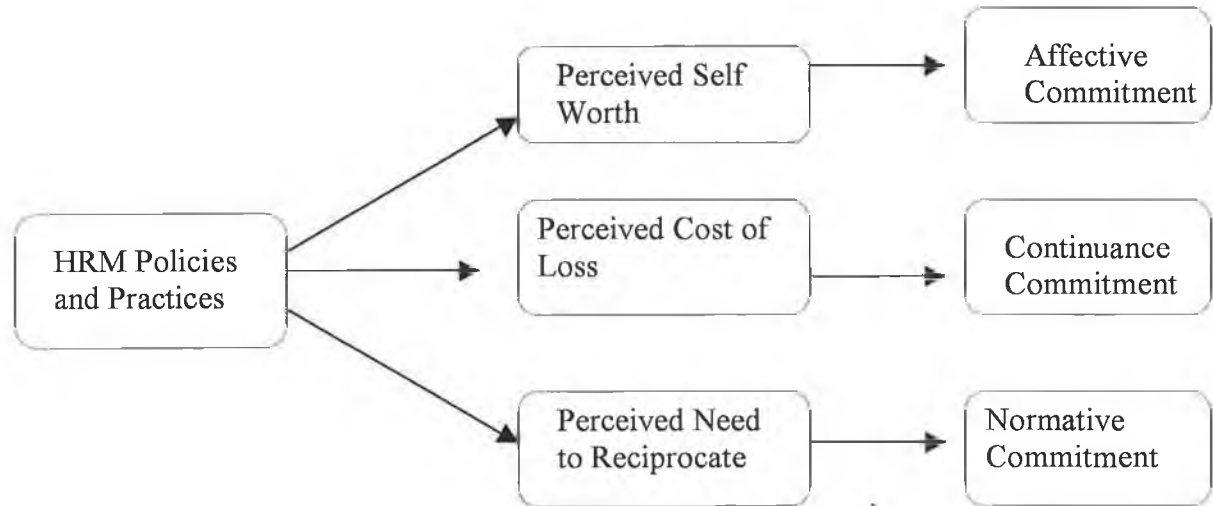
The concept of teamwork, particularly that of self-managed teams, suggests that employees will enjoy greater ownership and control over their work, which may enhance creativity and commitment. One conflict that has been identified within HRM relates to the emphasis on individualism on the one hand, and the equal emphasis on co-operation, teamwork and organisational commitment on the other (Legge, 1995; Storey and Bacon, 1993). These parallel emphases have received relatively little attention within the literature and instead have been 'glossed over through the general assumption of unitaristic values' (Legge, 1995, p. 131). Teamwork has been associated with increased workloads, inter-group conflict and 'management by stress' (Parker and

Slaughter, 1988). There is also the possibility that managers may refuse to relinquish control to teams (Sewell and Wilkinson, 1992), or that individuals may refuse to accept additional responsibility. An alternative perspective suggests that teamworking represents a new dynamic in the pursuit of management control, which may encourage compliance on the part of employees with questionable effects on commitment (Geary and Dobbins, 2001). This perspective implies that attitudes towards teamwork may be related to continuance commitment, where employees feel the 'need' to comply with demands for teamwork and other such changes to work design. More generally, it can be argued that further analysis of the impact of work systems on all three forms of commitment is needed. Reluctant acceptance on the part of employees of any of these reported changes to work systems may negatively impact on commitment.

### **3.6 HRM Practices and Affective, Continuance and Normative Commitment**

Research examining the more complex multi-dimensional view of commitment has only emanated in the literature in recent years. A small number of studies have adopted the multi-dimensional view of commitment in investigations of HRM, which have been reviewed here. However, no research has attempted to capture the broad spectrum of HR practices associated with high commitment management in the literature. Meyer and Allen (1997) propose a simplified process model, which conceptualises the relationship between HR practices and commitment. This model is presented in Figure 3.1.

**Figure 3.1 HRM practice and commitment: A simplified process model**



Source: Meyer and Allen (1997, p. 69)

The findings that are reported in this chapter regarding the differential impact of these practices on affective, continuance and normative commitment are somewhat inconclusive. Meyer and Allen (1997, p. 89) argue:

Although the impact of an increase in any one of these components of commitment on employees' intention to remain in the organization might be the same, the effect on their willingness to contribute to the attainment of organizational objectives might not ... the most worrisome situation would be one in which a particular practice contributed to an elevation in continuance commitment but not in affective or normative commitment.

This points to a need for a more thorough examination of the ways in which attitudes towards alternative HR practices might impact on the affective, continuance and normative commitment of employees.



### **3.7 Conclusions**

This chapter has examined a number of HR practices that appear to impact on employee attitudes and facilitate the development of employee commitment within organisations. These practices include promotion from within, extensive training, equitable rewards, extensive communication, high participation, and job assignments that are broad and flexible. One notable feature of research in the area is that these relationships have been examined in a piecemeal way. First, studies have investigated only some of those practices identified within the high commitment literature. Second, few studies have examined the relationships between these practices and affective, continuance and normative forms of commitment. There are therefore considerable gaps in the understanding of this complex area within the literature to date.

## **CHAPTER FOUR**

### **CHALLENGING HIGH COMMITMENT: MUTUALITY AND THE PSYCHOLOGICAL CONTRACT**

#### **4.1 Introduction**

This chapter begins with an examination of the potential influence of organisational change on employee experiences of HR practices, the substantive nature of those experiences, and the consequences that may follow. It questions the extent to which these changes can be regarded as mutually beneficial to both employer and employee. It introduces the concept of the psychological contract, which has become a regular feature of both the HRM and commitment literatures in recent years (Schalk and Rousseau, 1999). It raises the possibility that individuals may have different psychological contracts. Finally, it presents the psychological contract as a potentially useful variable in understanding the relationship between HR practices, employee commitment and turnover intentions.

#### **4.2 Organisational Change and Commitment**

There have been a number of changes within business environments in recent years that have impacted on HRM and the ensuing employment relationship within organisations (Cavanaugh and Noe, 1999; Guest and Conway, 2001; Millward and Brewerton, 2001; Westwood et al, 2001). Both economic and technological developments have impacted on the uses and requirements of the human resource and the emphasis within organisations is more clearly focused on leaner production and flexibility (e.g. Cascio,

1995). To heighten efficiency, organisational structures have become leaner through delayering activities and labour costs have evidently been reduced through either downsizing or contracting out (Millward and Brewerton, 1999; Wheatley, 1992). Some commentators have suggested that the consequences of these changes on the employment relationship and on the commitment of employees have been profound (Herriot and Pemberton, 1996; Mc Lean Parks and Kidder, 1994). McLean Parks and Kidder (1994, p. 111) suggest that:

Commitments are the stuff of dreams, and the glue that bind one person to another in a relationship. Yet in organisations, the nature of our commitments to one another – *employee to employee*, *employee to employer*, and *employer to employee* is changing. And the nature of these commitments may never be the same again.

Durkin and Bennett (1999), in a study of 70 employees of an international bank in the UK, investigated the impact of sectoral changes on commitment. The authors found that such changes had a significant and negative impact on levels of commitment. In particular, low levels of internalised commitment (similar to affective commitment) were reported, indicating that identification with the core values of the organisation was low. Iverson and Buttigieg (1999) found that employees displaying high affective commitment were more accepting of change, while those displaying high continuance commitment were more resistant to change.

#### **4.2.1 Organisational Change and Human Resource Management**

One challenge to the ‘developmental humanist’ perspective within HRM is the claim that in recent years the nature of employment has shifted towards a shorter-term and less predictable state. The employability thesis (e.g. Adamson et al, 1998; Cappelli, 1998; Rajan, 1997) suggests that as a result of competitive pressures, employers are no

longer in a position to offer guarantees of long-term job security or career management for, or in partnership with, their employees. Instead it is claimed that organisations are offering employability through significant skill development opportunities and the encouragement of greater self-development among employees (e.g. Herriot et al, 1998; Martin et al, 1999). This 'no guarantees' position regarding the employment relationship has led to less reliance on internal labour markets and greater moves towards temporary or other precarious forms of employment (Allen and Henry, 1996; Handy, 1989; Westwood et al, 2001). The commitment models within the literature, however, emphasise a long-term perspective with extensive promotion opportunities and high levels of job security for employees (e.g. Pfeffer, 1998).

It is recognised that downsizing and delayering activities have neither occurred universally nor simultaneously (Wheatley, 1992). Yet, the effects of these activities on the management of the human resource within organisations have been significant. These activities, where they have occurred, have been associated with less elaborate socialisation and training programmes and fewer opportunities for promotions within a structured hierarchy (Holbeche, 1995; Turnley and Feldman, 1999). This implies that employers are reluctant to invest in employees that they may subsequently be forced to release (Martin et al, 1998), thus contradicting the principles of the employability thesis previously described. There are also indications that employees' working hours and workloads have increased (Cascio, 1998; Cooper, 1998; Guest et al, 1996; Guest and Conway, 2001), but so too have organisational demands for commitment, initiative, and flexibility (Guest and Conway, 2001; Sparrow, 2000; Westwood et al, 2001).

Smithson and Lewis (2000) suggest that perceived job insecurity in the UK is associated with lower levels of trust in employers and reluctant compliance with employers' demands, rather than commitment. King (2000) in a study of among 521 white collar alumni in the US, found that perceived job insecurity was associated with lower levels of loyalty, less effort in producing quality work, lower levels of citizenship behaviour and higher levels of job search behaviour. Gratton et al (1999, p. 202) found from their research in the UK that the rhetoric within organisations generally included concepts such as employability and lateral careers. However, 'the reality experienced by most employees was one of insecurity and anxiety in the face of what were, in effect, diminishing opportunities'.

The view espoused within many organisations regarding the human resource as a most valuable asset and key to competitive advantage is thus challenged, if such assets are relatively insecure and perhaps at risk to competitors. In this respect, the nature of changes occurring within organisations presents a notable challenge to the development of commitment by undermining what have been traditionally regarded as key employee motivators within organisations (Sparrow, 1998). This raises the question of whether HRM practices can yield either 'high commitment' or 'high performance' if such changes have an adverse impact on the employment relationship.

#### **4.2.2 HRM, Mutuality and Reciprocity**

The concept of mutuality has been regarded as one of the central features associated with HRM models, particularly those models relating to high commitment (e.g. Walton, 1985a, b). The existence of shared values and aligned interests between individuals and

organisations has been widely posited within this literature. However, this unitarist perspective has been criticised and regarded as an overly simplistic view of organisations (e.g. Keenoy, 1990). An alternative perspective of the labour process argues that policies for the management of people are primarily instruments of management control (e.g. Braverman, 1974). This approach widely rejects the view that common goals exist, or that management pursue the interests of the organisation as a whole. In accordance with this view, a number of commentators have provided more cynical reflections on the rhetoric of HRM, viewing the approach as 'the wolf in sheep's clothing' (Keenoy, 1990) and 'the emperor's new clothes' (Armstrong, 1987). Fowler (1987, p. 3) also questions managerial motives in pursuing HRM when he asks:

Are they [managers] all genuinely concerned with creating a new, equal partnership between the employer and the employed, or are they really offering a covert form of employee manipulation dressed up as mutuality? ... At the heart of the [HRM] concept is the complete identification of employees with the aims and values of the business - employee involvement but on the company's terms. Power, in the HRM system, remains very firmly in the hands of the employer.

It can be posited that employees' experiences of HRM will be positive, if the underlying principles of HR policies and practices are ethical. Drawing on ethical theory, Legge (1998) examines deontology, utility and stakeholder perspectives and questions the morality of HRM. Deontology, which is associated with the work of Kant, concerns the morality of intentions behind particular actions, as opposed to the consequences of those actions. It posits that people are guided by moral duties to follow particular courses of action that are believed to be intrinsically right, such as truth telling or promise keeping (Maclagan, 1998). According to Kant's 'moral rules', policy makers should place themselves in the position of those at the 'receiving end' when making decisions, which should be universally accepted as rational by all concerned.

Consequentialist theories (e.g. utilitarianism) argue that the outcomes of actions should be considered irrespective of the motives behind them, and the utility of an action will depend on its contribution to the welfare of those affected. This perspective lends justice to the disadvantage of some people, if the outcome, consequence or overall good outweighs the action. In other words, it is entirely ethical to use people as means to an end if it is for the greater good of the majority. This perspective raises a number of questions regarding HRM choices that adversely affect employees. For example, whether it is acceptable for managers and owners to exploit employees in order to secure higher profits and the survival of the organisation, or whether downsizing activities, which compromise the jobs of some, are acceptable if they secure profitability and thus benefit the majority. Legge (1998, p. 25) refers to the notion of 'tough love' where employees 'may be compelled to work harder and more flexibly for "their own good", or may be made redundant for the greater good'. In many respects, this perspective safeguards against difficult HR policy decisions, because on this basis, these decisions are justifiable and therefore moral.

In principle, a stakeholder perspective implies that employee contributions are regarded as the means to achieving an end i.e. profitability for the owners or shareholders. However, the apparent shift in managerial orientations towards a partnership or stakeholder perspective, which includes employees gives:

greater priority to the outcomes of interest to a wider range of participants than just managers. Indeed, worker reactions become not just a means to an end in understanding linkages between practice and outcomes but an end in themselves. In other words, they provide a third emphasis alongside the views of workers as objects and as means; workers concerns now become a legitimate focus of study for their own sake - an end in themselves (Guest, 1999, p. 11).

Regarding the management philosophy supporting the commitment model, Walton (1985b) states:

The legitimate claims of multiple stakeholders - employees, customers, and the public, as well as owners - are usually acknowledged. The fulfillment of many employee needs is taken as a goal rather than merely as a means to other ends ... The common thread of the policies of mutuality is first to elicit employee commitment and then to expect efficiency to follow as second-order consequences (pp. 49-50).

The Harvard model, which was described in chapter one, adopts a pluralist perspective by recognising the interests of various stakeholders and the 'necessary trade-offs' between these groups (Boxall, 1992). Beer et al (1985, p. 23) suggest that organisations make a number of these trade-offs, either implicitly or explicitly 'between business goals of efficiency, growth and investment on the one hand and employee needs for security, equity, job satisfaction, and economic well being on the other'. Recognising that employees are also major stakeholders (and perhaps shareholders), the major dilemma presented here is one of loyalty or moral obligation regarding the interests that managers seek to serve. The question is whether they can serve the interests of their shareholders, their customers, their employees and society equally well. If not, then what group (or groups) becomes disadvantaged? This is what Legge (1998, p. 24) refers to as the 'clash between the actions that two second-order rules command'.

Legge argues that the ethics of HRM will largely depend on the ethical theory that one chooses to adopt; yet all are inherently problematic. The rhetoric of the commitment or 'soft' HRM model relates closely to the deontological perspective, because it emphasises mutuality of goals, responsibility, influence, autonomy, respect and rewards (e.g. Beer et al, 1985; Walton, 1985a, b). This implies that if the means (e.g. HR policies) are universally accepted by employees as rational, and are regarded as



rewarding, then the commitment model may be acceptable from a Kantian perspective. By implication, the 'hard' model, which emphasises rationality in the management of the human resource (Storey, 1992) becomes exploitative, and thus immoral (Legge, 1998).

This discussion implies that the best practice perspective may only be acceptable from an ethical perspective if HR policy decisions are moral, rational and universally acceptable. Recent research within HRM has been primarily concerned with finding associations between HR practices and organisational performance, without any corresponding emphasis on those 'at the receiving end' (Legge, 1998). Because of the lack of focus on employee perspectives within HRM research, no assumptions can be made regarding whether these practices are universally accepted. Further difficulties arise regarding whether strategic integration requires practices other than those considered as appropriate in the development of commitment. Legge (1998) argues that 'the contradictions embedded in HRM are illustrative of the Kantian dilemma that second-order moral rules can clash and that resolution can often only be achieved by a back-door admission of utilitarianism' (p. 25). This debate highlights the tensions between the outcomes associated with HRM strategies i.e. between the 'hard' and the 'soft' approaches to HRM.

The norms of reciprocity suggest that the greater the extent to which employer commitment or support is evident, the greater the employee's commitment to the organisation. Conversely, if an organisation is perceived as failing to provide such support, then commitment will be likely to diminish. A number of research studies have investigated the relationship between perceived organisational support and

commitment (Eisenberger et al, 1996, 2001; Rhoades et al, 2001). Eisenberger et al (2001) found evidence that perceived organisational support was related to employees' perceived obligation to reciprocate by supporting the organisation in achieving its goals. Their study also found that perceived obligation mediated the relationship between perceived organisational support and affective commitment. Considering the authors' interest in perceived obligations, it is interesting to note that no attempt was made to examine relationships with the normative commitment. However, Meyer and Smith (2000) found that the relationship between HR practices and both affective and normative commitment was mediated by perceived organisational support.

This issue of reciprocity highlights the difficulty for organisations that seek commitment from employees and yet fail to commit in return, for example, by providing extensive training, employment stability and career opportunities. As was described in previous chapters, one of the key features of HRM is reflected in the all-inclusive approach to training and development opportunities, seeking to satisfy both organisational and individual needs. However, Gratton et al (1999), found from their research in the UK, that investments in training activities tended to be directed at supporting current roles and meeting current strategic objectives in improving company performance, rather than encouraging the long-term development of individuals. In the majority of the companies investigated, respondents indicated that the training they received did not enable them to perform their jobs well, and overall the training received was insufficient. Therefore, while individual development may have been encouraged as a result of training activities, this was not the explicit aim of making investments in training and development activities in the first place.

Roche and Tansey (1992) suggest that organisations that fail to invest heavily in training, transfer the responsibility for development activities to employees. It has already been noted that there is now an increasing emphasis on employees assuming greater responsibility for their own self-development, and actively seeking to widen their potential suitability for opportunities within the organisation and in the external labour market (e.g. Rajan, 1997). In doing so, there are a number of benefits - both intrinsic and extrinsic - for the employee, such as the potential for higher pay, better promotion prospects, increased job mobility, and the avoidance of skill obsolescence. But, shifting the entire responsibility for training and development to employees is untenable and conflicts with the notion of 'mutuality' that is espoused within the commitment literature. Commitment is a reciprocal and two-way process, and employees will only 'give' commitment if they are being 'offered' something in return. Without this sense of reciprocity, it is likely that employees will seek to secure their own future outside the organisation. As Herriot and Stickland (1996, p. 467) state 'why, they [employees] ask, should we give more and more of ourselves to our organisations when they are giving less and less to us?'

It appears that the emphasis on commitment within HRM represents a process driven by organisational or managerialist goals, with little reference to the needs or goals of individual employees (Legge, 1998). This discussion therefore highlights an important issue concerning whether conscious efforts are made to instill commitment for the benefit of *both* the organisation and its employees, or whether organisations covertly seek control through the adoption of so-called 'high commitment' practices for the primary purpose of enhancing firm performance.

### **4.3 The Psychological Contract**

The previous discussion on mutuality relates closely to the concept of the psychological contract, which has also attracted considerable attention in both commitment and HRM research in recent years. It has been suggested that employee expectations regarding the employment relationship tend to be based on both past and present experiences of that relationship (Robinson, 1996; Rousseau, 1995; Rousseau and Greller, 1994). In particular, experiences of HR practices and processes play a key role in creating the framework within which the psychological contract between employer and employee is determined (Rousseau and Greller, 1994). The particular HR practice choices made by organisations regarding recruitment, selection, training, appraisal, career development and rewards provide a way of differentiating among employees in terms of how each will be treated; who will receive training, promotions and pay increases (Rousseau and Greller, 1994; Sims, 1994). In a similar way, these communications create a number of choices for individual employees; whether they join the organisation, how much effort to expend, and whether they remain.

#### **4.3.1 Definitions of the Psychological Contract**

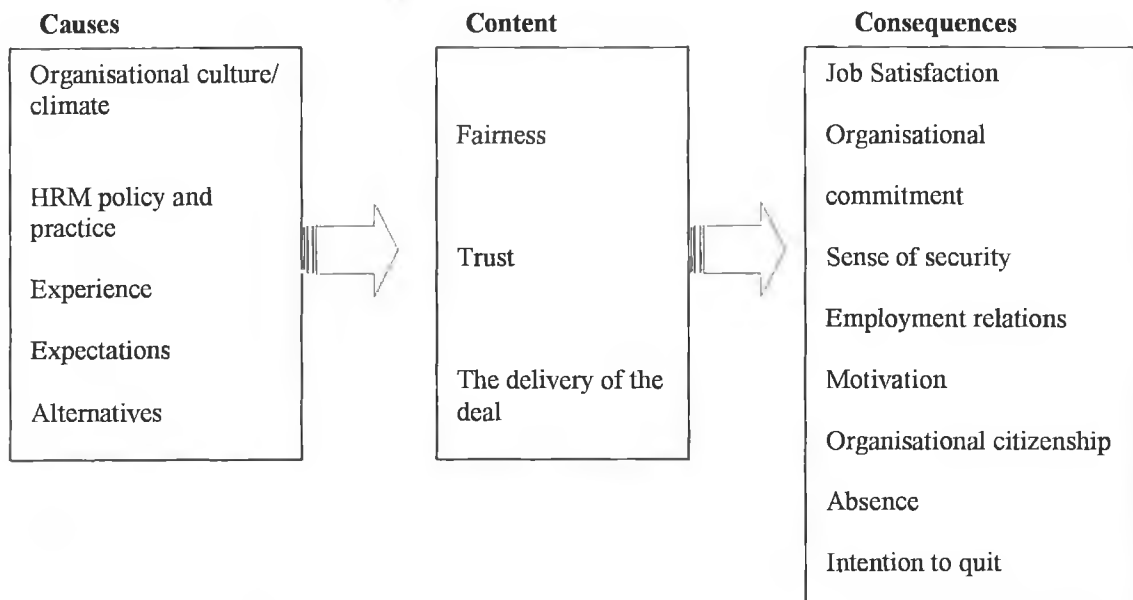
Although the psychological contract has a long history in writings on organisational behaviour (Argyris, 1960; Levinson, 1962), it has been the subject of renewed interest particularly as a result of organisational changes and the use of alternative employment practices (Guest, 1998). Two broad approaches or definitions of the psychological contract are provided within the literature. The first is derived from the early writings on the concept (Argyris, 1960; Kotter, 1973; Schein, 1978) and focuses on employer

and employee perceptions of the mutual exchange associated with the employment relationship. For example, Schein (1978, p. 48) defines the psychological contract as 'a set of unwritten reciprocal expectations between an individual employee and the organisation'. Kotter (1973, p. 93) defines the psychological contract in a similar way, suggesting that it represents 'an implicit contract between an individual and his [sic] organisation which specifies what each expect to give and receive'. The second approach posits that the psychological contract is inherently perceptual and exists only in the mind of the employee (e.g. Robinson et al, 1994; Rousseau, 1995). Rousseau (1995, pp. 16-17) describes the psychological contract as representing 'an individual's belief in paid for promises, or a reciprocal obligation between the individual and the organisation'.

These two perspectives have formed the basis for much of the research on the psychological contract (e.g., Guest et al, 1996; Herriot and Pemberton, 1997; Robinson, 1996; Rousseau and Greller, 1994; Sparrow, 1996; Westwood et al, 2001). Generally this research views the psychological contract as comprising promises, expectations, obligations, perceptions, beliefs, reciprocity and trust. It is perhaps the lack of a clear distinction between promises, obligations and expectations that presents the greatest difficulty regarding the precise nature of the contract. Rousseau (1995) suggests that all psychological contracts comprise expectations, though not all expectations comprise a promissory element. It is therefore this promissory element that differentiates promises and obligations from expectations regarding psychological contracts (Millward and Brewerton, 2001; Rousseau, 1995; Westwood et al, 2001). Consistent with Rousseau's (1995) definition, empirical research on the psychological contract has tended to focus on employee perceptions of the contract.

Guest (1998) highlights a number of conceptual and empirical problems relating to the psychological contract, particularly regarding Rousseau's definition of the construct. For example, he notes an inherent contradiction with the definition itself, since it implies reciprocity between the individual and the organisation and yet it suggests that the contract exists in the mind of the employee only. Guest questions further who the 'nebulous' other party is that forms the contract with employees, presumably since a contract implies that a deal has been negotiated between two parties with obligations on both sides. Rousseau (1995) suggests that organisations cannot make contracts, but rather organisational representatives do. Despite difficulties associated with the concept, Guest (1998) proposes a model as a first step towards a theory of the psychological contract built around causes, content and consequences of the concept. This model is presented in Figure 4.1.

**Figure 4.1 A model of the psychological contract**



Source: Guest (1998, p. 661)

Guest (1998) argues that for a more thorough understanding of the concept both parties (or agents) in the agreement should be identified and acknowledged. Recent research has examined the nature of the psychological contract from both employee and employer perspectives (e.g. Coyle-Shapiro and Kessler, 2000, 2002; Guest and Conway, 2001, 2002; Lester et al, 2000). Guest and Conway (2001) investigated employee violations of the psychological contract including, for example, employees criticising their boss, avoiding responsibilities or commitments, or leaving the organisation. They found that younger employees were more likely to deliberately avoid responsibilities at work, while those with shorter tenure were more likely to leave.

### **4.3.2 The Development of the Psychological Contract**

While the antecedents of the psychological contract have received little research attention (Rousseau, 2001), it is assumed that the formation of the psychological contract occurs during the recruitment and early career experiences with the organisation (Guest et al, 1996; Turnley and Feldman, 1999). It is quite possible, however, that the organisational agent forming the initial contract during selection may not be the agent responsible for ensuring that promises made are subsequently met, therefore leading to multiple perceptions regarding what has been promised. Turnley and Feldman (1999) suggest further that promises made by supervisors may be more binding than promises made by recruitment or human resource specialists. With an increasing emphasis on outsourcing major HR functions such as recruitment, multiple exchange scenarios are possible (Millward and Brewerton, 2001; Millward and Hopkins, 1998).

It has been suggested that the promissory element of psychological contracts regarding future intentions may be expressed through written or oral communications and organisational policies or practices (e.g Rousseau and Greller, 1994). In particular, HR practices represent communications, 'calculated messages' or 'intended signals' regarding the relationship between the employer and employee (Guzzo and Noonan, 1994). Thus, the way in which employees assess these HR practices will relate closely to their perceptions of whether aspects of the psychological contract have been fulfilled (Westwood et al, 2001). Guest (1999) found that the nature and number of HR practices adopted within organisations in the UK were associated with a more positive psychological contract. In order of importance, these practices broadly related to the



following: high involvement, the presence of more HR practices, high job security, fewer working hours, and a high salary. Other important influences related to company size (smaller organisations), union status (non-union), and sector (traditional industry/manufacturing).

#### **4.3.3 Relational and Transactional Contracts**

It has been claimed that in recent years many organisations have moved towards a more transactional employment relationship, which has altered the nature of the psychological contract significantly (e.g. Guest et al, 1996; Herriot and Pemberton, 1995; Rousseau, 1995; Sparrow, 1996). In doing so, organisations are moving away from internal labour markets and towards a more short-term economic exchange, where employees are regarded as 'calculated risks rather than people with needs, concerns and interests of their own' (Millward and Brewerton, 2001, p. 399).

Psychological contracts have further been differentiated on the basis of the degree to which they are either relational or transactional or representing 'old' or 'new' deals (e.g. Gratton et al, 1999; Herriot and Pemberton, 1995; Millward and Brewerton, 2001; Rousseau, 1995; Rousseau and McLean Parks, 1993). Relational contracts relate to the long-term relationship between the employer and employee based on mutual respect and trust, where employees offer commitment to the organisation and its goals, and the employer offers security of employment, promotion prospects and opportunities for training and development. Relational contracts have been found to be negatively related

to careerism<sup>1</sup> and positively related to trust and acceptance of change (Rousseau and Tijoriwala, 1996). The HR practices associated with high commitment correspond closely to those forming the basis of a relational contract. Transactional contracts, on the other hand, imply a more short-term mutual exchange, where the employee offers broader skills, tolerance for change and a willingness to take on more responsibility in return for high pay, rewards for high performance and - in the short-term at least - job security. Transactional contracts have been found to be positively related to careerism (Rousseau, 1996), low trust and greater resistance to change (Rousseau and Tijoriwala, 1996). Rousseau (1995) suggests that the employment relationship will comprise both relational and transactional elements, but the degree of emphasis on either form will provide an indication of how long the employment relationship is expected to last.

Millward and Brewerton (2001, p. 382) identify elements of both the 'old' and 'new' deals as shown in Table 4.1.

**Table 4.1 Old and New Deals**

<b>OLD DEAL</b>	<b>NEW DEAL</b>
Long-term security	No security
Fair pay for good performance	High pay for high performance
Structured, predictable employment scenario	Flexible and ambiguous employment scenario
Career managed by organisation	Career managed by individual
Time and effort rewarded	Performance/ results expected
Income related to experience/ status	Income related to performance – performance-related pay
Offered promotion prospects and supported in return for 'going the extra mile'	Transactional attitudes, 'tit for tat' mentality
Mutual trust and investment	Little trust, much cynicism

<sup>1</sup>Rousseau (1990) labels 'careerists' as individuals who expect that they will stay in their first job for less than three years.

There is little consensus within the literature regarding the precise components that comprise the new deal (Arnold, 1996; Cavanaugh and Noe, 1999) and indeed little evidence that any such deal has been formally established within organisations (Herriot and Pemberton, 1995; Millward and Brewerton, 1999; 2001; Sparrow, 1996; 2000). Herriot and Pemberton (1995, p. 58) argue that organisations 'have set in motion a revolution in the nature of the employment relationship the like of which they never imagined. For they have shattered the old psychological contract and failed to negotiate a new one'. In contrast, Guest et al, (1996, p. 1) based on a CIPD study investigating the state of the employment relationship in the UK, found that deterioration in the psychological contract was restricted to around 20 per cent of the workforce. They suggest that 'the traditional psychological contract built around job security and a career is still alive and surprisingly well'.

Whether a shift from relational to transactional contracts has occurred, it is generally accepted that there has been some degree of shift from a paternalistic to a partnership relationship (Sparrow, 2000). Implicitly at least, it is assumed that there has been a corresponding shift in employee consent and commitment. However, it has been suggested that organisations are dealing with conforming rather than committed employees (e.g. Herriot and Stickland, 1996). A key issue therefore concerns whether employee perceptions of the employment relationship have changed in a manner compatible with this apparent shift, and whether their commitment to the organisation has been affected.

#### 4.3.4 The Delivery of Promises

There have been claims that as a result of the many changes taking place within business environments, it has become increasingly difficult for organisations to fulfill obligations regarding their employees (McLean Parks and Kidder, 1994). This has led to perceptions among employees that the conditions of their psychological contracts have been breached or violated (McLean Parks and Schmedemann, 1994; Robinson et al 1994). However, psychological contracts can also be incongruent where the organisation and the employee have different understandings of what has been promised. In this respect, the organisation may believe that it has honoured commitments made, but the individual perceives otherwise (Turnley and Feldman, 1999). Westwood et al (2001), in a study of managers in Hong Kong, found that perceived requirements for greater flexibility were related to strong beliefs that organisations had made promises of secure and rewarding jobs.

Rousseau (1995) suggests that violation and fulfilment can coexist; some aspects of the psychological contract can be perceived to be fulfilled and other aspects not. It is also useful to draw a distinction between contract breach and contract violation (Millward and Brewerton, 2001; Sparrow, 2000). Rousseau and McLean Parks (1993, p. 7) suggest 'however disappointing broken promises might be, responses to violated contract go beyond disappointment'. They suggest that in order for a breach to constitute a violation there must be perceptions regarding reciprocal obligations, which one party perceives they have fulfilled but the other party has not. Therefore, contract violation involves an affective reaction that leads to negative outcomes for the individual and the organisation (Herriot et al, 1997; Rousseau, 2001). Schalk and

Freese (1997, p. 110) suggest that commitment may remain relatively stable over time 'in spite of evident variations in the exchange relationship between the organisation and the individual, but may then show a sudden drop under certain circumstances perceived as critical by the employee'.

It is further suggested that organisations that are capable of fulfilling promises but renege on them will experience more negative affective responses from employees, than those organisations where change is construed to be beyond the organisation's control (De Meuse et al, 2001; Turnley and Feldman, 1998; 1999). Turnley and Feldman (1999) suggest that contract violation may be less severe when employees perceive that external influences compelled the organisation to break its side of the deal and so the response was justified. They found that when a perceived violation was high and justification was low, managers were more likely to be searching for another job.

#### **4.4 Contract Violations, HRM Practices and Organisational Commitment: A Research Overview**

Research has found that violation of the psychological contract is negatively related to organisational commitment, trust, job satisfaction, citizenship behaviours and intentions to remain in an organisation (e.g. Guzzo et al, 1994; Lester et al, 2000; Robinson and Rousseau, 1994; Sparrow, 1996; Turnley and Feldman, 1999; Westwood et al, 2001). There is further evidence to suggest that such violations result in reduced effort or complete withdrawal from the employment relationship (Robinson et al, 1994; Robinson and Rousseau, 1994; Sparrow, 1996). In particular, it has been suggested that the relational aspects of the psychological contract have been violated, since

mutual loyalty and commitment can no longer be guaranteed (Herriot and Pemberton, 1995).

Herriot et al (1996) conducted a comprehensive investigation of both employer and employee perceptions of the psychological contract using critical incidents. It was found that the three most frequently cited aspects of psychological contract violation related to the work environment, pay and fairness. Job security featured in the next three items, and while careers did not feature prominently, career issues arose indirectly through perceptions of fairness. Turnley and Feldman (1998) found that managerial employees in the US banking sector reported violations in the areas of job security, input into decision making, opportunities for advancement, and amount of responsibility. These managers were also significantly less likely to be loyal to their employers, and significantly more likely to be looking for alternative employment. Among this sample, Turnley and Feldman (1999) also found frequent contract violations relating to promised and actual pay raises, salaries and bonuses.

Guest and Conway (2001) found that 83 per cent of respondents trusted their organisation 'a lot' or 'somewhat' to keep its promises and commitments. However, 8 per cent of respondents perceived that promises made regarding careers, pay and the nature of the work had not been kept at all. Sparrow's (1996) study of 200 employees in the UK banking sector, indicated that 95 per cent of the sample expected less opportunity for promotion and only 7 per cent expected that promises regarding promotion would be honoured.

Research studies have tended to examine the psychological contract in relation to conceptualisations of either affective or continuance commitment (Rousseau and Wade-Benzoni, 1995), which 'touch on but do not directly confront the role of obligations, reciprocity, and fulfilment' (Robinson et al, 1994, p. 149). The psychological contract is - at least conceptually - closely comparable with conceptualisations of normative or moral commitment, which emphasise perceived obligations. It is conceivable that further examination of the psychological contract and normative commitment will narrow the gap in our present understanding of the complex relationship between the psychological contract and commitment. Therefore, further research investigating the impact of psychological contract fulfillment on normative commitment is needed (Meyer and Smith, 2000). It is suggested that responses to contract violation, notably turnover, will also depend on the job alternatives available (Turnley and Feldman, 1999).

#### **4.5 Variations in the Psychological Contract**

A number of research studies suggest that different categories of employees have different psychological contracts. These include, for instance, expatriates (Guzzo et al, 1994); part-time and full-time employees (Freese and Schalk, 1996; McLean Parks et al, 1998); contractors and employees (Millward and Brewerton, 1999); and younger and older employees (e.g. Sparrow, 1996).

#### 4.5.1 Career Stage and the Perception of Promises

It has been suggested that perceptions of mutual obligations change over time as individuals accumulate experience and their conditions of employment change, thus leading to a re-evaluation and re-negotiation of their psychological contracts (Guzzo and Noonan, 1994; Robinson et al, 1994; Rousseau and Parks, 1993). It is posited that the outcome of this process can be either an increase or decrease in the employee's commitment (Guzzo and Noonan, 1994). For this reason, a number of research studies have investigated the state of the psychological contract in relation to age, longer service and/ or managerial employees (e.g. Herriot et al, 1996; King, 2000; Sparrow, 1996; Turnley and Feldman, 1998; Westwood et al, 2001).

Millward and Brewerton (2001, p. 387) suggest that 'the longer the duration of the psychological contract, the higher the investment and promissory element of both parties'. Robinson et al (1994), in a study of MBA alumni, found support for the view that employees' perceptions of their psychological contract changed over time. More specifically, two years after their employment began, respondents perceived that they 'owed' their employers less than they did when they first joined their organisation, but that their employers owed them more. Westwood et al (2001) in a study of 205 managers in Hong Kong also found that employee perceptions of their organisation's commitments to provide intrinsically challenging and rewarding jobs increased with age.

It has been suggested that the new generation of workers entering employment adopt a 'careerist' orientation because they are better placed to take advantage of opportunities



offered under the new deal such as high compensation and flexible working arrangements (DeMeuse et al, 2001). However, older workers steeped in the traditional psychological contract based around a high degree of loyalty in exchange for high job security, may perceive such opportunities less optimistically. Millward and Brewerton (2001, p. 419) suggest that 'young employees will have entered the current situation as the only reality they know ... what are perceived as "new rules of the game" by older employees are merely accepted as the norm by younger ones'. Others suggest that older employees steeped in the traditional psychological contract are either slow to accept or else openly resist the 'new deal' (e.g. Mirvis and Hall, 1994; Sparrow, 1998).

De Meuse et al (2001) investigated perceptions of the psychological contract across time, generation and employment status. They surveyed 204 individuals across three generations - college students, one of their parents and one of their grandparents - and found evidence that perceptions of the relational component of the psychological contract changed over time. More specifically, they found that scores relating to the relational component of the psychological contract decreased over time suggesting that the 'new' employment relationship is characterised by lower trust, support, loyalty and commitment.

Sparrow (1996) hypothesised that those experiencing greater exposure to the old deal (e.g. older employees) would experience greater degradation in the psychological contract. However, the study found that new employees were less optimistic, or at least had more realistic expectations regarding the employment relationship. Age was found to have a limited influence on the psychological contract; older employees were less likely to expect that performance related pay would form part of their reward

package and were happy to remain in their present jobs. Overall, Sparrow (1996) found that demographic variables such as age, gender and grade together did not account for more than 16 per cent of the variance in the psychological contract.

While research studies to date have heightened awareness about differences in how psychological contracts are perceived, more research is needed to examine the extent to which perceived obligations change over time not just among managerial employees, but across all categories of employees (Turnley and Feldman, 1998; Sparrow, 1996). Due to the diversity of an organisation's workforce, it is possible that individualised psychological contracts are necessary (Guest, 1998; Herriot et al, 1998; Millward and Brewerton, 2001; Sparrow, 1998).

#### **4.6 Conclusions**

This chapter has reviewed the changes that are reported to be taking place within organisations, which represent a significant challenge to the development of employee commitment (Cascio, 1995). As Guest (1998) points out, the issue of the psychological contract raises as many questions as it answers. A number of such questions are regarded as particularly relevant to the present study. These questions relate to: (1) whether promises made to employees have been honoured; (2) whether perceived broken promises have differential impacts on the affective, continuance and normative commitment of employees; (3) whether perceived broken promises are regarded as violations (in terms of turnover intentions or indeed commitment); (4) whether the impact of changes in the psychological contract are the same for all employees. This chapter has highlighted some of the conflicting perspectives within HRM, thus

challenging whether the goals of achieving both high commitment and high performance can be achieved.

## **CHAPTER FIVE**

### **TOWARDS A MODEL OF HR PRACTICES AND COMMITMENT: AN INDIVIDUAL LEVEL ANALYSIS**

#### **5.1 Introduction**

This chapter identifies the main hypotheses that will be examined in the research. It begins with a brief synthesis of the literature reviewed. The relationships that were identified in this literature are then ‘unpacked’ in order to identify the research hypotheses and formulate a research model. The first two sets of hypotheses seek to explore the relationships between career stage, attitudes towards HR practices, perceptions of broken promises, commitment and intention to leave. The following two sets of hypotheses move towards the prediction of affective, continuance and normative commitment, and intention to leave. Hypotheses are then presented which propose to examine the impact of career stage on these variables and whether evidence of interaction effects can be found. Building upon these hypotheses, a research model is presented comprising the key variables of interest to the study.

#### **5.2 Human Resource Management and Commitment: A Research Synthesis**

This section provides an overview of some of the key issues that were identified in the literature review. In particular, it focuses on the complexities of the relationship between HRM and commitment. To gain a better understanding of this relationship, it points to the need to (a) focus on the individual as the unit of analysis (b) adopt a ‘systems’ focus and (c) recognise commitment as a multi-dimensional construct.

### **5.2.1 HR Systems and Multi-dimensional Commitment: An Employee Perspective**

Research examining the links between HRM and firm performance has identified a number of HR practices, which have been labeled as both 'high commitment' and 'high performance'. This literature has examined the adoption of systems of these practices at the level of the firm - as perceived by managerial employees - and their impact on firm performance. As discussed in chapter one, investigating links between HRM and performance at the level of the firm is entirely appropriate. However, the loose usage of the term 'high commitment' in this literature is somewhat misleading because it implies that commitment is in some way simultaneously measured with performance, which is only the case in a small proportion of studies (e.g. Cully et al, 1999; Guest et al, 2000). It seems that researchers have assumed that a relationship exists between HR systems and commitment perhaps because of their intuitive appeal, or because the terms 'commitment' and 'performance' are highly appealing to management audiences. Since commitment represents a psychological state, it is only possible to examine associations between HRM and commitment at the individual level.

A further key issue which has received relatively little research attention concerns whether or how these 'high commitment' practices actually impact on commitment. This is despite claims that (a) commitment is multi-dimensional and (b) experiences of HR practices may be related to different dimensions of commitment. Some research to date has examined the impact of attitudes towards one or a small number of HR practices on commitment. However, examining the impact of attitudes towards some HR practices in isolation of others, can lead to biased estimates of their effects

(Delaney and Huselid, 1996). Furthermore, relating attitudes towards HR practices to uni-dimensional measures of commitment may not provide a true picture of the relationship. In response to these problems, research is needed to examine the impact of attitudes towards all of the HR practices associated with performance at the level of the firm, on multiple dimensions of commitment. Guest (1999, p. 12) argues that 'what is needed is an analysis of workers' reactions to a set of practices, perhaps "bundled" together to provide a distinctive focus but at least reflecting the notion that HRM is about a set of practices'.

The lack of concern for a focus on the individual within HRM represents a significant weakness in the advancement of the claims that HRM can be regarded as 'good' for employers and employees (Benkhoff, 1997a). Beer et al (1985, p. 13) suggest:

it is not enough to ask how well the enterprise's HRM policies serve the interests of the *enterprise*. One should ask how well the company's HRM policies serve the well being of the *individual employee*.

It can be argued that areas of HR practice that promote positive attitudes and high affective commitment within organisations are beneficial to both employers and employees. This is because (a) employees will presumably *want* to maintain membership in an organisation, rather than experience feelings of a need or an obligation to do so and (b) organisations will presumably want to provide employment experiences that will promote affective commitment, since this form of commitment has been associated with higher job performance. Guest (1999) also suggests that if employee attitudes towards HR practices are positive, then it can be concluded that employees like HRM. Therefore, HR practices that are associated with affective employee responses will be more desirable from both employee and employer perspectives. If this is the case, then as discussed in the previous chapter, it will

provide some indication of the extent to which HRM is operating in a moral, as opposed to a utilitarian way (Guest, 1999). The possibility that attitudes towards HR practices might impact on forms of commitment other than affective commitment weakens the argument that HRM is beneficial for either employers or employees. It is therefore the way in which HR practices shape the employees view of the organisation, and the impact that these experiences have on their commitment, that represents *the* critical missing link in research to date.

A number of questions were raised in the review of the literature regarding the links between commitment and its outcomes, in particular, performance and turnover. One of the weaknesses of some commitment measures (e.g. Mowday et al, 1982) is that they incorporate elements relating to performance, which can lead to contaminated effects. It might therefore be argued that one of the values of Meyer and Allen's (1991) multi-dimensional view of commitment is that no associations are assumed between commitment and performance in either its definition or its measurement.

### **5.2.2 Attitudes towards HR Practices, perceptions of the Psychological Contract and Individual Differences**

There have been a number of concerns expressed within the literature regarding the extent to which commitment can be managed (e.g. Morris et al, 1993). Though research suggests that a number of individual variables may impact on employee commitment, there has been some reticence among researchers to analyse these differences. It is suggested that this is because variables such as gender and age are beyond the control of employers and selecting employees on the basis of demography

risks the charge of being discriminatory (Taormina, 1999). In other words, HR practices can be revised and altered and are therefore manageable, but demographic factors are not. Notwithstanding these concerns, a considerable contribution can be made to knowledge of this area by examining ways in which the experiences of different employees within an organisation can be better managed. Indeed, the dismissal of individual differences within organisations presents a considerable challenge to much of the rhetoric and underlying theory within HRM. If HRM is regarded as mutually beneficial to employers and employees, then these differences merit attention. It can be argued that it is from the individual level that an analysis of HR practices should begin.

As discussed in chapter four, there are indications that changes have taken place within organisations, which it is claimed have altered the employment relationship. It is suggested that these changes have impacted upon the psychological contracts and, consequently, the commitment of employees. The present study views experiences of HR practices and the psychological contract as inextricably linked, since the means by which any 'deal' is delivered is largely through HR practices. In many respects, experiences of HR practices within an organisation will reflect the state of the psychological contract and the employment relationship in general.

### **5.3 Career Stage, Attitudes towards HR Practices, Broken Promises, Commitment and Intention to Leave**

An important issue regarding the development of a highly committed workforce concerns whether HR practices are perceived consistently by employees, regardless of



the complexity of their individual differences. The review of the literature suggests that during certain career stages, for example<sup>1</sup>, experiences of some HR practices may be viewed positively and others negatively.

Due to the idiosyncratic nature of the psychological contract, it is possible that employees will interpret changes in the employment relationship in different ways (Freese and Schalk, 1996). It can be suggested, for example, that a perceived breach of promise relating to some aspect of the 'old deal' (e.g. promotion opportunities) will be more apparent among older or longer serving employees. Labour market conditions will also be a powerful determinant of the content of psychological contracts (Herriot and Pemberton, 1996). In a weak labour market, organisations may be in a position to offer - or perhaps impose - a poor deal on individuals because the availability of alternatives will be limited. Alternatively, in a strong labour market where quality human resources are scarce, individuals may be in a position to negotiate a better deal or threaten to leave the organisation. Furthermore, an individual's reaction to a perceived breach of promise will to a large extent depend on the quality of job alternatives available. Where there is high competition for labour and jobs need to be 'sold' to potential employees, issues regarding the delivery of promises made at the time of selection perhaps become relevant for all employees, regardless of career stage.

The literature review also indicated that individual's may display different levels of commitment depending on their career stage. A considerable amount of this research, however, has considered commitment as a singular, uni-dimensional construct. A

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<sup>1</sup> It is recognised that employee attitudes towards the key variables of interest to this research may vary according to several individual variables. However, relationships with career stage have been more widely reported in the literature. For this reason, career stage is regarded as a critical contingency variable. However, differences across other demographic variables will be acknowledged and reported.

renewed focus is therefore necessary in view of (a) the recent claims that commitment is multi-dimensional and (b) reported changes regarding the nature of the employment relationship. In general, a renewed focus on commitment and turnover behaviour in a buoyant economy is refreshing, since much of the research on this issue has been carried out in recessionary climates. This focus on career stage and commitment should therefore not be regarded as tautological, but rather should represent a critical concern for both future research and practice in HRM. In order to test the relationships described so far, the following four hypotheses are proposed:

**Hypothesis 1.1**

Attitudes towards HR practices will vary according to career stage, as measured by employee age and organisational tenure.

**Hypothesis 1.2**

Perceptions regarding the delivery of promises will vary according to career stage, as measured by employee age and organisational tenure.

**Hypothesis 1.3**

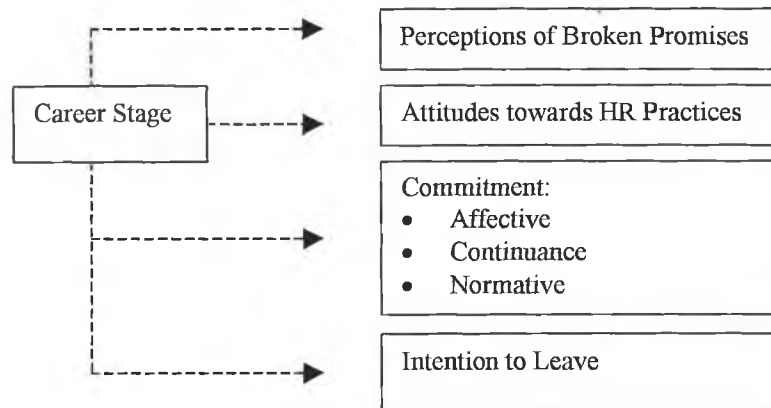
Organisational commitment will vary according to career stage, as measured by employee age and organisational tenure.

**Hypothesis 1.4**

Intention to leave will vary according to career stage, as measured by employee age and organisational tenure.

These relationships are summarised in Figure 5.1.

**Figure 5.1 Career Stage, Attitudes towards HR Practices, Perceptions of Broken Promises, Commitment and Intention to Leave: Hypothesising Relationships**



#### **5.4 Perceptions of Broken Promises, Attitudes towards HR Practices, Commitment and Intention to Leave**

While there may be a range of attitudinal responses to a perceived breach of the psychological contract (Herriot and Pemberton, 1995; Sparrow, 1996), it is likely that at least among some employees, reduced levels of employee commitment or greater intention to leave the organisation will result. If it is the case that a 'new deal' is being offered to employees, characterised by lower job security and the collapse of traditional promotional channels, then those affected will be likely to display more negative perceptions concerning those aspects of the employment relationship which they perceive have been unfulfilled. On the other hand, assuming that elements of a 'new deal', for example, increased training and greater opportunities for self-development are offered and accepted, then attitudes towards HR practices should be positive. It is also

possible that perceptions regarding the delivery of promises will be differentially related to affective, continuance and normative commitment.

On the basis of the literature reviewed in chapter three, it can be assumed that attitudes towards HR practices will be positively related to commitment and negatively related to intention to leave. Some studies which consider commitment as a multi-dimensional construct, suggest that attitudes towards HR practices are differentially related to different dimensions of commitment (e.g. Iverson and Buttigieg, 1999; Meyer and Smith, 2000; Taormina, 1999). Meyer and Allen (1997, p. 110) point out 'we know even less about the mechanisms involved in the development of normative and continuance commitment than we do about those implicated in the development of affective commitment'. The identification of unique antecedents to affective, normative and continuance commitment therefore requires further research (Meyer 2001; Meyer and Smith, 2000). In addition, relatively little research has examined the relationship between affective, continuance and normative commitment and turnover intention. This is an issue that the present study also seeks to address. The hypotheses developed to test these issues are as follows:

### **Hypothesis 2.1**

There will be a negative relationship between perceived breach of promises and attitudes towards associated HR practice areas.

### **Hypothesis 2.2**

There will be a negative relationship between perceived breach of promises and commitment.

### Hypothesis 2.3

There will be a positive relationship between perceived breach of promises and intention to leave.

### Hypothesis 2.4

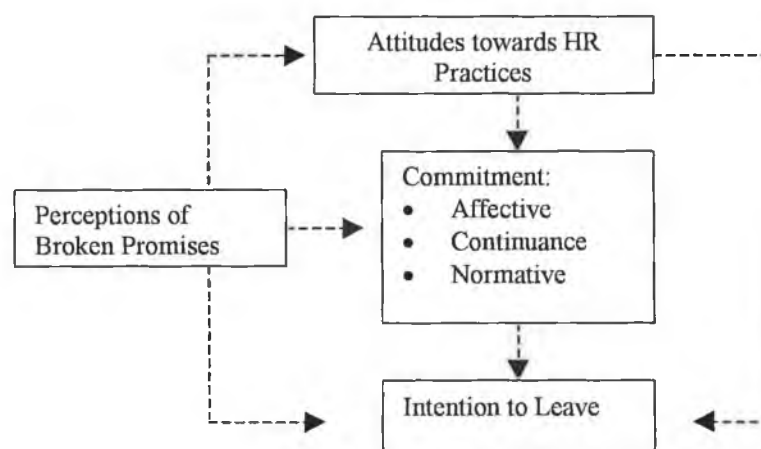
There will be a positive relationship between attitudes towards HR practices and organisational commitment.

### Hypothesis 2.5

There will be a negative relationship between attitudes towards HR practices and intention to leave.

These hypothesised relationships are illustrated in Figure 5.2.

**Figure 5.2 Perceptions of Broken Promises, Attitudes towards HR Practices, Commitment and Intention to Leave: Hypothesised Relationships**



## 5.5 Predicting Organisational Commitment

The review of the literature has reported links between affective commitment and job performance in particular (e.g. Angle and Lawson, 1994; Hackett et al, 1994; Meyer et al, 1989). This would point to the need to examine the extent to which areas of HR practice promote positive employee experiences, and the extent to which attitudes towards HR practices predict affective commitment. This may also serve to enlighten research that investigates links between HRM and performance. In addition, it can be argued that an examination of whether attitudes towards HR practices predict normative and continuance commitment is also needed. As Meyer and Allen (1997, p. 114) suggest:

‘as we can gain better insight into the mechanisms involved in the formation of commitment, we will be in a better position to design HRM systems that can be applied to develop desired levels of commitment effectively and efficiently without producing undesirable side effects’.

It is possible that attitudes towards a number of 'core' HR practices will influence the commitment of employees. This perspective corresponds closely to the 'leading policy areas' described by Roche (1997, p. 6), which posits that certain HR policy areas should incorporate commitment-type HRM policies to a high degree, while other policy areas may be considered as peripheral. It may be that these 'periphery' policy areas must also be positively perceived if employee commitment is to be sustained; thus reinforcing the view that the entire HR system comprising all HR practice areas is more important than the sum of its individual elements. Further examination of this assumption can add value to the HR systems perspective in relation to the development of commitment.

A number of relationships between career stage, attitudes towards HR practices and commitment were hypothesised earlier in this chapter. It can be argued that the relationship between career stage and commitment is particularly well grounded in the literature. While evidence for a relationship between career stage and attitudes towards HR practices is more modest, strong relationships have been reported between these attitudes and commitment. For example, Meyer and Smith (2000) found little evidence for a relationship between attitudes towards HR practices and continuance commitment, which was better explained by demographic variables. The conflicting views concerning the relative impact of person versus situational variables on commitment was discussed in earlier chapters. This debate presents two alternative scenarios: (a) that commitment is better predicted by either career stage or attitudes towards HR practices or (b) that career stage moderates the relationship between attitudes towards HR practices and commitment. It has been suggested that more research is needed to identify conditions that might moderate the relationships between antecedent variables and commitment (Meyer, 2001; Meyer and Allen, 1997; Swailes, 2002). Swailes (2002: 164) states that 'it is surprising... that although the range of situational factors studied is extensive, relatively little research has explored how much variance in commitment can be explained by interactions, that is, the combination of situational and dispositional factors with each other'. By investigating such relationships, an otherwise unnoticed connection between two variables may be found. For example, there may exist a modest relationship between career stage and commitment, and a similar modest relationship between career stage and attitudes towards HR practices, which fail to reach statistical significance when considered separately. Katz (1978), for example, found evidence for interaction effects regarding job satisfaction and organisational tenure. He found that new employees responded

more positively to feedback from the job and to task significance, but responded negatively to job autonomy.

To examine the issues highlighted in this section, the following hypotheses are proposed:

**Hypothesis 3.1**

Attitudes towards certain 'core' HR practices will be better predictors of commitment than will others.

**Hypothesis 3.2**

Attitudes towards HR practices will be better predictors of commitment than individual variables relating to employer, position occupied, education, gender and organisational tenure.

**Hypothesis 3.3**

Attitudes towards HR practices will interact with career stage to predict organisational commitment.

**Hypothesis 3.4**

Attitudes towards HR practices will be better predictors of affective commitment than either continuance or normative commitment.



## **5.6 Predicting Intention to Leave**

A number of research investigations at the level of the employee have reported relationships between areas of HR practice and turnover. Studies have found that perceptions of job security, reward practices, organisational tenure, employee age and intention to search for another job are all predictive of employees' leaving (e.g. Abelson and Baysinger, 1984; Cohen, 1991; O'Reilly et al, 1991; Sparrow, 1996). The present research therefore seeks to identify those practices that predict intention to leave. Consistent with the preceding propositions, it is also hypothesised that:

### **Hypothesis 4.1**

Attitudes towards certain 'core' HR practices will be better predictors of intention to leave than will others.

### **Hypothesis 4.2**

Attitudes towards HR practices will be better predictors of intention to leave than individual variables relating to employer, position occupied, education, gender and organisational tenure.

### **Hypothesis 4.3**

Attitudes towards HR practices will interact with career stage to predict intention to leave.

While the most widely studied consequence of commitment is retention (Meyer and Allen, 1997), more research is needed to investigate how retention (i.e. intention to

remain) is related to different forms of commitment. Meyer and Allen (1997) propose that all three forms of commitment signify retention. Since affective commitment reflects a stronger emotional attachment to the organisation, it might be expected that it will be a more significant (negative) predictor of intention to leave. It is therefore hypothesised that:

#### **Hypothesis 4.4**

Affective Commitment will be a more significant (negative) predictor of intention to leave an organisation than continuance or normative commitment.

#### **5.7 Attitudes towards HR Practices, Commitment and Intention to Leave**

Finally, the research seeks to determine whether there is a high degree of consistency between those practices that predict commitment and those that predict intention to leave. It was pointed out in chapter one that many firm level studies investigating relationships between HR practices and performance have used composite rates of voluntary and involuntary turnover as performance indices. However, Shaw et al (1998) suggest that HR practices are differentially related to voluntary and involuntary turnover and that an examination of total turnover may be misleading. If it is the case that affective commitment is a better predictor of intention to leave than either continuance or normative commitment, then those practices that predict affective commitment should be similar to those that predict intention to leave. To test this proposition it is hypothesised that:

### **Hypothesis 5.0**

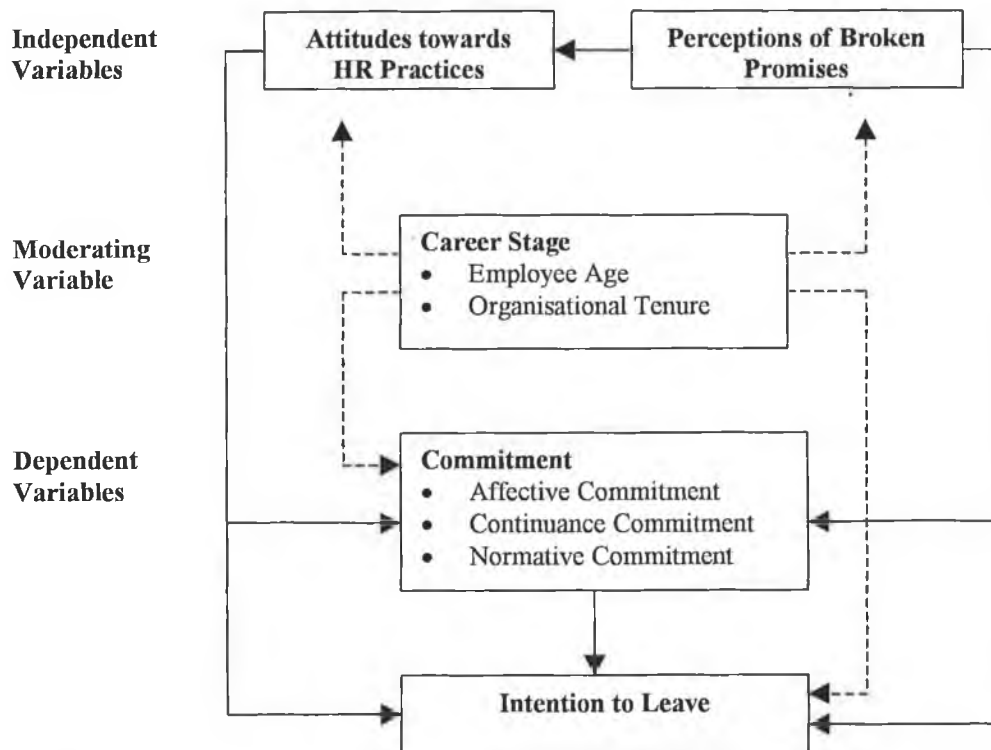
Those attitudes towards HR practices that predict affective commitment will be consistent with those that predict intention to leave.

### **5.8 Theorising within HRM: Employee Level Perspectives**

The present research proposes to extend current theorising within HRM towards a focus on the individual. The hypotheses presented in this chapter seek to examine whether individuals will differ in their commitment to an organisation. More specifically, they seek to establish whether career stage might represent a necessary consideration in optimising commitment among employees. If this is the case, then (a) commitment among individuals might vary regardless of their experiences of HR practices or (b) organisations may need to configure HR practices to 'fit' with the career stage of employees. If confirmed, this would challenge the view that HR practices are universally applicable as suggested by some proponents of the best practice perspective. On the other hand, if no such relationship exists, then in accordance with a best practice perspective, HR practices can be universally applied across all employees within an organisation, regardless of their age or organisational tenure. This research therefore seeks to extend existing research within HRM by examining whether the development of such commitment profiles is needed.

A model is presented in Figure 5.3, which shows the key relationships to be tested in the present research.

**Figure 5.3 A Research Model**



## 5.9 Conclusions

The present research can make several contributions to the understanding of HRM and commitment within organisations. Research in HRM has faced criticism for its lack of focus on those ‘at the receiving end’ of HRM practice (e.g. Legge, 1998). This study will examine employee experiences of HR practices and how these experiences impact on their commitment. In addition, attempts will be made to identify consistencies with other investigations that have examined the HRM-performance relationship. Much of this research has been conducted at the level of the firm and pre-dominantly within organisations in the manufacturing sector. This research will examine whether consistencies can be found at the employee level, within the professional services sector. The research will also examine the impact of a much broader range of HRM practices than have been examined to date at the employee level. By doing so, attempts

will be made to empirically test issues regarding the modes of theorising within HRM at this level. Finally, the research will examine whether the complexities associated with the HR-commitment relationship are the result of previously untested moderator effects. It is hoped that this will clarify many of the issues surrounding the challenges to the management of commitment within organisations.

## **SUMMARY OF SECTION ONE**

A number of issues were raised in the review of the literature regarding the nature of the relationship between HRM and commitment, many of which will be addressed by the present research. In summary, the research seeks to answer a number of broad questions. First, it seeks to examine the way in which attitudes towards HR practices are related to affective, continuance and normative commitment, and intention to leave. Second, it seeks to explore the extent to which career stage is related to attitudes towards HR practices, commitment and intention to leave. Third, it will address the impact that perceptions of broken promises have on attitudes towards HR practices, commitment and intention to leave. Fourth, it will assess whether career stage interacts with attitudes towards HR practices to predict commitment. Finally, it will seek to establish whether predictors of commitment are consistent with those of intention to leave.

**SECTION TWO**

**RESEARCH METHODOLOGY**

## OVERVIEW OF SECTION TWO

This section provides an overview of the research methodology. Chapter six describes the key principles of research and describes the research design and process. It addresses the main choices available to researchers in determining the appropriate philosophical and methodological framework to adopt. The research design is correlational by means of a cross-sectional survey methodology employing a number of instruments. It also includes interviews with three senior human resource (HR) managers to determine the nature or composition of HR practices within each of the organisations investigated. Chapter seven describes the context within which the research took place. It describes the significant economic developments in Ireland, which were taking place at the time of the survey. It then provides an overview of the financial services industry in Ireland and key information regarding the three organisations participating in the research.



## CHAPTER SIX

### THE RESEARCH METHODOLOGY

#### 6.1 Introduction

This chapter describes the methodology that was employed to investigate the hypotheses described in the previous chapter. The first section describes the principles of research and identifies the factors that influenced the choice of research design. It begins with an overview of the principal philosophical paradigms and epidemiological assumptions that exist within the social sciences. It then discusses the main philosophical and methodological choices available to the researcher in carrying out the research. It provides an overview of the key factors that influenced the research paradigm chosen and explores further some of the assumptions associated with the research design employed.

The second section describes in detail the design of the research. Following an overview of the research design and the population chosen for the research, the questionnaire is described together with the instruments employed to measure the variables relevant to the study. This section also describes the design, piloting and administration of the questionnaire. An overview of the statistical analyses employed in the study is then provided. Finally, the procedures adopted when conducting the follow-up interviews are described.

## **6.2 Philosophy in the Social Sciences**

The philosophical assumptions underpinning the research process will incline social scientists towards different research paradigms and methodologies (Burrell and Morgan, 1985; Giddens, 1975; Hussey and Hussey, 1997). There have been criticisms regarding the liberal use of the term paradigm within the literature and its varied use across disciplines (Mintzberg, 1979; Phillipps, 1987). For this reason, Kuhn's (1970) original explanation of the term is referred to here. Kuhn (1970, p. 182) describes a paradigm as representing a 'disciplinary matrix': 'disciplinary' because it is owned by practitioners within a particular discipline; 'matrix' because it comprises ordered elements or components. These components include symbolic generalisations, models, values and shared examples developed within a particular discipline or research community, which may shift over time. In this way, paradigms represent a way of looking at some phenomenon from which distinctive conceptualisations and explanations of phenomena are proposed (Gill and Johnson, 1991). The notion of paradigm shifts suggests that paradigms are only as good as the evidence supporting them and the respect in which they are held within the research community.

### **6.2.1 The Nature of Reality: Philosophical Assumptions**

The principal paradigm adopted by a researcher will largely depend on the ontological, epistemological and methodological assumptions held within their research community. Ontological assumptions concern whether social reality can be regarded as objective and external to the researcher, or whether it forms part of the researcher's 'subjective' interpretation of the world (Morgan and Smircich, 1980). Epistemology relates to the

nature of knowledge and concerns whether it can be acquired or whether it must be personally experienced (Burrell and Morgan, 1979). A number of distinct interrelationships exist between these paradigmatic assumptions, where acceptance of one assumption will usually correspond with an acceptance of the others.

The two research paradigms that have been most widely discussed in the literature can be broadly labeled as *positivist* and *phenomenological* (Reichardt and Cook, 1979). The terms most commonly used to differentiate these paradigms with respect to their associated methods and techniques, are quantitative and qualitative respectively (Cresswell, 1994). Described in this way, paradigms and the methodologies associated with them represent two extreme forms of scientific enquiry, though few researchers would operate within their pure forms.

The positivist approach is steeped in the empiricist tradition and is concerned with deductive logic and measurement, where hypotheses derived from theory seek to determine associations or causality. The philosophical basis of positivist research is that reality is objective, measurable and independent of the researcher's own interpretation of it (Keat and Urry, 1975; Giddens, 1975). This approach searches for universalistic laws which govern the reality of what is being observed, so that research findings can be generalised to a wider population (Cresswell, 1994; Guba and Lincoln, 1994). More recently, a variant of positivism labeled post-positivism (Quantz, 1992) has emerged which proposes that the world might not be so readily understood and that variable relations might be probabilistic rather than deterministic.

A number of perspectives associated with the other paradigm, phenomenology, have

been termed interpretative (Smith, 1983), social constructivist or naturalistic (Lincoln and Guba, 1985). In many respects these approaches emerged as a direct reaction to the positivist paradigm, which faced criticism for its attempts to model the social world on the natural world (Guba and Lincoln, 1994). From a philosophical perspective, proponents of these approaches regard reality as subjective; based on the researcher's own interpretations and those of the individual's participating in the research (Cresswell, 1994; Hussey and Hussey, 1997). They argue that knowledge and meaning form the central reality of social life and that no objective knowledge exists independent of thinking, reasoning humans or the context within which investigations occur. These perspectives reject the notion that science can generate objective knowledge of any kind. They are concerned with inductive reasoning, moving from specific observations of individual cases towards the development of general patterns that arise from the cases under investigation.

A third perspective identified more recently as the critical paradigm regards those described here as inadequate in explaining social behaviour, since they seek to measure and understand phenomenon without any regard to the political and ideological contexts of research (Cohen et al, 2000). It regards much social research as trivial because it tends to accept rather than question research agendas. Based largely on the writings of Marx, critical theory is explicitly prescriptive. Its purpose is 'not merely to understand situations and phenomena but to change them' (Cohen et al, 2000, p. 28). Critical theorists are concerned with uncovering the social, political, gender, ethnic or cultural factors that influence perceptions of reality (Guba and Lincoln, 1994).

### **6.2.2 Linking Methods to Paradigms**

The question of whether paradigms should be linked to particular methods of investigation has been subject to considerable debates within the literature (Gill and Johnson, 1991). The philosophical assumptions underlying research, for example, imply that a study adopting a positivist paradigm that is deductive and theory-driven should test hypotheses using quantitative data collection procedures such as surveys or experiments. On the other hand, researchers steeped in the phenomenological paradigm should seek high interaction with what is being researched and maintain close proximity to those they investigate by using highly participative methods of enquiry, such as in-depth interviews, case studies or ethnography. However, this linking of paradigms to methods in the past has encouraged researchers to choose between quantitative and qualitative methods, rather than working with a combination of both (Gill and Johnson, 1991; Reichardt and Cook, 1979). Gill and Johnson (1991, p. 127) describe this view of methodology as a pure dichotomy between both paradigms as 'fundamentally flawed'. These authors suggest that despite epistemological biases, many methods may be adopted contingent on the issue being studied. In other words, no single paradigm or set of assumptions is superior to the other and instead should be regarded as inherently complementary, where one approach can inform and guide the other. From a postmodern perspective, there have also been claims for researchers to become more 'consciously reflective', by thinking about their own thinking, acknowledging epistemological preconceptions and considering alternatives methodologies (Alvesson and Sköldbberg, 2000; Steier, 1991).

Combining methodologies has been referred to as 'triangulation', a term first defined by Denzin (1970, p. 297) as 'the combination of methodologies in the study of the same phenomenon'. Triangulation seeks to improve the validity of research by using a variety of methods, either within-method (e.g. using a survey and an experiment) or between-method (e.g. using a survey and in-depth interviews). It is suggested that by using triangulation any bias present whether relating to the researcher, the data sources or the methods employed, will be neutralised when used in conjunction with other researchers, data sources or methods (Mathison, 1988).

### **6.3 Determining an Appropriate Research Framework**

Cresswell (1994) suggests that the choice of paradigm adopted by researchers will depend on the 'worldview' that exists within their discipline and the extent to which this relates to the assumptions associated with either paradigm. The paradigm chosen will also largely depend on the way in which previous research has addressed similar problems, existing theories in the area, known variables and the extent to which measures have been developed and validated. In addition, pragmatic reasons such as the time, resources and access available are also necessary considerations.

#### **6.3.1 Research in HRM and Commitment**

The epistemological basis of much research in the social sciences, including human resources management, has been positivism (Clark et al, 1998; Guest, 2001; Johnson and Cassell, 1992; Legge, 1995). Thus, from an ontological perspective this research tends to adopt a realistic focus and is concerned with explaining and predicting 'what

happens in the social world by searching for regularities and causal relationships between its constituent elements' (Legge, 1995, p. 308). Clark et al (1998, p. 5) suggest that:

Research within HRM has led to a search for what is going on 'out there' by answering such questions as: is HRM as a strategic and coherent model being implemented? What is the popularity and prevalence of different HRM practices? What factors can account for these outcomes? These are after all questions to which managers want answers. What managers want more than anything is certainty tied to prescription. A positivist approach is best able to provide this.

In many respects, this positivistic approach 'fits' closely with modes of theorising within HRM (e.g. Delery and Doty, 1996) that was described in chapter one. For example, much HRM research has attempted to identify HR practices that predict firm performance (e.g. Arthur, 1994; Huselid, 1995; MacDuffie, 1995), and thus has been largely driven by positivistic assumptions. The best practice perspective, with its focus on universal application also closely matches the search for 'universal laws' advanced by positivism. Strategic integration, which is a central goal within HRM can be related to structural functionalism (Giddens, 1975), and thus represents further associations with positivistic assumptions.

Consistent with a positivist paradigm, research in HRM in both the UK and Ireland has tended to rely quite extensively on the survey method and the questionnaire design (e.g. Guest and Conway, 2001; Monks, 1993; Roche, 1999; Wood, 1995; 1996). This can in some respects be attributed to the preference among US academics for positivistic, quantitative research methods (Legge, 1998). Commitment research, which has largely focused on the identification of both the antecedents and outcomes associated with the construct, has also relied heavily on the use of commitment measures to draw their conclusions (e.g. Allen and Meyer, 1990; Mowday et al, 1979; DeCotiis, and Summers,

1987). In addition, research investigating links between HR practices and commitment have relied on self-report measures (e.g. Ogilvie, 1986; Taormina, 1999).

### **6.3.2 The Methodological Framework**

When determining a research design it is recommended that researchers choose a single paradigm and associated methodology which best relate to the nature of the research problem (Cresswell, 1994). In addition, it is suggested that the research questions drive the methodology, rather than vice versa (Howe and Eisenhardt, 1990). To determine the research design in the present study, the degree of fit between the research questions and the methodological choices available to the researcher were considered. Since the aim of the present study is to examine relationships between variables, attempts to do so by adopting a purely qualitative methodology would direct the emphasis towards what is unique or particular to individual employees, rather than what is general or universal to a population. Furthermore, attempts to measure the constructs of interest would be impracticable and incomparable to the existing body of research that exists in the area. Therefore, consistent with the methodology of a positivist framework and in keeping with existing research in the area, a survey design was chosen in the present study. The survey employs a number of instruments to collect data on the variables of interest, which will be described in greater detail in a later section of this chapter. The cross-sectional design provides a quantitative description of a sample population through the use of self-report measures so findings can be generalised to the population as a whole (Babbie, 1990; Fowler, 1988).



### **6.3.3 Resolving Philosophical Dilemmas**

Giddens (1975: 60-61) warns that 'the social sciences are lost if they are not related to philosophical problems by those who practice them'. Regarding the lack of progress in the development of theory within HRM, Guest (2001) warns that a form of 'abstracted empiricism' might serve to cloud rather than to clarify theoretical issues. This section seeks to address some of the philosophical issues associated with the paradigm chosen.

There have been various tensions and debates surrounding the positivistic paradigm within the literature (Burrell and Morgan, 1979; Smith, 1991). In particular, it is the ontological and epistemological assumptions that have been singled out for criticism (Marsh, 1982). The positivist approach argues that the ontological issue of 'what is reality?' can be separated from the epistemological issue of 'how do we obtain knowledge of that reality?'. In other words, positivists claim that the act of investigating reality bears no relationship to reality itself (Hussey and Hussey, 1997).

It is argued that by developing quantified measures of phenomena, the positivistic approach removes context from meaning (Guba and Lincoln, 1994), since its methods impose a view of the world on subjects rather than capturing, describing and understanding these world views. In the extreme, positivism might be perceived as representing a totally deterministic view of the individual that disregards their uniqueness, autonomy and creativity. However, based on theoretical assumptions, the systematic variation in individual responses across validated measures permits the researcher to examine several interrelated concepts across a large number of cases (Marsh, 1982). Inferring causality among certain relationships does not need to be

considered within a rigidly deterministic view of people, if it is also recognised that individuals are capable of generating new perspectives in different contexts. Since the present study seeks to investigate the extent to which career stage moderates the relationship between HR practices and commitment, by implication it avoids the rigidity of a simple cause-effect relationship. Indeed, it could be argued through some complex process of reasoning that high organisational commitment leads to more favourable assessments of HR practices, though current thinking and research in the area does not suggest support for this view.

It has been suggested that well designed and managed quantitative methodologies using correlational approaches are capable of increasing our understanding of complex events (Marsh, 1982). Since the nature of the constructs under investigation have already been developed using quantitative approaches, the present research can build substantially on the body of literature which already exists. In addition, comparability of findings from the present study across a number of similar studies is possible. This is important since consistency in research findings substantiates theories and advances knowledge about phenomena that are of importance to the research community within social and organisational research. The literature on 'high performance' work practices (e.g. Huselid, 1995) itself advocates the routine administration of attitude surveys to elicit employee attitudes on relevant issues. For these reasons, the survey method is regarded as the most appropriate method of examining the relationships hypothesised in the study.

There are a number of assumptions associated with the operationalisation of the key constructs investigated in the present study. The empirical analysis is partly based on

an assumption that it is possible to define distinct elements in the work environment, even if these are subjectively evaluated. While organisational commitment is subjectively perceived it has been associated with motivations to act, for example, by exerting extra effort or by displaying intentions to maintain organisational membership (e.g. Mowday et al, 1979). In a similar way, though HR practices are also subjectively perceived, the fact that employees 'experience' these practices (or perhaps not) should also lead to a variety of manifestations or behaviours. If an individual perceives that they have received adequate training opportunities, for example, they may associate training received with feelings of competence and an increased sense of work accomplishment. If this is the case, then employees may subjectively quantify how often or how intensely they have experienced these phenomena. If so, then comparisons can be made across individuals.

It must also be recognised that while the construal of situations in their social context is subjectively defined, people share what Berger and Luckmann (1967) refer to as 'common-sense knowledge' and 'common consciousness' in their construction of reality. In the context of the present study, while there may be some variation in the way in which employees assess HR practices, it can be assumed that there will generally exist a degree of consensus regarding what is the 'expected' practice regarding each of these issues. In many respects, an individual's evaluation of these areas may essentially be regarded as appraisals of their work organisations.

#### 6.4 The Research Design

The macro-level analysis provided by a survey design facilitates research by identifying the variations and relationships that exist between the variables of interest to the study. However, it is recognised that while the use of closed questions facilitates the coding and interpretation of data (Sheatsley, 1983), a highly structured research design can impose constraints on the results and may ignore more relevant and interesting findings (deVaus, 1991; Hussey and Hussey, 1997; Nachmias and Nachmias, 1982). In addition, although the survey design can inform the researcher of 'what' relationships exist between variables, the design cannot elucidate 'why' or 'how' these relationships occur. As Kerlinger (1986, p. 387) points out, surveys do not 'penetrate very deeply below the surface'.

While the principle paradigm in the present research is a positivistic one, attempts have been made to incorporate methods associated with the alternative paradigm. Since one of the criticisms relating to a survey design relates to the lack of opportunity for the researcher to probe, the opportunity for employees to express their views on the issues raised in the questionnaire was provided. In addition, the study investigated the HR practices within each organisation using a small number of in-depth interviews. This provided a better understanding of the precise composition of practices adopted within each organisation. It was also envisaged that these interviews would elaborate on or enhance the survey findings. In many respects, this design corresponds to what can be described as a dominant-less dominant design (Cresswell, 1994), where a quantitative approach is the dominant paradigm but where a smaller part of the research has been drawn from the alternative paradigm.

In the present study, no assumptions are made regarding the pursuit of a high commitment HR strategy within the organisations investigated. However, interviews with those responsible for HR policy were conducted in an attempt to bridge the gap in knowledge regarding employee attitudes towards these HR practices and the nature of practices that adopted within each organisation. Guest (2001, p. 1099) suggests that 'there is now a need for more research comparing the responses of managers responsible for developing and overseeing HR practices and employees to identify levels of agreement about the operation of practices'.

#### **6.4.1 The Survey Design: Benefits and Limitations**

It is important to recognise that a number of benefits associated with the survey method can be identified (Fowler, 1988; Kerlinger, 1986; Nachmias and Nachmias, 1982). For example, the cost associated with administering surveys is relatively low, respondents have time to think about their answers, they promote anonymity, they provide access to widely dispersed respondents and the potential for interviewer bias is minimised. It is also recognised that surveys are useful when the information concerning individual characteristics is paramount (Easton, 1995; Moller and Wilson, 1995). This is particularly the case when more abstract variables, such as attitudes and values, are the primary interest in a study. In addition, questionnaires can be standardised, tested and validated, producing large amounts of data from sample populations. These can then be subjected to rigorous and sophisticated statistical analyses and inferences can then be drawn for a wider population.

Although survey research information is regarded as relatively accurate (Kerlinger, 1986), a number of limitations have been associated with their use. For example, postal surveys are liable to poor response rates, there is a lack of opportunity to probe (Kidder, 1981), and there is a lack of interviewer control (Fowler, 1988). Perhaps the most notable limitations of the survey design are issues concerning sources of method variance such as acquiescence and social desirability (Harrison et al, 1996; Podsakoff and Organ, 1986; Spector, 1987). Method variance is associated with measurements that result in biases, as opposed to the variables or constructs of interest (Campbell and Fiske, 1959). In particular, biases are apparent when relations between constructs are imposed because they have been measured in the same way. Therefore, a potential limitation of the survey design employed in this study concerns the use of self-report measures for both predictor and criterion variables.

Acquiescence became the focus of much research during the 1950s and 1960s (e.g. Cronbach, 1950; Husek, 1961). The term refers to the tendency for a respondent to agree (or disagree) with items regardless of their content. Cronbach (1950) suggests that acquiescence will most likely occur when items are ambiguous or when measures are poorly developed. Husek (1961) examined various measures of acquiescence and concluded that there did not appear to be a common acquiescence trait across instruments. Subsequently, interest in acquiescence has diminished considerably. More recently, however, Spector (1987) tested for acquiescence response bias in job satisfaction. In a sample of 3,143 respondents, only 16 respondents (0.5%) displayed the bias. These results indicate that the biasing effect of acquiescence only minimally correlates with items correlating to job satisfaction.

Social desirability refers to the tendency to choose the most socially desirable response, regardless of the truth of that response. A small number of studies have investigated relations between social desirability and a number of variables, particularly job satisfaction. Correlations have been reported between social desirability and a single measure of global job satisfaction (Spector, 1987), role ambiguity and conflict (Ganster et al, 1983) and role ambiguity alone (Rosenkrantz et al, 1983). Ganster et al (1983), for example, carried out a total of 73 different tests for each type of effect and found that significant effects were extremely small and correlations found were no more than what would be expected by chance ( $p < .05$ ). Drawing conclusions from these research studies, Spector (1987) suggests that social desirability is at best only weakly related to measures such as job satisfaction, and where there is some relation it is so small that it produces little biasing effect. Spector (1987) investigated multitrait-multimethod analysis of method variance in ten different studies of job satisfaction, and found little evidence for method variance. The overall conclusion from research on method variance suggests that it is either somewhat mythical or exceptional (Crampton and Wagner, 1994; Spector, 1987) or more commonly associated with the use of single items or poorly designed scales (Harrison and McLaughlin, 1992, 1993; Spector, 1987).

Several cognitive theories have been developed which attempt to describe how contextual information affects responses in self-report surveys (Feldman and Lynch, 1988; Tourangeau and Rasinski, 1988). This has resulted in the identification of a number of operational guidelines that are considered appropriate to adopt when self-report measures are employed. For example, it is suggested that at least some items on a self-report instrument should be reverse worded to control for acquiescence (Schriesheim and Hill, 1981). This is intended to reduce boredom and to prevent

inertia, which may develop when making a series of similar responses to an unbroken set of positively worded items. In addition, it is recommended that related items be grouped together and labeled to enable respondents to perceive within-set similarities and between-set distinctions (Schriesheim et al, 1989). In attempting to control for spurious response consistencies and erroneous conclusions, Harrison et al (1996) suggest that dependent constructs be presented prior to independent constructs, since the latter are assumed 'causes' of the former.

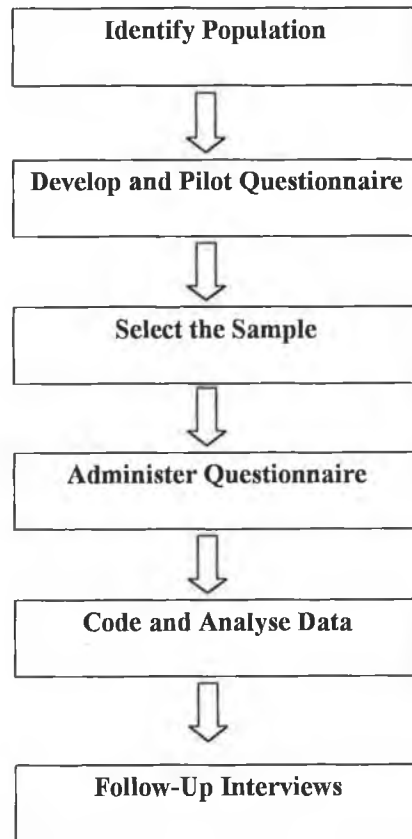
It can be concluded from this discussion that while the potential for method variance exists, its effects appear to be minimal. However, since its existence cannot be entirely ruled out, attempts were made to control for it during the design phase of the research by incorporating many of the guidelines described.

## **6.5 The Research Process**

The following sections describe the various stages involved in the collection of data. These stages are outlined in Figure 6.1 below and will be discussed in detail in the sections that follow.



**Figure 6.1 Stages of the Research Process**



## **6.6 Identifying the Population**

Studies examining links between HR practices and performance at the level of the firm have largely been based in the manufacturing sector, including the automobile (e.g. MacDuffie, 1995) and steel industries (e.g. Arthur, 1994; Ichniowski et al, 1997). Delery and Doty (1996) focused on loan officers in the banking industry, while others (e.g. Huselid, 1995; Huselid and Becker, 1996) have focused on multiple industries. One of the benefits of focusing on a single job category or industry in research is that the findings can be generalised to that sector of the population. In view of this fact, and the apparent lack of focus of this research on non-manufacturing industries, employees within the financial services sector were chosen for this research.

## **6.7 Developing and Piloting the Questionnaire**

This section provides details relating to the development of measures for organisational commitment (the dependent variable), intentions to leave (a subsidiary dependent variable), human resource management practices, the psychological contract and career stage (the independent/ moderator variables). Following a thorough review of previous research where attempts had been made to operationalise these variables, a number of scales were identified as most appropriate for adoption.

### **6.7.1 Organisational Commitment**

As described in chapter two, the organisational commitment questionnaire (OCQ) developed by Porter et al (1977) has represented the 'market leader' as a measurement device in commitment research. However, it has been subject to criticism on the grounds that its dimensions may not be homogenous i.e. the scale items may not reflect a single underlying construct (Angle and Perry, 1981; Benkhoff, 1997b; Koslowsky et al, 1990). This has led to calls for the use of alternative conceptualisations and measures of commitment (Benkhoff, 1997b). The instrument chosen to measure commitment in the present study is that devised by Meyer and Allen (1990), which measures the affective, continuance and normative conceptualisations of commitment. The measure comprises 24 items and has three sub-scales (each containing eight items), with scores ranging from 1 to 5. This measure was chosen because Meyer and Allen's conceptualisation of commitment has received support within the literature as an alternative to the OCQ (e.g. Benkhoff, 1997b) and the measure has been found to have favourable psychometric properties. For example, various studies have obtained

internal consistency estimates (alpha coefficients) which provide considerable evidence for the independence of the three constructs (Allen and Meyer, 1990; Dunham et al, 1994; McGee and Ford, 1987; Meyer et al 1989).

Numerous research studies have found that all three scales are differentially related to variables assumed to be antecedents of commitment (Allen and Meyer, 1990; Meyer and Allen, 1984; Meyer et al, 1989), particularly concerning affective and continuance commitment. In addition, the various forms of commitment have been related to job-related behaviours and job performance outcomes (Dunham et al, 1994; Hackett et al, 1994; Meyer et al, 1989). Meyer et al (1990) performed confirmatory factor analysis, which showed support for the distinction between both the affective and continuance commitment items, and for the use of both scales in future research. Allen and Meyer's (1990) analysis of raw scores however indicate some overlap between affective and normative commitment. Evidence for convergent validity between the affective commitment scale (ACS) and the organisational commitment questionnaire (OCQ) has also been reported, and correlations between both scales have in most cases exceeded .80 (Allen and Meyer, 1990; Meyer and Allen, 1984; Randall et al, 1990). Allen and Meyer (1990) found that the OCQ did not correlate significantly with the Continuance Commitment Scale (CCS), thus providing support for the discriminant validity of the latter ( $r = .06$ ). The measurement of commitment employed in the present study has also been applied to similar sample populations. For example, Allen and Meyer (1990) collected data from a retail department store, a university library, and a hospital with samples comprising of managerial, supervisory, technical and clerical employees. A full version of the measure is presented in Appendix A.

### 6.7.2 Intention to Leave

The literature review has already suggested that while individuals may display a low level of commitment towards their organisation, this cannot be taken to imply a signal of their intent to leave (Cohen, 1993; Mathieu and Zajac, 1990; Randall, 1990). In other words, it is suggested that attitudes (e.g. low commitment) and behavioural intentions (e.g. intentions to leave an organisation) may differ. Therefore while certain items included in the measure of commitment employed in the present study may signal intent (e.g. 'I am not afraid of what might happen if I quit my job without having another one lined up'), these do not in any way reflect an actual intention to leave. It is more generally recognised, however, that low levels of commitment *and* turnover intention are the most reliable predictors of actual turnover (Lee and Mowday, 1987; Michaels and Spector, 1982; O'Reilly and Caldwell, 1981). In addition, turnover research provides evidence that low levels of commitment *and* actual job search activity will provide a better predictor of turnover intention (Mobley, 1982; Spencer et al, 1983). Intention to leave an organisation may vary depending on the opportunities available within the organisation, or depending on the availability of attractive alternatives within the labour market (Mowday et al, 1984).

A number of items devised by Lee and Mowday (1987) relating to intention to leave have been adopted for use in the present study. These items measure intentions to leave an organisation, perceptions of alternatives, and job search behaviour. Responses for the intention to leave items were based on a 5-point Likert-type scale, with scores ranging from 'very likely' to 'very unlikely'. The Cronbach's alpha co-efficient for this measure, reported by Lee and Mowday (1987), is 0.59. The response to the 'perception

of alternatives' item is based on a 5 point Likert-type scale and ranges from 'very likely' to 'very unlikely'. The response to the first job search behaviour item ranges from 'very actively' to 'very inactively'. The second item asks respondents to indicate the number of jobs applied for outside the organisation. Since these two measures are represented by single items, psychometric properties are not applicable. This measure is presented in Appendix A.

### **6.7.3 Human Resources Management Practices**

A large number of empirical studies investigating HR practices associated with the high commitment model have focused on the use and associated outcomes of these practices at the level of the organisation. In many such cases, respondents (typically HR managers) indicate the extent to which particular HR practices have been adopted within their organisations and these practices are then related to a number of outcomes. In general, financial performance, productivity, and rates of turnover represent key organisational performance indicators. While numerous studies have employed a variety instruments (e.g. Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Pfeffer, 1994; Wood and De Menzenes), these are somewhat unsuitable for assessing employee attitudes towards the use of these HR practices. Other available instruments that have been developed to examine employee attitudes towards HR practices have tended to adopt a rather narrow focus of HR practices (e.g. Gaertner and Nollen, 1989) or fail to capture those practices that have been consistently identified as 'high commitment' within the literature. Furthermore, one of the goals of the present research was to determine the degree of consistency between those practices that predict high performance at the level of the firm, and those that predict high commitment at the

employee level. On this basis, it was concluded that the available employee attitudinal measures were considered inappropriate for use in the present study. Therefore, it was decided that an instrument capturing those practices measured at the level of the firm would need to be devised for an employee population.

A thorough review of the 'high commitment', 'high performance' or 'best practice' literature was conducted in an attempt to capture the main elements of the HR practices identified (e.g. Arthur, 1992; Becker and Huselid, 1996; Kochan and Huselid, 1995; MacDuffie, 1995; Wood and DeMenezes, 1998). It became apparent that a number of HR practice areas were consistently identified and well established in the literature. These included: communication, participation, job design, recruitment and selection, socialisation, training, career development, performance management, employment security and rewards. However, in most cases the actual composition of these practices was unspecified with frequent references to 'high' participation, 'high' wages, and 'extensive' training; all defined quite ambiguously. It was noted that there was a significant number and diversity of elements that could comprise these HR practices across studies and considerable diversity in terms of how they were measured. At the same time, however, it was deemed necessary to include each area to complement firm-level research in the area. Indeed, to exclude any of the HR practice areas would have defeated the entire exercise of developing an instrument, since any one of the existing employee attitude measures would have sufficed. Furthermore, researchers have expressed concern that examinations of HR practices in isolation may lead to biased estimates of their effects (Delaney and Huselid, 1996). These concerns relate to collinearity among the HR variables in studies that focus on one HR practice at a time, which will overestimate their impact. It was also recognised that the development of

accurate descriptions of these HR practices, as described in firm level measures, into items that would constitute valid measures for an employee population was considered crucial. This necessitated the development of measures that were broad, generalisable to the organisations participating in the study and easily understood by employees for the purposes of evaluation.

On the basis of the literature reviewed, a 52-item instrument was developed to elicit employee attitudes about a variety of HR practices. In addition to the broad HR practice areas identified above, two items relating to employability were also included. This variable was included to address recent claims that the nature of employment is changing and reflected in a shift from guarantees of long-term job security to the notion of employability described in chapter three (Rajan, 1997).

All items were based on a 5-point Likert-type scale, with responses ranging from 'strongly agree' to 'strongly disagree'. The key HR practice areas and sample statements are described in Table 6.1.

**Table 6.1 Human Resource Management Practices: Sample Items**

HR Practice Areas	Sample Items
Recruitment and Selection	<ul style="list-style-type: none"> <li>This company makes every effort to attract and hire the most highly skilled people in the industry</li> </ul>
Communication	<ul style="list-style-type: none"> <li>All important information about the company is communicated to employees</li> </ul>
Participation	<ul style="list-style-type: none"> <li>Employees are given sufficient opportunities to participate in decisions that affect them</li> </ul>
Job Design	<ul style="list-style-type: none"> <li>My job is designed in a way which enables me to make full use of my skills and abilities</li> </ul>
Socialisation	<ul style="list-style-type: none"> <li>The organisation takes sufficient steps to ensure that new employees are aware of 'how things are done around here'</li> </ul>
Training	<ul style="list-style-type: none"> <li>Overall, I feel that the training I receive enables me to do my job efficiently</li> </ul>
Career Development	<ul style="list-style-type: none"> <li>I feel I have all the opportunities I need to get promoted</li> </ul>
Performance Management	<ul style="list-style-type: none"> <li>I understand the basis upon which my performance is assessed</li> </ul>
Job Security	<ul style="list-style-type: none"> <li>I feel I have a high degree of job security here</li> </ul>
Employability	<ul style="list-style-type: none"> <li>The skills which I have developed here, would be useful for a similar job in another organisation</li> </ul>
Reward Systems	<ul style="list-style-type: none"> <li>I feel that the pay I receive accurately reflects my contribution</li> </ul>
Job Design (Autonomy)	<ul style="list-style-type: none"> <li>I am given sufficient freedom in deciding how I carry out my work</li> </ul>

#### 6.7.4 The Psychological Contract

The psychological contract has been considered as widely relevant to investigations of employee commitment (Turnley and Feldman, 1998; Sparrow, 1996; 2000). Although there is yet no well-established measure of the psychological contract (Freese and Schalk, 1996), a number of measures are available. In all of the available measures, the importance of the promissory element of the construct is recognised (Guest and Conway, 2001; Rousseau, 1998; Turnley and Feldman, 1998). Since part of the present study was concerned with whether perceptions of the psychological contract influenced attitudes towards HR practices, a measure was required which specifically examined



those HR practices identified as relevant to the construct. Therefore, overall perception of the psychological contract was measured using a three-item Likert scale previously used in a large CIPD survey carried out by Guest et al (1996). In this measure, respondents were asked to indicate the extent to which the organisation had kept its promises with respect to: opportunities for promotion, pay, and the influence that they had in decisions affecting their work. For each item, responses were coded so that the highest score represented perceived contract violations. Since these items are analysed separately, no tests of reliability have been reported.

#### **6.7.5 Career Stage**

A number of studies have examined the commitment of employees during the various stages of their career (e.g. Cohen, 1991; Mowday et al, 1984). However, many of these studies have been criticised for yielding inconsistent findings because of their use of either age or organisational tenure as the career indicator (Cohen, 1991; Morrow and McElroy, 1987). Furthermore, variability also exists regarding the timeframes used to demarcate the stages (Allen and Meyer, 1993). To address this problem, Cohen (1991) suggests that both age and tenure indicators should be employed.

The present study therefore operationalised career stage using both employee age and organisational tenure. The age categories used were (a) 20 or under (b) 21 – 30 (c) 31 - 40 (d) 41 - 50 and (e) 51 years or over. These categories correspond closely to those 'life stages' proposed by Levinson (1978). Respondents were also asked to state the length of time (in years and months) they had been in their current employment.

However, since career stage is assumed to represent 'discrete' time periods, for most of the analysis a categorical tenure variable, described below, is used.

To be consistent with other similar research investigating employee commitment across career stages, and to facilitate comparison, these variables were subsequently re-defined into three categories in accordance with those identified by Morrow and McElroy (1987) and Allen and Meyer (1993). The categories for organisational tenure were as follows: (a) less than 2 years (b) 2 - 10 years and (c) more than 10 years. Employee age was categorised according to three groupings: (a) 30 years or under (b) 31 to 40 years and (c) 41 years or more.

#### **6.7.6 Demographic Details**

A number of demographic details were also included in the questionnaire. These included: gender, job status, education and level of position within the organisation. The job status variable included the following categories: (a) full-time permanent (b) full-time temporary (c) part-time permanent and (d) part-time temporary. Levels of education were categorised as follows: (a) no formal qualification (b) junior certificate (c) leaving certificate (d) certificate/ diploma (e) degree and (f) post-graduate degree. Finally, the position categories included were: (a) clerical/ administrative (b) technical/ professional (c) junior management (d) middle management and (e) senior management.

## 6.8 Structure of the Questionnaire

When questionnaires are self-administered and researcher intervention is low, it is important that clear instructions are provided regarding their completion. It is also suggested that questionnaire statements should be short, clear and unambiguous (DeVaus, 1991; Sheatsley, 1983). This seeks to ensure that respondents interpret all questionnaire items in a similar way. Demographic details can be provided at the beginning as a non-threatening introduction to the questionnaire (Dilman, 1983). These guidelines were adhered to in the design of the questionnaire for the present study. A copy of the questionnaire is presented in Appendix A.

The questionnaire was divided into four<sup>1</sup> discrete sections relating to the following:

Section I - Demographic Details

Section II - Commitment, Intention to Leave and the Perception of Promises

Section III - HR Practices

Section IV - Employee Work Values

At the end of the questionnaire, respondents were invited to provide additional comments on issues raised.

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<sup>1</sup> Note that the questionnaire contained a fourth section investigating employee work values, which does not form a central part of this thesis and so will not be elaborated on here.

A number of steps were taken by the researcher to incorporate the guidelines associated with method variance in the design phase of the questionnaire. For example, several items in the questionnaire were negatively worded and within-set items were placed together in a separate section. In addition, the organisational commitment measure (the dependent variable) preceded the HR practices measure.

## **6.9 Selecting the Sample**

The next stage of the process involved identifying the sample, which represents a fundamental element of a positivistic study (Hussey and Hussey, 1997). Having identified the target population for the research, contact was made with three organisations operating within the Irish financial services district in Dublin. The researcher was formerly employed within one of these organisations, while having contacts within human resources in the other two. Initially, the senior HR managers within each organisation were contacted by telephone. At this stage, a general description of the research was provided and a face-to-face meeting was arranged to discuss the research further and to negotiate access for the research. Following this initial contact and prior to the meetings, a summary of the research and a copy of the questionnaire were sent to each HR manager. The managers were asked to review the questionnaire and identify any sections or questions that were not applicable to their organisation. Throughout this entire process, confidentiality was assured to managers within each of the participating organisations.

During the meetings that followed, all three HR managers agreed to facilitate the research within their organisation. In addition, each manager also indicated that all

sections and items included in the questionnaire were relevant to their organisation. At this stage, the researcher obtained information regarding the profile of the entire population across the three organisations. On this basis, a sample that could be regarded as most representative of jobs within the industry could be determined at a later stage. The most suitable times for, and methods of, administering the questionnaire were also discussed.

Within two of the three organisations cluster sampling was employed, where all individuals within particular groups were surveyed. This was considered the most appropriate method due to the size and complexity of the two organisations concerned. In these organisations, the samples chosen were employees from the corporate banking ( $n = 100$ ) and corporate and retail businesses ( $n = 165$ ). In the third organisation, a random sample was employed and all employees were included in the survey ( $n = 170$ ). This sampling strategy sought to ensure that the resulting sample was unbiased and as representative of financial services jobs as possible. At all times the researcher was given control over the sample of employees chosen.

#### **6.10 The Pilot Study**

Pre-testing of a questionnaire is necessary to ensure that errors - which may only be apparent to the population concerned - are identified (Reynolds et al, 1983). These errors may relate to specific words or meanings contained within questionnaire statements. A pilot study of the questionnaire ( $n=16$ ) was undertaken in one of the organisations participating in the research to ensure that data obtained was acceptable and that respondents interpreted each section appropriately. The questionnaires were

administered by the HR manager to pre-test respondents, and on completion were returned in self-addressed envelopes to the researcher. Respondents were asked to comment on the way in which the items were worded and the scales presented. They were also asked to communicate difficulties experienced during completion. Participants reported that the items were clear, relevant and there were no apparent difficulties completing the questionnaire. As a result of this pilot study, no amendments were made.

### **6.11 Administration of the Questionnaire**

The employee survey was administered between February and June of 1999. A covering letter accompanied the questionnaire, which explained the purpose of the survey and assured confidentiality to all participants. It also provided detailed guidelines explaining how the questionnaire should be completed. A separate covering letter was also prepared by the participating organisations endorsing their support for the survey and assuring participants that the findings would be communicated. It was agreed prior to administration that the researcher would provide a self-addressed envelope with the questionnaires. This was to reinforce the anonymous nature of the survey and to encourage more frank and open responses. In addition, it was agreed that a follow-up reminder would be provided to employees one week after the administration of the questionnaires.

### 6.11.1 Response Rates

A total of 435 questionnaires were administered within the three organisations; 288 of which were completed and returned yielding an overall response rate of 68 per cent. A breakdown of questionnaires distributed and response rates for each organisation is provided in Table 6.2.

**Table 6.2 Summary of Response Rates**

<b>Company</b>	<b>Total Distributed</b>	<b>Total Completed and Returned</b>	<b>Response Rate (%)</b>
US Finance	100	79	79
Irish Finance	170	107	63
Euro Finance	165	102	62
<b>TOTAL</b>	<b>435</b>	<b>288</b>	<b>68</b>

### 6.11.2 Power Analysis

A common concern regarding survey research relates to the appropriate number of participants required to draw meaningful conclusions from data (Cohen, 1977; Keppel, 1991). To address this issue, an important procedure in social research concerns the identification of the correct sample size, often performed by applying a technique termed statistical power analysis (Cohen, 1977). Statistical power ( $1-\beta$ ) is concerned with determining *a priori* the probability of correctly rejecting the null hypothesis (reducing Type I errors), while at the same time controlling for failing to reject to null hypothesis (reducing Type II errors). Despite the important implications that power analysis can have for research findings, relatively few researchers address the issue of

statistical power in their research (Cohen, 1962; Mone et al, 1996). Cohen (1962, p.153) argues that failure to do so leads to research reports with spuriously negative results leading to the 'premature abandonment of useful lines of investigation'.

The three co-determinants of power analysis identified by Cohen (1977) are: the effect size, the number of observations in the sample, and the significance criterion or alpha level. The effect size represents the degree to which the phenomenon is present in the population (i.e. that the null hypothesis is false). The alpha is the researcher's own estimation of probability of erroneously rejecting the null hypothesis. Cohen points out that these three parameters and statistical power are so closely related that when any three of them are fixed, the fourth can be completely determined. He argues further that the reliability of any test will always be dependent on the size of the sample ( $n$ ). Therefore, the larger the  $n$ , the smaller the error, the greater the reliability and the greater the probability of rejecting a false null hypothesis. In a similar way, the larger the effect size, the more likely a phenomenon will manifest itself, and the higher the probability it will be detected and the false null hypothesis rejected. Hence, when an investigator ascertains the significance criterion ( $\alpha$ ) and the sample size to be used, the power of the test can be determined. This cannot be attained, however, unless the magnitude of the effect size (ES) in the population is known. This can be determined by the following: explained variance accounted for in previous studies; an ES that the researcher determines would be of practical or theoretical significance; using Cohen's (1977) suggested estimations of *small*, *medium* and *large* ES's (e.g. ES's for Pearson's Correlation are .10, .30, and .50 respectively). Cohen supports the use of correlational studies as opposed to probability ( $p$ ) values, since they yield a measure of the effect size ( $r$ ). Since correlation coefficients indicate the magnitude of the relationship



between variables, Cohen argues that they may be much more illuminating than the presence or absence of statistical significance.

In the present study, the desired effect size was determined by examining correlations from previous studies that had investigated similar relationships (Allen and Meyer, 1993; Caldwell et al, 1990; DeCotiis and Summers, 1987; Dillon and Flood, 1992; Gaertner and Nollen, 1989; Iverson and Buttigieg, 1999; Oliver, 1990; Taormina, 1999). A summary of these effect sizes is provided in Table 6.3.

**Table 6.3 Effect Sizes (Based on Previous Research)**

<b>Correlations</b>	<b><i>r</i></b>
Age and Commitment	0.22 to 0.36
Tenure and Commitment	0.08 to 0.31
Age and Reward	.40
Tenure and Reward	-0.20 to 0.42
Age and Involvement	0.16 to 0.37
Tenure and Involvement	0.08 to 0.48
Tenure and Selection	-0.07
Reward and Commitment	0.23 0.24
Involvement and Commitment	0.50 to 0.72
Career Development and Commitment	0.30 to 0.61
Job Design and Commitment	0.20 to 0.31
Job Security and Commitment	0.28
Autonomy and Commitment	0.18 to 0.39

While correlations vary considerably between studies, it is apparent that the largest effect size most common across studies is approximately 0.3. Cohen (1977) suggests that effect sizes of 0.3, and power of 0.8 may be considered as conventional estimates. On this basis, samples were determined for an effect size of 0.3, at power 0.8 assuming  $\alpha = .05$  (two tailed). Referring to Cohen's (1977) tables, the required sample size is

therefore 84. Increasing the power to 0.99, with an effect size of 0.3 and assuming that  $\alpha = .05$  (two-tailed) requires a sample size of 194 at ( $\alpha = .05$ ) or 253 at ( $\alpha = .01$ ). On the basis of this analysis, the sample size obtained in the present study meets the requirements specified and indicates sufficiently high power.

## **6.12 Preparation of Questionnaire Data for Analysis**

The statistical analyses of the questionnaire data were carried out using version 10.0 of the Statistical Package for the Social Sciences (SPSS). All survey data was coded and analysed by the researcher. During the data collection phase, a file was created which defined variables for each of the questionnaire items. Once the data collection had been completed, each questionnaire was coded giving an identity number to each respondent and giving a company code indicating the organisation that the respondent had originated from. Throughout the data entry process, frequent checks were made to ensure that data was entered accurately. When data entry was completed, the data file was 'cleaned' by running frequencies, exploring distributions and checking for possible outliers arising as a result of entry errors. Having ensured that data entry was satisfactorily completed, the researcher proceeded with the analysis.

The questionnaire also contained additional data from respondents who chose to provide comments. Initially, these comments were typed and coded on an organisation-by-organisation basis. The codes identified the organisation that the respondent originated from, their position, age and tenure. This data was then analysed further and themes common across all three organisations were identified.

### **6.12.1 Establishing Validity and Reliability of the Questionnaire**

One of the underlying principles of objective enquiry concerns the advancement of knowledge using methods that are regarded as both reliable and valid. From a statistical perspective, in order to determine the validity of a scale (i.e. the extent to which scales measure what they intend to measure), scale items (a) must be highly interrelated or internally consistent and (b) they must reflect a single underlying construct (i.e. they must be homogeneous). These two conditions correspond to the reliability and validity of a scale. While the reliability of a measure contributes to its validity, it is not a sufficient condition for validity (Cooper and Emory, 1995). This section seeks to describe the steps taken to establish the validity and reliability of the scales employed.

Factor analysis is 'a data reduction technique used to reduce a large number of variables to a smaller set of underlying factors that summarise the essential information contained in the variables' (Coakes and Steed, 2001, p. 155). Factor analysis was used in the present study to determine the primary structures of the scales employed and to determine whether items on an instrument were tapping into the same construct. The factor analytical technique used was maximum likelihood using VARIMAX rotation, which is a widely accepted technique for rotating data (Babbie and Halley, 1994). The VARIMAX criterion seeks to simplify the columns of the matrix and allows for the existence of error variances, which are particularly likely to be present in social science data (Gorsuch, 1983). Rotation is used to maximise the loadings of the items and to increase the interpretability of each resulting factor. Orthogonal rotation is an

appropriate method to use when the goal of the research is to reduce the number of original variables (Hair et al, 1987).

Hair et al (1987) suggest some general 'rules of thumb' which are frequently applied by factor analysts when selecting the items to be retained from the analysis. They suggest that loadings greater than .30 are significant, those greater than .40 more significant, and those greater than .50 are very significant. It is also regarded that the extent to which the emerging factors from a factor analysis are reliable, largely depends on the sample size. While there exists little consensus within the literature regarding what the sample size should be, several commentators propose a minimum of five subjects per variable and no less than 100 individuals per analysis (Gorsuch, 1983; Coakes and Steed, 2001; Kline, 2000). Since this sample size requirement was met in the present study ( $n = 288$ ), the researcher proceeded with the analysis.

The term reliability can be regarded as synonymous with the terms dependability, stability, consistency, predictability and accuracy (Kerlinger, 1986). It is concerned with estimating the extent to which a measurement is free of random or unstable error (Cooper and Emory, 1995). Cronbach's alpha coefficient is regarded as a reasonable indicator of the internal consistency of an instrument and is an appropriate reliability estimate for questionnaires using rating or Likert scales (Oppenheim, 1992). This coefficient takes into account both the number of items and the average correlation among items on a scale (Nunnally and Bernstein, 1994). A number of guidelines regarding the acceptable alpha level have been proposed within the literature. For basic research, the alpha level generally recommended is .8 (Kaplan and Saccuzzo, 1993; Kline, 2000; Nunnally, 1978). Murphy and Davidshofer (1988) suggest that alphas

below .6 are unacceptable, those of .7 represent a low level of acceptability, .8 to .9 represents moderate to high acceptability and .9 represents a high level of acceptability. During the factor analysis for the commitment measure, a total of five factors emerged. These are presented in Table 6.4 below.

**Table 6.4 Factor Analysis: Commitment**

<b>Commitment Items</b>	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>	<b>Factor 4</b>	<b>Factor 5</b>
Feel a sense of belonging here	.770				
Company has great deal of personal meaning to me	.677				
Feel like part of the family	.675				
Feel emotionally attached to this organisation	.623				
Happy to spend rest of my career with the company	.572				
Feel as though the organisation's problems are my own	.480				
Enjoy discussing the company with those outside	.428				
Could not become easily attached to another company	.337				
Leaving would cause too much disruption		.661			
Leaving would be a considerable sacrifice		.635			
Would find it very hard to leave		.609			
Too few options to consider leaving		.437			
Need to stay		.433			
Too costly to leave the company		.433			
Scarcity of alternatives available to consider leaving		.350			.335
Afraid to quit without having another job lined up		.304			
Believe that company loyalty is important			.552		
Feel that one must be loyal			.517		
Was taught to believe in the value of remaining loyal			.517		
People move from one company to another too often			.498		
Jumping from one company to another is unethical			.489		
Better when people are loyal			.482		
I would not feel it was right to leave	.399		.391		
Being a company person is sensible				.929	

Factors one to three clearly relate to the items measuring affective, continuance and normative commitment respectively. The fourth factor was complex since it contained only one normative commitment item ('I do not feel it is right to be a company person anymore'), which did not load on its appropriate factor three. In response, a decision was taken to exclude this item from the normative commitment scale. A further item ('I would not feel it was right to leave') was almost equally loaded on both factors one and three, which was retained on the second factor. The fifth factor contained one item relating to the scarcity of alternatives available. Since the loading on the appropriate factor was higher, this factor was also disregarded. The Cronbach's alpha for the affective, continuance and normative commitment scales are presented in Table 6.5. All three scales exceeded the acceptable levels previously described. In addition, as the table shows, reliabilities in most cases exceeded those reached by other researchers. The reliability of the two items relating to intention to leave was .64. In view of the guidelines for acceptance outlined previously (with the exception of Murphy and Davidshofer, 1988), this alpha was somewhat dissatisfactory. Since intention to leave represented a subsidiary variable to commitment, it was decided to retain this variable for subsequent analysis.

**Table 6.5 Scale Reliabilities: Organisational Commitment**

<b>Organisational Commitment Scales</b>	<b>Affective Commitment</b>	<b>Continuance Commitment</b>	<b>Normative Commitment</b>
<b>Present Study</b>	<b>.81</b>	<b>.76</b>	<b>.73</b>
Cohen (1993)	.79	.69	.65
Konovsky and Cropanzano (1991)	.89	.85	-
Iverson and Buttigieg (1999)	.79	.69	.81
Meyer et al (1983)	.82	.74	.83
Taormina (1999)	.86	.82	.73

The HR practices scale represented a crucial measure in the research. Since the researcher had developed the measure, evaluating its overall reliability and validity was a complex process. Initially, all 52 items were entered in a factor analysis to determine the extent to which they were measuring separate constructs. This preliminary analysis produced 15 factors. In most cases, items were loading on to their appropriate factors. However, some items were loading on separate factors that could not be explained by the researcher. At this point, these items were regarded as unstable and were removed from subsequent analyses. All 13 items removed at this stage are shown in Table 6.6.

**Table 6.6 Items Excluded From The Analysis**

<b>Excluded Items</b>
<ul style="list-style-type: none"> <li>• More attitude surveys should be administered to let management know about how employees feel</li> <li>• The Bank takes sufficient steps to ensure that new employees are aware of “how things are done around here”</li> <li>• Performance assessments rely too much on how much you achieve rather than how you achieve it</li> <li>• My overall performance assessment relies too much on how my team/ dept. performs</li> <li>• Performance assessments are just a form-filling exercise for supervisors</li> <li>• Too many vacancies are filled by “external” candidates rather than those already employed here</li> <li>• Being employed here for a long time will get you a promotion sooner than having good skills and performing well</li> <li>• In this company employees have to take responsibility for their own career performance</li> <li>• A greater proportion of the pay I receive should be linked to my performance</li> <li>• The Bank provides its employees with adequate “life-style” benefits</li> <li>• Employees should be given more opportunity to share in the company’s profits</li> <li>• Employees who have been here for many years should receive recognition for being loyal</li> <li>• I feel I have a high degree of job security here</li> </ul>

Subsequently, a second factor analysis was performed which included the remaining 39 HR practice items. The factors produced from this analysis are presented in Table 6.7.

**Table 6.7 Factor Analysis: HR Practices**

	1	2	3	4	5	6	7	8	9	10
Opportunities to participate in decisions	.776									
Suggestions made taken seriously	.725									
<b>Important information is communicated</b>	.663									
Senior management well informed	.613									
Mission of the company is communicated	.585									
Disputes and grievances dealt with satisfactorily	.501									
Opportunities to discuss performance with work group/ team	.406		.352							
Not enough emphasis on teamworking	.343		.317							
Pay fair to other similar organisations		.863								
Pay accurately reflects contribution		.825								
Pay is fair to others in this organisation		.723								
Benefits compare favourably with other organisations		.578								
Aware of the value of the benefits I receive		.354								
Given regular feedback concerning performance			.789							
Guidance on how performance can be improved			.684							
Understand basis of performance assessment			.541							
Opportunities to meet with managers about performance	.317		.503							
Goals clearly defined			.349						.327	
<b>Efforts made to hire the most highly skilled</b>				.767						
Selection procedures are effective				.680						
Job seekers attracted to work here				.545						



	1	2	3	4	5	6	7	8	9	10
People who join 'fit in' well				.522						
Socialisation programmes worthwhile				.345						
Good opportunities to use own ideas in work					.851					
Work sufficiently varied and interesting					.598	.366			.339	
Freedom in how to work					.565					
Job makes full use of skills and abilities					.335				.850	
Freedom in when to work					.307					.302
Opportunities to develop skills for other parts						.835				
Opportunities to develop skills on-the-job						.523	.425			
Opportunities to transfer to other areas			.333			.467				
Have all the opportunities needed to get promoted						.331				
Sufficient information regarding career paths	.313					.326				
Training and retraining opportunities							.675			
Sufficient induction training to understand job							.654			
Training enables efficient job performance							.454	.302		
Skills developed would get a job elsewhere								.679		
Skills developed useful for another organisation								.622		
Decide type of benefits										.494

The second factor analysis produced ten factors, eight of which could be clearly identified. The other two factors were disregarded since the items loaded on these were also loading on another more tangible factor. The eight factors related to the following: involvement, reward, performance management, recruitment, selection and socialisation (subsequently defined as resourcing and integration), job design, career development, training and employability. The two items relating to teamwork loaded on two separate factors; involvement and performance management. This presented some difficulty in determining whether it was appropriate to include this issue in a sub-scale as part of either variable. Since teamwork is regarded as distinct from involvement and performance management in the literature, it was decided to retain these items within a separate sub-scale. One other item relating to employee benefits was excluded entirely from the resulting sub-scales.

The employment security item was one that had no factor loading in the preliminary analysis, although a separate employability factor did emerge. As discussed in previous chapters, there has been considerable attention given to the issue of employability, which is generally regarded as a concept relatively distinct from high job security (e.g. Rajan, 1997). Since the high commitment literature identifies 'high job security' as opposed to employability, this single-item job security measure was retained for subsequent analysis. The reliability coefficients for each of the HR practice scales are provided in Table 6.8. With the exception of teamwork, all HR practice sub-scales exceeded the recommended acceptance levels previously discussed.

**Table 6.8 Reliabilities: HR Practices**

<b>HR Practice Scales</b>	<b>No. of Items</b>	<b>Cronbach's alpha</b>
Employee Involvement	6	.84
Recruitment, Selection and Socialisation	5	.74
Training	4	.77
Career Development	4	.72
Performance Management	5	.80
Employment Security	1	-
Employability	2	.72
Reward	5	.82
Job Design	5	.76
Teamwork	2	.59

Having tested and refined all of the measures to be used in the research, the data was then analysed with respect to the key hypotheses proposed.

### **6.13 Statistical Analysis**

Data can be analysed in a number of ways depending on the goals of the research. The hypotheses proposed in the present study are relational in nature and consequently the overall design of the research is correlational. Statistical procedures that examine differences between means provide an indirect indication of whether a relationship exists between variables. However, they do not indicate the magnitude or strength of a relationship, which is only possible through use of tests of correlation. Kerlinger (1986, p.218) highlights the importance of examining both differences and relationships when he states:

From a practical and applied standpoint, it should be emphasised that ... measures of association should always be calculated and reported. It is not enough to report *F* ratios and whether they are statistically significant. We must know how strong relations are. After all, with large enough *N*'s, *F* and *t* ratios

can almost always be statistically significant. While often sobering in their effect, especially when they are low, coefficients of association of independent and dependent variables are indispensable parts of research results.

In accordance with this approach, the present study first explored differences between the independent and dependent variables by dividing the sample according to career stage categories. Then, the hypothesised relationships between these variables were examined using correlational analyses.

To simplify interpretation of data, all sub-scales previously described were averaged to yield an overall composite score. In addition, the original five-category scales for all sub-scale measures were collapsed to three categories for ease of interpretation. A summary of the main hypotheses in the study is presented in Table 6.9.

**Table 6.9 Summary of the Hypotheses**

<b>1</b>	<b>Exploring Relationships: Career Stage, HR Practices, Broken Promises, Commitment and Intention to Leave</b>
1.1	Attitudes towards HR practices will vary according to career stage, as measured by age and organisational tenure.
1.2	Perceptions regarding the delivery of promises will vary according to career stage, as measured by employee age and organisational tenure.
1.3	Organisational commitment will vary according to career stage, as measured by employee age and organisational tenure.
1.4	Intention to leave will vary according to career stage, as measured by employee age and organisational tenure.
<b>2</b>	<b>Exploring Relationships: Broken Promises, HR Practices, Commitment and Intention to Leave</b>
2.1	There will be a negative relationship between perceived broken promises and attitudes towards associated HR practices areas.
2.2	There will be a negative relationship between perceived broken promises and commitment.
2.3	There will be a positive relationship between perceived broken promises and intention to leave.
2.4	There will be a positive relationship between attitudes towards HR practices and organisational commitment.
2.5	There will be a negative relationship between attitudes towards HR practices and intention to leave.
<b>3</b>	<b>Predicting Commitment: HR practices, 'Core' HR Practices, Career Stage and Their Interactions</b>
3.1	Certain 'core' HR practices will be better predictors of commitment than will other practices.
3.2	Attitudes towards HR practices will be better predictors of commitment than individual variables relating to employer, position occupied, education, gender and organisational tenure.
3.3	HR practices will interact with age and/ or tenure to predict organisational commitment.
3.4	Attitudes towards HR practices will be better predictors of affective commitment than either continuance or normative commitment.
<b>4</b>	<b>Affective Commitment, HR Practices, 'Core' HR Practices, Career Stage and Their Interactions</b>
4.1	Attitudes towards HR practices will be better predictors of intention to leave than individual variables relating to employer, position occupied, education, gender and organisational tenure.
4.2	HR practices will be better predictors of intention to leave than career stage, as measured by age and organisational tenure
4.3	HR practices will interact with age and/ or tenure to predict intention to leave.
4.4	Affective commitment will be a more significant (negative) predictor of intention to leave.
<b>5</b>	<b>Predicting Commitment and Intention to Leave: HR Practices</b>
5.0	Those HR practices that predict intention to leave will be consistent with those that predict commitment.

### 6.13.1 Analysing Means

The means for each of the key variables in the study were first analysed according to career stage and other individual variables. Analysis of variance (ANOVA) was the main method for analysing all sub-scale means across groups. ANOVA is a statistical technique used to determine if samples come from populations with equal means. Univariate or one-way ANOVA employs one dependent variable and three or more independent variables (Hair et al, 1987). The use of ANOVA assumes that the dependent variable is normally distributed and that variances are equal for all treatment groups (Coakes and Steed, 2001; Cooper and Emory, 1995). The data was examined to ensure that these assumptions were not violated prior to proceeding with the analysis.

The analysis of mean differences in commitment and HR practices according to gender employed the independent groups t-test procedure. This procedure determines whether a set of scores come from the same population. It is similar to ANOVA, but is used to make comparisons between two groups only. Analysis of mean differences for all single-item measures (i.e. certain items relating to intentions to leave, the three psychological contract items and the single-item job security measure) were tested using the Kruskal-Wallis non-parametric procedure. This procedure is analogous to one-way analysis of variance but it uses rank orders. It is considered more appropriate for ordinal data that do not meet the assumptions associated with parametric tests (Cooper and Emory, 1995). Analyses relating to these items according to gender differences were analysed using the Mann-Whitney test. This is essentially the non-parametric equivalent to the independent groups t-test described earlier.

### 6.13.2 Analysing Relationships

Hypotheses 1.1 to 1.4, which sought to investigate variations in attitudes towards career stage, commitment, HR practices, the psychological contract and career stage were first tested using ANOVA as described earlier. This was then followed by simple bivariate or zero-order correlations, which included all variables in the study. This facilitated the analysis of Hypotheses 2.1 through to 2.5. The relationships between all sub-scale measures and career stage were tested using the Pearson (product moment) correlation coefficient, which measures the strength of the relationship between two variables. In addition, partial correlations were also used to examine the relationships between each career stage variable, commitment and HR practices, while isolating the influence of the other career stage variable. These were carried out in order to guard against the confounding effects that these variables may have on each other, for example, a reported age-related effect may actually represent an organisational tenure effect, and vice versa.

The single-item measures (i.e. the three psychological contract items and the single-item job security measure), which did not adequately meet the assumptions associated with Pearson's correlation were analysed using Kendall's tau correlation. This statistic is based on concordant and discordant pairs (Cooper and Emory, 1995), similar in concept to positive and negative correlations.

Hypotheses 3 and 4, which related to predictors of both commitment and intention to leave (excluding moderated relationships) were examined using hierarchical multiple regression. Regression is an extension of bivariate correlation and represents the best

prediction of a dependent variable from several independent variables. Using the hierarchical procedure, the predictors can be entered singly or in blocks where the proportional increase in variation is shown by the  $R^2$  change (Cramer, 1994). In the present study, background variables relating to company of employment, position occupied, gender and education were analysed by creating dummy variables as recommended in the literature (Hair et al, 1987; Coakes and Steed, 2001). By entering these variables first, their effects on the dependent variable were removed before consideration of the other variables relating to attitudes towards HR practices. A series of such regressions were performed examining the impact of background variables (step one) and attitudes (step two) on affective, continuance and normative commitment, and on intention to leave. This was followed by a final hierarchical regression which considered first the background variables (step one), followed by attitudes (step two) and finally the three commitment variables (step three) on intention to leave.

Hypotheses 3.3 and 4.4 posit that the relationships between HR practices and both commitment and intention to leave will be moderated by career stage. Prior to investigating these hypotheses, subgroup correlations were carried out. These subgroups were created by splitting the data file according to age and tenure categories respectively, and examining correlations within each category. This is a technique that has been previously used in research investigating moderated relationships (Allen and Meyer, 1993; Katz, 1978; Kemp and Cook, 1983). The hypotheses were then tested using multiple correlations derived from moderated regression analysis (Stone and Hollenbeck, 1984). Prior to conducting this analysis, scores for all independent



variables were centered at the mean. This is recommended by Aiken and West (1991) in order to minimise multicollinearity between the independent measures.

Moderated regression is regarded as the most appropriate technique for testing for hypothesised moderated relationships (Gill and Johnson, 1991). Champoux and Peters (1980) suggest that moderated regression avoids capitalising on chance variations that simple subgroup analyses ignore. Using this technique, the statistical significance of interaction effects is tested by regressing the dependent variable on the independent variables and the cross-product or interaction of these variables. In the present study, the independent variables represented each of the HR practice areas and the moderator variables, the career stage indicators. Separate analyses were conducted for each of the ten HR practice areas. Predictors of commitment were entered as follows: the career stage variables entered as a block; the particular HR practice variable; the interaction between the HR practice variable and employee age; and finally the interaction between the HR practice variable and organisational tenure. As each variable was added, the predictive power of the equation was assessed by examining the incremental change in the F value.

#### **6.14 Follow-Up Interviews**

Kerlinger (1986) suggests that the interview is perhaps the most ubiquitous method of obtaining information from people and represents a potent and indispensable research tool. While the analysis of survey data enables a researcher to identify relationships that exist between variables, they must then establish what these relationships mean. In accordance with the dominant-less dominant design (Cresswell, 1994) discussed in an

earlier part of this chapter, the survey findings were further explored using interviews with the three senior HR managers within each organisation. The purpose of these interviews was to determine the composition of HR practices within each organisation. They also provided an opportunity for the researcher to gain evaluations of the perceived effectiveness of HR practices within each organisation.

One potential weakness of the interview is that it temporarily removes the respondent from their normal social context, which may cause the respondent to communicate or interact in an unnatural manner (Kerlinger, 1986). Kerlinger (1986) suggests that the researcher can limit the effects of this occurring by skilled handling, the manner they adopt and by the careful phrasing and asking of questions. Prior to the interviews, the researcher prepared an interview schedule comprising both fixed-alternative and open-ended items (Kerlinger, 1986). This schedule detailed many of the possible elements that could comprise an organisation's policy in a particular area. For example, regarding communication practices each manager was questioned about the main methods of communication such as team briefings, management-employee committees, staff handbooks, electronic mail or noticeboards. These questions were posed by the interviewer and responses were coded using a simple 'yes-no' dichotomy. Where practices were employed the researcher enquired whether they applied to the workforce as a whole, or to particular types of employees only (e.g. managers). After all of the possible elements that the researcher had identified as relevant to a particular HR area had been exhausted, each manager was asked to identify practices employed that were not identified in the schedule. Once this part of the interview had been completed, the open-ended questions were employed to elicit the views of the managers on the main issues associated with the research. All interviews lasted between 1 and 1.5 hours and

were recorded to ensure that the data transcribed accurately reflected what had been communicated. Copies of the questionnaire and the interview schedule are provided in Appendix B.

### **6.15 Summary of the Research Methodology**

This chapter reviewed the main characteristics of the two philosophical paradigms - positivism and phenomenology – which have dominated research in the social sciences. In particular, a critical review of the positivist approach, the paradigm adopted in the present study, was provided. The reasons for choosing this methodological approach were described, based on the researcher's own 'worldview', previous research in the area and practical considerations. To address some of the criticisms associated with the positivistic paradigm, the survey design employed in the study was supported by follow-up semi-structured interviews. The purpose of these interviews was to determine the precise composition of HR practices within each organisation and to elaborate the survey findings. An overview of the characteristics of the instruments employed in the survey was also provided. This self-report postal questionnaire was administered to 435 employees within three organisations and the overall response rate was 68 per cent. The questionnaire scales employed in the research were validated prior to analysis. The data was then analysed by investigating mean differences, correlation and regression analyses.

## **CHAPTER SEVEN**

### **THE RESEARCH CONTEXT**

#### **7.1 Introduction**

This chapter provides an overview of the research context and is divided into three main sections. The first section provides an overview of the national context and in particular highlights the extent to which economic growth has impacted on labour market conditions in Ireland. The second section provides an overview of the Financial Services sector in Ireland and describes the development of the International Financial Services Centre (IFSC), where the present research was carried out. This section also provides an outline of employment patterns and identifies the areas of skill shortages within the industry, together with an overview of the activities undertaken within the IFSC. Finally, a description of the three organisations participating in the research is given.

#### **7.2 The National Context: Ireland**

During the 1980s, Ireland was characterised as a country with both high rates of unemployment and high levels of emigration. By 1993, unemployment rates were among the highest in the Europe and almost 200,000 people emigrated (O'Hagan, 2000). As strong labour force growth was predicted, a significant challenge for the Irish Government at that time concerned the generation of employment opportunities to curb jobless figures. The Government's National Development Plan (1994 – 1999) projected that gains in employment would reach between 12,000 and 14,000, or 1.75 per cent, per

annum. In fact, employment grew by about 370,000, or 5 per cent per annum during these years. Unemployment figures fell from 15 per cent in 1993 to around 6 per cent in early 1999. The Gross National Product (GNP) averaged 7.5 per cent per annum, which was considerably higher than the 3.5 per cent projected growth for these years<sup>1</sup>. As these figures suggest, the extent of economic growth in Ireland was unprecedented.

This economic progress was achieved against a background of strong labour force growth, a favourable demographic profile, increased workforce participation (particularly amongst women) and net immigration. The growth in population during the 1970s and increased investment and participation in education gave rise to a young and educated workforce. In addition, the social partnership model incorporating agreements between the Government, employers, trade unions and other groups was regarded as an important factor in facilitating economic growth. The economic boom gave rise to a demand for commercial construction and associated demographic changes resulted in a high demand for housing and other services, including banks (Haughton, 2000).

In the year 2000, the Irish economy continued to record very high levels of output growth, with GNP in the region of 8.6 per cent (Forfás, 2001). The supply-side of the economy, however, was experiencing difficulties in meeting the increase in demand. Labour shortages became more widespread and due to increased bargaining power there was a rapid increase in wage rates. As a result, there was a substantial increase in rates of inflation (McBride, 2000).

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<sup>1</sup> All figures are sourced from the Irish Government's National Development plan 2000-2006: Government of Ireland (1999).

A recent Government commissioned survey reported that Irish organisations experienced a vacancy rate of 6.5 per cent of total labour requirements, representing an increase of 20 per cent on the previous year (Smyth, 2000). A number of broad occupational categories accounted for two-thirds of all vacancies including skilled maintenance and production operatives, personal services, clerical and secretarial, production operatives and sales personnel. Over half of respondents to the survey (55 per cent) indicated that as a result of labour shortages, they were being forced to offer above average wage and salary levels. There were other strains evident in the economy with respect to domestic and international transport infrastructure and telecommunication links. The pace and extent of growth exceeded the capacity of existing infrastructures and began to impinge on the effective working of the economy.

The National Development Strategy (2000 – 2006) predicts that the Irish economy can sustain average growth rates of about 5 per cent (Government of Ireland, 1999).

However, the document continues:

crucially, this view assumes that existing infra-structural bottlenecks and labour market tensions are tackled. Failure to address these problems will eventually undermine competitiveness. This will lead to below-potential growth and lower employment growth than is required to match the expected increase in labour supply (p. 30).

Recent figures indicate that unemployment figures are down to 3.7 per cent for the first quarter (CSO, 2001). Despite this however, and after seven years of remarkable growth, signs of a slowdown are beginning to emerge. However, it is forecast that the global economy will improve in the second half of 2002 (EIU, 2001).

### **7.3 The Industry Context**

This section traces the development of the financial services industry in Ireland. It describes the growth that has taken place in the industry as a result of deregulation, government initiatives and the growth of the Irish economy in general. It then describes the key activities undertaken in institutions within the International Financial Services Centre (IFSC), the hub of the financial services in Ireland, and the location of the three organisations participating in the research.

#### **7.3.1 The Irish Financial Services Industry: An Overview**

The domestic financial services industry in Ireland is well established with a 200 year old tradition of banking and a 150 year old tradition of life assurance (McGowan, 1990). Traditionally, the pattern of development in the Irish financial markets had been for institutions to identify and serve limited and specific segments of the market (Bourke and Kinsella, 1988). As a result, by the 1960s the Irish financial system was largely undeveloped for two key reasons (McBride, 2000). First, industrial development occurred relatively late for much of the country. Second, the currency union with the UK reduced the need to develop an indigenous financial system.

It was not until the 1960s that the first movements of change within the Irish financial services became apparent with mergers between retail banks and the arrival of foreign banks, particularly from North America and Europe (Bourke and Kinsella, 1988; McGowan, 1990). The increase in mergers and acquisitions among Irish banks represented attempts to cope with the threat of external take-overs and increased

competition from abroad. Kinsella (1996) suggests that the arrival of foreign banking institutions was due to perceived opportunities in an expanding economy served by an essentially uncompetitive banking structure.

The Central Bank Act, 1971, sought to introduce more careful supervision of banking institutions and to allow for more effective monetary control. The Act broadly defined banks as deposit-takers and required that all banks be licensed through the Central Bank of Ireland. However, certain types of institutions (e.g. state-owned banks, building societies, credit unions and post offices) were exempt from the Act and therefore were not governed by Central Bank regulations. This led to certain tax anomalies and allegations of uneven competition between businesses in the financial sector. The 1986 Finance Act and the 1987 Building Societies Act sought to abolish anti-competitive measures such as redemption fees and excessive legal costs and equalise the competitive environment within Irish financial institutions. Following the introduction of the 1986 Act, all banks were subject to the same tax regime and the same disclosure requirements. These regulatory developments served to break down barriers between financial institutions. As Bourke and Kinsella (1988: 15) state:

The dominance of large banks was bound to come under pressure as prudential supervision developed and as competitive institutions strengthened their capital bases and their organisational structures.

This deregulation, coupled with developments in technology, challenged the banking system and eroded traditional boundaries (Bourke and Kinsella, 1988). As a result of the increasingly competitive environment, banks became dissatisfied with the traditional banking markets and began acquiring business outside their normal sphere of activities. Increased competition for traditional bank services led to a declining trend in net interest margins and moves towards non-interest sources of income, such as



stockbroking and life assurance. The strategic decisions of individual institutions relating to specialisation, market segmentation and product development also heightened competitive pressures. Non-banking institutions (e.g. Hewlett-Packard, Pfizer) also recognised opportunities to enter the financial markets and received full banking licences, allowing them cheaper borrowing costs and opportunities to provide customer financing throughout Europe.

In late 1999, the Minister for Finance appointed a group of officials from the Department of Finance and the Central Bank to carry out a strategic review of the Irish banking sector. The report notes a number of important developments such as the rationalisation and consolidation of the financial services industry worldwide, the blurring of the distinction between banks and other financial institutions and the growth of e-commerce. The report expresses concern regarding the potential impact on competition of a merger involving the major Irish banks, but also acknowledges the possibility of take-overs by foreign banks seeking exposure to the Irish economy or access to the EU.

The liberalisation of the financial services has enhanced the opportunity for institutions to increase the range of services they offer. As a result, the demarcation between different types of financial institutions has become somewhat less clear. Despite this, the main elements of the Irish financial services can be classified as deposit-taking financial institutions, non-deposit taking financial institutions and financial markets (McBride, 2000).

### 7.3.2 The International Financial Services Centre (IFSC)

The potential for the growth of the Irish financial services internationally became apparent during the 1980s. Ireland had a well-developed financial infrastructure, sophisticated communications systems and a young and highly educated workforce. Ireland's EU membership and the regulatory environment provided by the Central Bank proved attractive attributes in comparison to other European financial centres such as Luxembourg and Frankfurt. It was against this background that in 1987 the Irish government decided to establish the International Financial Services Centre (IFSC) in the docklands area of Dublin. To encourage investment, a 10 per cent corporate tax rate was offered<sup>1</sup>, as well as a substantial number of double tax treaties and exemptions from withholding taxes on dividends and interest. This regime of special tax concessions, combined with effective regulation and marketing, created the opportunity for the IFSC to grow.

Throughout the 1990s, the most serious challenge facing the industry was the development of the IFSC as a primary source of employment and business growth (Hutchinson, 1996). The internationalisation of Irish banking is evidenced by the fact that most banks operating in Ireland by the 1980s were Irish-owned and predominately domestically oriented (with almost 80% of their assets derived from Irish residents). By the end of the 1990s, the majority of banks in Ireland were foreign or subsidiaries of foreign banks and 55 per cent of credit institutions' assets were with respect to non-residents (McBride, 2000). It is reported that half of the world's top 50 Banks now have operations in the IFSC and by the end of 1998 total assets grew 80 per cent to

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<sup>1</sup> The current 10% rate of corporate tax will be replaced by a rate of 12.5% in 2003.

approximately £68 billion.

A high degree of support for the IFSC from the existing financial services industry is in strong evidence. Industry associations such as the Financial Services Industry Association (FSIA), Dublin Funds Industry Association (DFIA), the Dublin International Insurance and Management Association (DIMIA) and a number of policy review groups are examples of the co-operation that exists both within the industry and between industry practitioners and the relevant authorities.

The Central Bank Act 1989 has brought money brokers, financial futures traders and companies associated with the International Financial Services Centre (IFSC) under the supervision of the Central Bank. Today, the principal regulatory authorities are the Department of Finance (which oversees overall policy and fiscal issues relating to the IFSC), the Department of Enterprise and Employment (which regulates the insurance industry) and the Central Bank of Ireland (which regulates all non-insurance related activities).

### **7.3.3 Employment within the Industry**

It is estimated that the Irish financial services sector employs almost 50,000 people, with over 8,500 people employed in the IFSC (CSO, 2001). Recent estimates indicate that employment in the industry as a whole has risen by over 350 per cent between the years 1990 and 1999 (Forfás, 2001). During this ten-year period, permanent full-time employment in the internationally traded and financial services sector increased by 38,400. It is estimated that 73 per cent of the increase in employment during 1999

compared to the previous year was driven by internationally traded/ financial services activities. Hutchinson (1999) suggests that due to the development of the IFSC and the exceptional growth of the economy, the Irish financial services sector has been virtually unique in avoiding employment rationalisation to date, relative to similar sectors in the rest of Europe.

The exponential growth of the financial services, coupled with the booming domestic economy, led to a tightening of the industry's labour market. A report published in 1998 by the Institute of Bankers in Ireland and the Financial Services Industry Association (FSIA) projected that 11,000 new staff would need to be recruited to the industry between April 1998 and December 2000. In reality, employment grew by approximately 7,300 during this period (CSO, 2001). This report identified skill shortages at entry-level positions as the most urgent issue for the industry. These skills shortages were divided into three main areas: generic skills (e.g. computer literacy), general industry specific skills (e.g. an awareness of the IFSC) and industry specific skills (i.e. by functional area). In addition, concerns were expressed about the availability of suitably trained people for junior positions in administration and customer services. The report notes that while many IFSC companies may not have difficulty finding staff, retaining personnel in entry-level positions has been problematic due to recruitment at too high a level. To address these issues the report recommends the provision of structured training courses targeted at school leavers and mature re-entrants to meet the skill requirements at entry-level positions. With regard to resolving the skill shortages, the report endorses that training courses be provided and delivered through education providers.

The lack of availability of skilled staff within the sector has resulted in the development of specialist modules in fund management, a schools job placement programme and other initiatives by the various banking associations to promote the IFSC as a career option in schools and colleges. In addition, efforts have been made to develop closer linkages with the education sector more generally and to anticipate emerging areas of skills needs in the industry. There are three universities within a four-mile radius of the IFSC all offering specialised courses in the skills in demand by the industry.

#### **7.4 Organisational Characteristics**

Three organisations based in the International Financial Services Centre (IFSC) participated in the research. An overview of each organisation in terms of its operations, size, structure, union presence and country of origin is provided in the following sections.

##### **7.4.1 'US Finance'**

This US multinational has been established in Ireland in the capital markets sector for 35 years, with businesses in corporate banking, securities and e-business. The organisation underwent a major expansion in Ireland in 1997. During this time, its workforce increased from 250 to 1,250 permanent staff located at two main sites in Dublin. The present study focused on employees within the corporate banking sector of the bank, which employs approximately 100 staff. The organisation has a matrix structure, which is product or line based and which crosses geographical boundaries. There are three layers of management incorporating first line or immediate supervisors

within a business unit, an intermediate management level and a senior management level comprising business heads with responsibility for major business units or divisions. There is no union presence in the bank. Since 1998, employee turnover rates have been in the region of 40 per cent.

#### **7.4.2 'Irish Finance'**

This organisation was established in 1939 and operates both in Ireland and worldwide. It offers a variety of financial services through its corporate, retail, investment management and other associated businesses. The organisation employs approximately 1500 staff in businesses that mainly provide life assurance, investment and mortgage services. The present research focused on those employed within the retail and corporate businesses, which employ approximately 800 staff. Customer service support (CSS) staff, commonly referred to as clerical/ administrative staff in the financial services sector, represent the largest single category of employee within the organisation. There are four layers of management including: general management, executive management, senior management and first line management. The company is unionised and experienced a difficult year in 1997, with a protracted industrial dispute. However, since then the Irish operations have been steadily growing and in 1999 the organisation merged with another leading financial services institution. There was another such merger in 2001. Employee turnover rates in the organisation over the last three years are in the region of 20 per cent.

### **7.4.3 'Euro Finance'**

This is a Dutch multinational, which has been established in Ireland for 37 years operating within the capital markets sector. It employs a workforce of 165 and specialises in corporate finance and private banking, operating around eight key business units. The bank's main activities are corporate finance and treasury, private banking, and global services. It has a relatively flat matrix structure with three management layers. The Irish operation is headed by a country manager and is supported by business unit heads for each of the eight businesses. In addition, there are a number of functions (human resources, IT and finance) that support all lines of the business. There are direct reporting lines to Amsterdam and indirect lines of reporting locally. There is no union presence but there is a European Staff Council that negotiates with management on staffing and broader strategic issues. Over the last three years, employee turnover rates have varied from between 10 and 12 percent.

### **7.5 Summary**

This chapter has provided an overview of the financial services industry and the particular difficulties experienced regarding labour shortages in that sector. The key characteristics of the three organisations participating in the survey were then described.

**SECTION THREE**

**RESEARCH FINDINGS**



### **OVERVIEW OF SECTION THREE**

This section presents the key findings of the research and is divided into four chapters. Chapter eight provides a description of the HR practices employed in the three organisations based on interviews conducted with senior HR managers. Chapter nine describes the main findings of the survey questionnaire. Chapter ten investigates whether mean scores relating to the key variables in the study vary according to organisation, career stage and other individual variables. Chapter eleven analyses the magnitude of relationships between these variables and also identifies the most important predictors of commitment.

## **CHAPTER EIGHT**

### **HR MANAGEMENT PERSPECTIVES**

#### **8.1 Introduction**

This chapter describes the composition of HR practices within the three organisations investigated, based on interviews with HR managers. The first section provides a comparative overview of the HR practices employed within each organisation. This overview begins with a description of each of the broad HR practice areas and then provides further detail on the way in which each practice is managed from the perspective of the HR managers. The second section provides an overview of issues relating to the management of expectations when employees join an organisation from the perspective of senior HR managers. The third section provides an analysis of commitment and turnover patterns from the perspective of HR managers within each organisation. Finally, a number of general issues relating to the management of human resources that arose during interviews are described.

#### **8.2 Human Resource Management Practices**

This section provides an overview of the HR context within each of the three organisations participating in the research. The information presented is based on interviews that were conducted with the senior HR managers within each organisation. In addition, HR managers' views on key issues associated with the management of each HR practice area were sought. The HR practices are presented and described according to the main HR practice areas that were identified through factor analysis in chapter six.

### 8.2.1 Employee Involvement

The literature on high commitment management<sup>1</sup> emphasises the extensive use of both communications (e.g. Arthur, 1994; Huselid, 1995; Pfeffer, 1994) and mechanisms for employee participation (e.g. Arthur, 1994; Huselid, 1995; Walton, 1985a, b). The main components of employee involvement practices in the organisations investigated are outlined in Table 8.1.

**Table 8.1 Composition of Employee Involvement Practices**

	US Finance	Irish Finance	Euro Finance
Attitude Surveys	✓	✓	
Newsletter	✓	✓	✓
HR website	✓		
Team Briefings	✓	✓	✓
Staff Handbook	✓	✓	✓
Intranet (e-mail, noticeboards)	✓	✓	✓
Focus Groups	✓	✓	
Staff Presentations			✓
Suggestion Schemes	✓	✓ <sup>2</sup>	✓
Communications Forums	✓	✓	
Formal Grievance Procedures	✓	✓	✓
Employee Assistance Programme	✓		

There was a wide range of communication practices employed in the organisations. In addition, all HR managers emphasised the importance of other ways of communicating with staff, such as informal day-to-day discussions and the performance appraisal process. Many practices are consistent with those identified within the high commitment literature. One organisation, US Finance, has also introduced a number of

<sup>1</sup> This term is used consistently in this chapter as representative of practices associated with 'high commitment' and 'high performance' within the HRM literature at the firm level

<sup>2</sup> Informal

'web' solutions to the management of communications, which include an HR website that provides information on HR issues and includes a copy of the staff handbook.

Regarding the management of communication, one HR manager commented:

Communication is not something that has been formally defined in the company, which is a problem. There is a difference between communication and information. It may be that we communicate too much information to employees ... there may be a tendency to give employees all available information, but there may be little interest in what we do communicate (HR manager, Euro Finance).

Another HR manager suggested:

I think we could never have the perfect communication structure but we try to manage it as well as we can ... we have a fairly open environment. They [employees] can e-mail any concern they have and we try to deal with it as best we can (HR manager, Irish Finance).

Despite the presence of mechanisms to encourage employee participation in decision making one manager commented:

There may be a perception among employees that decisions are made first and then employees are consulted later. The organisation does not however operate a democracy. We do not cast a vote to everyone on every issue that arises. Employee participation in decision making is limited, but what we have not done is communicate these limitations to employees. There are situations where we cannot ask employees about decisions (HR manager, Euro Finance).

While the information gathered during interviews suggested that an extensive range of communication tools and mechanisms for increased participation were in place, all HR managers indicated that the management of communication and participation was challenging.

## 8.2.2 Recruitment and Selection

At the time of administering the survey, all three organisations were experiencing difficulties recruiting staff due to a favourable economic climate in Ireland and consequent high labour turnover. One HR manager commented:

We have specifically targeted work returners and recruiting a lot more people of mature years ... but there isn't an overwhelming number of such people looking to come back in. We are still having difficulties in relation to finding enough people to keep Dublin going (HR manager, Irish Finance).

In view of these recruitment difficulties, HR managers were asked to describe reasons why their organisation might be perceived as an attractive place to work. Each respondent made references to the work environment, rewards, and development, which were consistently regarded as important. The responses provided were typically as follows:

It is simply a question of creating an environment where people want to come in to; having a profile in the workforce where people feel they can associate with like-minded people, a potential to develop if that's what they want, and then paying competitive rates (HR manager, US Finance).

The use of sophisticated selection procedures to select for skills, commitment, and trainability have been associated with high commitment management in the literature (e.g. Arthur, 1994; Huselid, 1995; Wood, 1996). The emphasis appears to be focused not only on existing skills and abilities, but also on future potential and an openness to learning new skills (MacDuffie, 1995). However, as highlighted in the review of the literature the precise components of recruitment and selection practices are less clear. Table 8.2 highlights the methods used within each organisation in the recruitment and selection of employees.

**Table 8.2 Composition of Recruitment and Selection Practices**

	US Finance	Irish Finance	Euro Finance
Use of Agencies	✓	✓ <sup>1</sup>	✓
Company Website	✓	✓	✓
Print Media (excluding business expansion)		✓	
Employment Testing	✓	✓ <sup>2</sup>	✓ <sup>3</sup>
Assessment Centres		✓ <sup>4</sup>	
HR and Management Involvement	✓ <sup>5</sup>	✓	✓
Formal Socialisation Programme	✓	✓	✓

Regarding the recruitment and selection process one manager questioned the degree to which sophisticated selection procedures were effective in retaining staff and remarked:

We used to have a fairly elaborate kind of assessment centre, not for everybody but for the lower levels. In the end, because we measure a lot of what we do, we weren't convinced that there was a correlation between formal and intricate evaluation and people staying longer (HR manager, US Finance).

Emphasising the importance of selecting for skills, one HR manager stated:

What we have tried to do is be very careful in terms of picking the person for the job ... and making sure that we don't hire over-qualified people. We match the competencies and behaviours to the job ... otherwise they [new recruits] will just come in for the training, they will get our name on their CV and then they will move on – and we're paying them to move on (HR manager, Euro Finance).

At Irish Finance and Euro Finance, both the HR function and line management takes responsibility when making selection decisions. In the other organisation, US Finance, the immediate supervisor interviews prospective employees and, depending on the role or the seniority of the position, HR may (or may not) become involved.

<sup>1</sup> Not exclusively

<sup>2</sup> Administration positions only

<sup>3</sup> Traders only

<sup>4</sup> Above clerical level/ entry level sales

<sup>5</sup> Not Always

The extent to which selection procedures are 'sophisticated' within these organisations is difficult to establish, since each uses employment agencies to manage the recruitment of staff and only those short-listed by the agencies are presented for interview. In addition, two of the organisations – Irish Finance and Euro Finance - use employment testing, but their use is restricted to certain categories of candidates only.

### 8.2.3 Socialisation

The use of extensive socialisation practices for new employees has been associated with high commitment management (e.g. Arthur, 1994). A summary of formal and informal programmes for new employees in each organisation is provided in Table 8.3.

**Table 8.3 Composition of Socialisation Practices**

	<b>US Finance</b>	<b>Irish Finance</b>	<b>Euro Finance</b>
Formal induction (Day one)	✓	✓	✓
Formal socialisation programme	✓	✓	✓
Social activities	✓	✓	✓

All three organisations hold a formal induction programme on the first day of employment, for which immediate managers are responsible. Two of the organisations – Irish Finance and US Finance - have a more formal socialisation programme within the first four weeks of employment. The other organisation, Euro Finance, holds a similar programme, but within the first six months of employment.

All three HR policy makers emphasised the importance of broader social activities for new employees more generally. For example, one HR manager commented:

We think that sports and social activities are important. It's a good way for people new to the organisation to get to know one another and it breaks down the barriers between departments (HR manager, Euro Finance).

It is interesting to note, however, that HR managers perceived a decline in social activities. HR managers stated:

More recently, what was a very vibrant sports and social club has collapsed - so there is something changing out there. Maybe that's because the workforce is maturing but I sense a strong change of mood there (HR manager, US Finance).

It's definitely not as popular as it once was ... we have brought in a lot of very young people but for some reason they are involved in different things ... [colleagues in other institutions] all agree that it's not dead, but it's dying (HR manager, Euro Finance).

It is difficult to determine the extent to which socialisation of new employees is extensive within the three organisations, since all HR managers placed greater emphasis on social activities outside the formal programmes provided.

#### **8.2.4 Training**

Extensive training and skill development practices have been associated with high commitment management within the literature (e.g. Arthur, 1994; Pfeffer, 1994; MacDuffie, 1995; Wood, 1996). The main approaches to training provided within each organisation are summarised in Table 8.4.



**Table 8.4 Composition of Training Practices**

	US Finance	Irish Finance	Euro Finance
Formal Induction Training	✓	✓	✓
Formal education policy	✓	✓	✓
On-the-job Training	✓	✓	✓
Web-based training	✓		
Formal Training Courses			
- Internal	✓	✓	✓
- External	✓	✓	✓
- Training needs identified	✓	✓	✓

As the table indicates, the general approach to training is very similar across all organisations, with the exception of web-based training within US Finance. Each organisation relies quite extensively on in-house and on-the-job training. In addition, all three organisations have a formal education policy and provide financial assistance to employees who wish to pursue further education. HR managers also indicated that individuals at more senior levels of management attend other external training events, such as conferences and seminars. The approach to training in US Finance was described as follows:

We rely almost totally on in-house training ... we actually take people out of the businesses who become training partners but the leaders are specialist trainers ... A lot of technology solutions have also been applied .... and with that there is a hope that it minimises the risk of people leaving because they are more prepared in their propensity to do the job (HR manager, US Finance).

In Euro Finance, the approach was similar:

There is more of an emphasis on internal training. A lot of our training is done on-the-job for all categories, but certainly at the middle and lower end jobs. The individual managers take responsibility for other localised training, which is more informal - but there is a need for line commitment to training (HR manager, Euro Finance).

Training had generally not increased in recent years. One respondent commented:

I would say that it might be increasing but only slightly, not on a substantial basis. The priority for training within the company is not as high as it ideally should be (HR manager, Euro Finance).

However, levels of induction training had increased within each organisation due to high levels of turnover. The HR manager in US Finance highlighted the difficulties with providing extensive training to employees when labour turnover is high:

With a staff turnover of 40 per cent plus per annum you're talking about at least half your workforce being different people after one year. So in the second year that means that the probability is that your workforce is arguably 100 per cent a new workforce. This is inevitably one of the challenges of being in business in a place like Dublin. But the choice to come here was for very good reasons ... and one of the things you have to do is fill the gap through training.

### **8.2.5 Career Development**

The provision of extensive career development opportunities has been associated with high commitment management (e.g. Huselid, 1995; Pfeffer, 1994; Wood, 1996). As shown in Table 8.5, similarities are evident regarding the management of careers across the three organisations. For example, all HR managers emphasised that – where feasible - a policy of ‘promotion from within’ was employed. Each HR manager also stressed that performance was the sole basis for promotion decisions. In addition, respondents indicated that some opportunities for lateral development also existed. The only discernable difference in career development practices identified was the use of assessment centres for the development of first-level managers within Irish Finance.

**Table 8.5 Composition of Career Development Practices**

	US Finance	Irish Finance	Euro Finance
Promotion from within	✓	✓	✓
Promotion on Merit	✓	✓	✓
Internal Transfers	✓	✓	✓
Lateral Opportunities	✓	✓	✓
Assessment Centres		✓	

Regarding the extent to which a policy of 'promotion from within' exists, HR managers stated:

I would say we aspire to making, more than buying people. With professional levels we would have to buy a certain amount due to the fact that maybe we will not get the output we need through training (HR manager, US Finance).

We have demonstrated that people can successfully grow their career here ... We have been quite good at trying to move people around the organisation but that depends on whether the opportunities arise (HR manager, Euro Finance).

The HR managers highlighted the limits to career development. These limitations related to the degree to which (a) employees were mobile and (b) opportunities are available for particular categories of employees. In addition, all HR managers emphasised the responsibility of individual employees in managing their own career development. Comments included:

There would not be significant promotion opportunities for everybody. But ... if people are willing to work and study under the various schemes there are opportunities and they are within the general clerical jobs too; but they are quite limited (HR manager, Irish Finance).

It depends on whether an individual is mobile or not. If you're not mobile by definition I think it restricts your career development if you work for a multinational (HR manager, US Finance).

While we do some career development, it is to a limited extent. Although it's done at all levels, it's done particularly for succession planning. But people really are taking more responsibility for their careers nowadays than was in the past where it was left for the organisation to develop them (HR manager, Euro Finance).

The 'reality' of career development opportunities within these organisations contrasts with the extensive opportunities associated with high commitment management. The evidence suggests that career development opportunities are much more restricted than extensive.

### 8.2.6 Performance Management

Research on high commitment management identifies the use of formal appraisal systems for the purposes of reward and development (Beer et al, 1985; Huselid, 1995; Wood, 1995). The overall approach to performance management within each organisation is summarised in Table 8.6.

**Table 8.6 Composition of Performance Management Practices**

	US Finance	Irish Finance	Euro Finance
Formal Appraisals	✓ <sup>1</sup>	✓ <sup>2</sup>	✓ <sup>1</sup>
Results-Based Appraisals	✓	✓	✓
Behaviour-Based Appraisals	✓	✓	✓
360 Degree (in certain businesses)	✓		✓
Identifies Training Needs	✓	✓	✓
Outcome forms basis of reward	✓	✓	✓

This table shows that both US Finance and Euro Finance have formal annual and less formal bi-annual performance reviews within all sections. Irish Finance carries out performance appraisals quarterly, one of which is formal. Two of the organisations have also introduced 360 degree performance appraisals in certain sections. Within all

<sup>1</sup> Bi-annual

<sup>2</sup> Quarterly

three organisations, the immediate manager is responsible for conducting the appraisals.

All HR managers emphasised that performance appraisals were primarily results-oriented and based on the achievement of measurable goals with some emphasis also placed on employee behaviour. Comments included:

Performance appraisals are based on SMART objectives. We fully implement these objectives with our goal setting in the organisation, but we look at behaviour as well (HR manager, Euro Finance).

It's supposed to be a reflection of goals, meaning measurable performance goals, but more of the 'touchy feely' stuff as well, like 'are you happy here', 'do you think I'm a good supervisor', and peer relationships (HR manager, US Finance).

The degree of emphasis on performance appraisals for the purposes of both reward and development varies across the organisations. Comments included:

We do identify training needs from appraisal, but I think that reward is the closest link. If people ask why do we do appraisals, it's done pre-reward (HR manager, Euro Finance).

Performance appraisals are geared towards training, reward allocation and more. We try not to index it too closely to reward because if managers are suffering from the halo effect because they haven't got the guts to tell people that they are okay but that's as far as it goes, then it's not managing their expectations. That's why it should be a balanced discussion including training, development and what it can lead to in compensation terms (HR manager, US Finance).

Appraisals are primarily based on measurable, objective goals and are primarily focused on rewards. We do look at employee behaviour also, particularly if employees are showing signs of behavioural problems (HR manager, Irish Finance).

The HR manager in US Finance questioned the importance attributed to behavioural competencies during appraisals:

We recognise that competencies are important, but whether managers recognise it and use it during evaluation would be a different discussion ... people maybe

aren't as conscious of the competency requirement and that is what is prohibiting them from performing.

These findings suggest that performance appraisals in these organisations emphasise rewards as opposed to training and development and emphasise results as opposed to behaviours. In summary, the findings here deviate somewhat from those practices associated with high commitment within the literature, which emphasise developmental rather than evaluative appraisals and a focus on behaviours as opposed to a focus on results (e.g. Huselid, 1995).

### **8.2.7 Employment Security/ Employability**

The provision of high employment security has been associated with the management of commitment within the literature (e.g. Huselid, 1995; Ichniowski et al, 1997; Walton, 1985a, b; Wood, 1995; 1996). Table 8.7 identifies the overall approach to the management of employment security within each organisation. While the table indicates that permanent employment is provided, it was emphasised by all HR managers that the security of employment is driven by market conditions.

**Table 8.7 Composition of Employment Security/ Employability Practices**

	<b>US Finance</b>	<b>Irish Finance</b>	<b>Euro Finance</b>
Permanent Employment	✓	✓	✓
Use of temporary staff	✓	✓	✓
Skills transferable to industry	✓	✓	✓

Regarding job security, the HR managers commented:

Being a foreign company in Ireland ... I don't think anybody working for this organisation, local people, will ever feel 100% secure (HR manager, US Finance).

We would not guarantee jobs to any extent because the nature of our business changes so rapidly ... We offer permanent employment to the extent that we can offer it but we make it very clear to people that in our business we will upsize and downsize (HR manager, Euro Finance).

We provide security to the extent that we can. We have a policy of permanent employment, but it is really driven by the market (HR manager, Irish Finance).

Commenting on the extent to which employability as opposed to long term job security is offered, HR managers remarked:

Too much actually. I think maybe we have been a victim of our own employability ... but you can't win because you can't not train and if you do then you have to live with the fact that people move on (HR manager, US Finance).

The extent to which we have provided employable skills is reflected in the level of turnover we have experienced in recent years (HR manager, Irish Finance).

There are two posts of responsibility – employees have to keep themselves employable and there is also a responsibility on the organisation to facilitate employability. If people don't keep themselves employable, what will happen then in a restructuring is that they are going to have to go and that is the reality (HR manager, Euro Finance).

All HR managers also indicated that while temporary staff are hired, this is not to protect the core workforce and is kept to a minimum.

### **8.2.8 Reward Management**

The use of incentive or merit-based compensation has been associated with high commitment practices in the literature (e.g. Huselid, 1995; McDuffie, 1995; Wood, 1996). In addition, this literature would suggest that pay is skill-based (Walton, 1985a, b), and includes elements of profit sharing and stock ownership (Walton, 1985a, b; Wood, 1996). Arthur (1994) found that firms pursuing commitment strategies offer higher benefits. A summary of the key practices identified is provided in Table 8.8.

**Table 8.8 Composition of Reward Practices**

	US Finance	Irish Finance	Euro Finance
Salaried	✓	✓	✓
Incentive Pay	✓	✓	✓
Group Incentives	✓ <sup>1</sup>	✓ <sup>2</sup>	
Profit Sharing	✓	✓	✓
Stock Purchase Plans	✓	✓	✓
Linked to Performance Appraisal	✓	✓	✓
Health Insurance	✓	✓	✓
Pension	✓	✓	✓
Personal loans/ mortgage subsidies	✓	✓	✓
Company cars <sup>3</sup>	✓	✓	✓
Leisure Facilities	✓	✓	✓

The table shows that there is considerable consistency between the reward practices associated with high commitment and those offered within each organisation. The elements comprising the reward package within all three organisations typically include base pay and incentives that are primarily related to individual performance. In addition, all organisations operate profit sharing and stock purchase plans, which are determined by performance. Benefits include health insurance, pension, company cars (where applicable), mortgage subsidies and personal loans. Within all organisations, rewards are primarily determined by the outcome of the appraisal process. Comments highlighting the importance of both performance and the market in reward schemes included:

Benchmarking the market is most important. There is no automatic increase and we do not inflate by cost of living .... but we also differentiate reward on the basis of performance and if you don't operate that principle in a meritocracy then its not a meritocracy (HR manager, Euro Finance).

The reward package is market driven. I certainly think our package is as competitive as other companies within the market ... However, competition

<sup>1</sup> Senior Levels

<sup>2</sup> Team Rewards

<sup>3</sup> Certain Jobs/ Management Levels



within the insurance services sector and being in the IFSC is one of the reasons why we have decided to locate to another site outside Dublin (HR manager, Irish Finance).

In general, team or group incentives do not feature in the elements of variable pay among the general workforce within the three organisations. However, team based bonuses (such as weekends away, vouchers, etc.,) are provided within one organisation (Irish Finance) when department or team performance has been exceptional. Team rewards are also provided to senior levels within US Finance. The HR manager within this organisation stated:

Team pay is directed towards more senior people - and we haven't quite cracked the team incentive. We looked at it, but we haven't tried to introduce it at other levels because of the difficulties of measuring it (HR manager, US Finance).

All HR managers indicated a desire to move towards a more flexible reward package.

When asked whether the existing reward package reinforced the employee behaviours that were valued, one HR manager commented:

Actually not, and that's why we want to get to flex ... because if you're targeting 23 year old singles, who when they've got enough money just want to go to Australia for a year, you need to convince them that they need some things like core pension. But things like a mortgage when you need £150,000 to buy a house in Dublin hardly makes sense to me - it's just pretty inconsistent. So you need to come up with something which says 'well you can have the value of that' but you can spend it on Guinness if you like (HR manager, US Finance).

Regarding the structure of benefits, another HR manager commented:

I think we will have to structure our benefits to reflect more the short-term. We have recently seen a change in the Pension Bill that the proposed deferral period will come down from five years to two years. That is a typical example of mobility and employability and so on and you will see much more of that ... more transferability and portability of pensions (HR manager, Euro Finance).

Another commented:

The problem is that 19 to 21 year olds don't value all the additional benefits in the package (HR manager, Irish Finance).

Overall, the information gathered during interviews with HR managers suggest that the reward systems are largely consistent with those practices associated with high commitment.

### 8.2.9 Job Design

The practices associated with high commitment management include job designs that allow flexibility and that make the maximum use of employee skills (e.g. Arthur, 1994; Wood, 1996). In addition, features relating to job rotation, job enrichment or quality circles have been identified (Arthur, 1994; MacDuffie, 1995; Wood, 1996). A summary of the key characteristics of the design of jobs in each organisation is provided in Table 8.9.

**Table 8.9 Characteristics of Job Design**

	US Finance	Irish Finance	Euro Finance
Formal Work Teams	✓	✓	✓
Teamwork predominant	✓		
Job Rotation	✓	✓	✓
Flexible Working	✓	✓	
Flexible Job Descriptions	✓	✓	✓

There are a number of similarities in the way in which jobs were designed within each organisation. All HR managers indicated that job descriptions for all employees are quite broad and flexible. In addition, each organisation provides opportunities for job rotation, although it was suggested that such opportunities tend to exist for employees in administrative positions only. There are opportunities for flexible working hours

within two of the organisations. The HR manager within the other organisation commented:

The nature of our business does not really lend itself to flexible working hours. If you look at the treasury business, the markets are opened for certain times and the settlements for those transactions have to be completed by certain times (HR manager, Euro Finance).

Regarding the level of autonomy afforded to employees, one HR manager stated that:

It would depend on the area and it would depend on the level of job because when you're working as part of a very structured process involving billions of pounds in value you can't give people too much discretion (HR manager, US Finance).

In many respects, the following comment highlights the limits to autonomy:

The organisation has moved from what was very much a 'control focus'. I think there is a reasonable degree of autonomy afforded to employees, but we have certain limits that we would have to operate our business in, whether they are credit limits or risk limits. We want to give them more autonomy but within certain constraints (HR manager, Euro Finance).

The high commitment literature suggests that a high degree of emphasis be placed on team working (Arthur, 1994; MacDuffie, 1995; Walton, 1985a, b; Wood, 1996). The importance of teamwork was emphasised by all HR managers and formal team structures exist within each organisation. Despite this however, only one HR manager described teamwork as the predominant form of working and commented:

Teamworking is very high. I would say that despite the high turnover, it is one of the key things that keeps us better. One hundred per cent of the work here is very much built on teams, and motivated and driven by teams (HR manager, US Finance).

Other HR managers stated:

There are certain jobs that are not team-orientated, but where necessary there are team structures in place. There is also an unwritten practice that all members in the organisation are 'team players' (HR manager, Euro Finance).

We operate very much in teams and have formal team structures but I wouldn't

think that teamworking is the pre-dominant form of working (HR manager, Irish Finance).

Despite the importance attributed to a team environment HR managers indicated that work teams could not be regarded as autonomous or self-managed.

The findings regarding job design suggest that while formal team structures exist within these organisations, evidence that teamworking is pre-dominant is more limited. In addition, HR policy makers within each organisation suggested certain limits to autonomy.

### **8.3 The Management of Expectations: Contracting 'Deals'**

Throughout discussions with all three HR policy makers, the importance of the management of expectations at the time of selection was emphasised. In addition, all HR managers recognised issues surrounding the possibility that jobs might be oversold, particularly when operating in a tight labour market. In particular, career development was mentioned as the area most vulnerable to such promises, rather than issues relating to either reward or job demands. Comments included:

I think that sometimes in the past some of my colleagues would have over-sold jobs. I think we would be more careful on the reward side of it. One of the things that we have done in the past is that we've told people 'join here and you can travel the world' but that is certainly not what you can do (HR manager, Euro Finance).

We believe that we have dealt with it as well as we can ... without emphasising the lack of promotional opportunities for everybody, perhaps even downplaying the opportunities within the organisation (HR manager, Irish Finance).

The question in my view is who is telling them that in the first place? ... I think that the more inexperienced and immature supervisors are, the more likely they are to promulgate this environment of 'milk and honey' thing, when it isn't and

when they have no influence whatsoever over it. It's all ignorance so you can't blame them [the supervisors] because they don't know how pay processes work or how career and developmental processes work. So instead of saying "well it's great fun here, we go out for a beer on a Friday, why don't you come and join us, the work is horrendously difficult but it's challenging", why don't they just say all that instead of getting into a whole load of claptrap that they don't understand and is probably not true anyway (HR manager, US Finance).

Although senior HR managers were aware of the tendency to oversell jobs, there appeared to be relatively little action taken to manage the issue. HR managers commented:

This is an area where we haven't done a great deal - we must be able to deliver upon these expectations and that's where I think career development has some drawbacks (HR manager, Euro Finance).

This is something we are trying to work on. We are certainly more aware of it and are ensuring that HR people watch out for it and make sure that people clearly understand what environment they are coming into (HR manager, Irish Finance).

Regarding this issue, however, HR managers also stressed the subsidiarity of expectations. Comments included:

It is about trusting the person on the way in that whatever they say is supposed to be true and vice versa. Like if you say you're flexible and you are not, you shouldn't because it doesn't mean that you have to necessarily be flexible to get whatever that job is (HR manager, US Finance).

It is a question of whether managers oversell a job or people hear a message they want to hear. It's a question of balancing the two ... But the real truth of the matter is that some people come in here to build up enough money to go to Australia for two years. We have people who come in here with a view to career breaks and other career aspirations, which are perhaps unreasonable but they are not as open or up front with us as they should be in relation to that (HR manager, Irish Finance).

These findings therefore suggest that there may have been a tendency to oversell jobs in the organisations investigated, particularly with regard to career development opportunities.

#### 8.4 High Commitment 'Management'

During the course of the interviews within each organisation, HR managers were asked about the importance of HR practices in fostering high commitment. While HR practices were deemed to be critical by those interviewed, the role of managers in delivering HR practices and creating and sustaining commitment was also stressed. One HR manager commented:

There is no question in my mind that it's good HR practices that influence commitment (HR manager, US Finance).

Good management is absolutely critical. You can have the best HR practices in the world and you can have the best handbooks and processes but how an individual is managed, their relationship with their peers, colleagues and immediate managers is critical and will also determine why people stay or go (HR manager, Euro Finance).

I think the organisation cannot function if there isn't a degree of trust in management ... but what you can't get and what you would love to have is a certain degree of consistency. Some managers are going to be better trainers than others and some will give more feedback than others. So what you try and do is deal with that as best you can and that you are aware of it and to ensure that the manager's manager is watching for that as well (HR manager, Irish Finance).

Commenting further on the important role of management in managing the employment relationship, one HR manager commented:

The acid test is if a supervisor or manager on the ground doesn't have the wit to take on all of these things and deal with people in a good professional manner, then people will move on. If you apply that principle all the way down through or across the organisation then that's okay - it means you know what is going on, you're managing it, you're in control. It's different when loads of people are walking out the door and you figure out it's because some looney is managing that department and abusing people and using inappropriate language or inappropriate behaviour (HR manager, US Finance).

Reflecting on the importance of selecting management with people management skills one HR manager stated:

HR should really ensure in terms of selection that the HR agenda is high enough up on the job specification. So when you're hiring people they have the behaviour, the skills, the competencies of good HR management if they are coming into a managerial position (HR manager, Euro Finance).

On a similar point, the HR manager in US Finance stressed the importance of having a clear philosophy regarding how individuals should be managed:

If you haven't got people there in lower levels who actually believe in the philosophy of how to manage people and can do it, then you're snookered ... I still appreciate the walk and the talk thing - you either believe it or you don't. You can't get people to believe it if you don't believe it, which is all simple stuff but that's why HR is still in existence ... because there are too many managers who do not get it, and until they do HR people will always have a career.

At the time of the survey, all three organisations were experiencing high levels of turnover due to the favourable economic climate in Ireland. Commenting on how turnover can be managed, the HR managers stated:

No attrition is very unhealthy in my opinion but too high attrition is not healthy either. You've got to go with the flow. You can't change someone's personality, or whatever, so let them get it [travel] out of their system as opposed to saying 'well you've offended and insulted my integrity and professionalism by leaving' (HR manager, US Finance).

If they [managers] are not highlighting issues in their team and we find the following month that three people have resigned then that very much forces managers to be on top of these issues. Our turnover is still exceptionally high so we obviously haven't got it right. But I think we do as much as we can (HR manager, Irish Finance).

The comments provided by HR managers suggest that while they consider HR practices as critical in fostering commitment, the role of managers in promoting commitment and managing turnover is also regarded as critical.

## 8.5 Conclusions

This chapter identified the main components of the HR practices employed in the three organisations. The findings presented in this chapter are somewhat mixed. A number of limitations to the adoption of HR practices associated with high commitment were consistently identified by HR managers, such as the limits to employee autonomy, employment security, career development opportunities, and a declining interest in social activities among employees. These are practices that are consistently associated with high commitment management in the literature. It was also indicated that despite the labour market conditions and high rates of turnover, investments in training had not significantly increased. The findings provided some evidence that unrealistic expectations might be created when employees join an organisation, however, the lack of control regarding this issue was also raised during interviews. In addition, HR managers' views regarding the importance of the role of managers in managing the employment relationship and implementing HR practices was also emphasised. In conclusion, the findings presented in this chapter highlight a number of potential barriers to the development of high commitment within the organisations investigated and somewhat limited evidence that high commitment practices, as defined in the literature, are employed to any great extent within the organisations surveyed. Despite this, the interview data did not identify substantial differences in the adoption of HR practices across the three organisations investigated.



## CHAPTER NINE

### EMPLOYEE PERSPECTIVES ON HR PRACTICES AND COMMITMENT

#### 9.1 Introduction

The previous chapter provided an indication of the nature of HR practices employed within the three organisations investigated. This chapter assesses the experiences of HR practices from an employee perspective based on questionnaire responses and employee comments. The chapter begins with a description of the main characteristics of the sample (N = 288) included in the survey. The frequency distributions from the survey questionnaire with respect to each HR practice area for the entire sample are then presented. Where relevant, these findings are supported and analysed further with reference to additional comments that were provided by respondents in the questionnaire survey. This enables the experiences of those at 'the receiving end' of HR practices to be considered in the context of the information provided by HR managers. The second section provides an overview of issues relating to promises made when employees first join an organisation. Finally, the third section provides an analysis of commitment and turnover patterns from the perspective of survey respondents within each organisation.

#### 9.2 Characteristics of the Sample

A total of 288 respondents are included in the sample. As shown in Table 9.1, the distribution of males and females in the sample is almost equal.

**Table 9.1 Gender**

	N	%
Male	142	49
Female	146	51
<b>Total</b>	<b>288</b>	<b>100</b>

Table 9.2 provides the age breakdown of respondents. As the table shows, respondents are relatively young and over half of the sample (52 per cent) is aged between 21 and 30 years. Almost 30 per cent of the sample are aged 31-40 years.

**Table 9.2 Age**

	N	%
Less than 20 years	18	6
21 – 30 years	147	52
31 – 40 years	82	29
41 – 50 years	31	11
51 years or more	6	2
<b>Total</b>	<b>284</b>	<b>100</b>

These age categories have been collapsed for the analysis in later chapters to form three distinct groups: 'less than 30 years' (58 per cent); '31 – 40 years' (29 per cent); '41 years or more' (13 per cent).

Table 9.3 gives details of the length of service of respondents. Over one third (36 per cent) of respondents have been employed by their organisation for two years or less, while the highest proportion (39 per cent) have been employed for between 2 and 10 years. One quarter of the sample has been employed for 10 or more years.

**Table 9.3 Company Tenure**

	N	%
Less than 2 years	101	36
2 – 10 years	110	39
More than 10 years	69	25
<b>Total</b>	<b>280</b>	<b>100</b>

Regarding length of time in a position, Table 9.4 shows that over half of the sample (53 per cent) have been in their current positions for less than 2 years, while 44 per cent have been in their present position for between 2 and 10 years. The smallest proportion of the sample (3 per cent) has been employed in their current positions for 10 years or more.

**Table 9.4 Positional Tenure**

	N	%
Less than 2 years	141	53
2 – 10 years	115	44
More than 10 years	9	3
<b>Total</b>	<b>265</b>	<b>100</b>

Table 9.5 shows that almost half of the sample (46 per cent) is employed in administrative/ clerical positions. Junior and senior management positions are represented by similar proportions of respondents (11 and 10 per cent respectively). In addition, there are similar proportions of respondents occupying middle management and technical/ professional positions (17 and 16 per cent respectively).

**Table 9.5      Position**

	N	%
Senior Management	29	10
Middle Management	47	17
Junior Management	31	11
Technical/ Professional	43	16
Administrative/ Clerical	128	46
<b>Total</b>	<b>278</b>	<b>100</b>

As shown in Table 9.6, the highest proportion of respondents (82 per cent) are full-time and permanent employees, while 12 per cent occupy full-time temporary positions.

**Table 9.6      Employment Status**

	N	%
Full-Time Permanent	233	82
Part-Time Permanent	12	4
Full-Time Temporary	35	12
Part-Time Temporary	6	2
<b>Total</b>	<b>286</b>	<b>100</b>

Table 9.7 shows that similar proportions of employees hold a Leaving Certificate (26 per cent), a third level Certificate or Diploma (26 per cent), or a Degree (27 per cent). Less than one fifth of the sample (18 per cent) hold a post-graduate qualification.

**Table 9.7 Education**

	N	%
No Formal Qualifications	1	-
Junior Certificate	8	3
Leaving Certificate	73	26
Certificate/ Diploma	74	26
Degree	76	27
Post-graduate Degree	51	18
<b>Total</b>	<b>283</b>	<b>100</b>

On the basis of this demographic breakdown of the sample, the typical respondent profile is young, short tenured, full-time, permanent, well educated and occupies an administrative or clerical position.

### **9.3 Human Resource Management Practices**

The previous chapter described the HR practices employed by each of the three participating organisations. This section describes the impact of these practices on the attitudes of respondents.

#### **9.3.1 Employee Involvement**

Table 9.8 presents respondents' attitudes towards employee involvement. It shows that less than half of the respondents agree that important information is communicated, and just over half of the sample indicates that the overall mission of the company is communicated.

**Table 9.8 Employee Involvement –Survey Findings**

	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)
The overall mission of the company is communicated	53	13	34
Important information about the company is communicated	47	20	33
Senior Management well informed about what lower levels do/ think	17	28	55
Given sufficient opportunities to participate in decisions	33	19	48
Suggestions made by employees are taken seriously	30	39	31
More attitude surveys should be administered	75	19	6
Disputes/ grievances dealt with satisfactorily	26	46	28

The responses also show that a high proportion of respondents (75 per cent) feel that more attitude surveys should be administered and only 17 per cent of respondents believe that senior management are well informed about ‘what employees do and think’. Commenting on communications, respondents stated:

There is a critical lack of communication throughout the organisation (Junior manager, US Finance).

There is a lack of personal touch in dealing with staff. Relationships are too much at arm’s length or Lotus Notes length (Technical/ Professional, Euro Finance).

I sometimes feel very distant from the management in my area and would be more inclined to ask others for help or more work (Administrator, Irish Finance).

The survey also found that almost half of the respondents (48 per cent) do not feel that employees are given sufficient opportunities to participate in decisions affecting them. In addition, almost one third of respondents (31 per cent) do not agree that suggestions made by employees are taken seriously. Respondents’ comments included:

Discussion with employees on matters that affect them should happen more often than it does. This type of questionnaire is definitely a step in the right direction (Junior manager, Euro Finance).

Decisions are made without taking into account how staff feel - opinions are asked for but ignored (Junior manager, US Finance).

While the literature identifies the use of formal dispute resolution as a high commitment practice (e.g. Arthur, 1994), over one quarter of the sample (28 per cent) do not feel that disputes or grievances are dealt with in a satisfactory manner. Regarding this issue, one respondent commented:

[There is] no real back up when you have a problem with a superior (Technical/ Professional, Euro Finance).

A high proportion of respondents do not have any view on issues relating to whether suggestions are taken seriously (39 per cent) or whether disputes or grievances are dealt with satisfactorily (46 per cent). This suggests that respondents either do not have any experience of these issues, or that their experience of them does not have any impact on their attitudes.

Taken together, these findings indicate that while there may be some degree of communication at a general level, the extent to which personal, one-to-one communication occurs is less apparent. Regarding employee participation in decisions, the findings suggest that while employee views are to some extent encouraged, the degree to which they are taken into consideration is not evident to employees.

### 9.3.2 Recruitment and Selection

The survey responses to recruitment and selection are presented in Table 9.9.

**Table 9.9 Recruitment and Selection – Survey Findings**

	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)
Company makes effort to attract/ hire the most highly skilled people	35	27	38
Job seekers attracted to work here; perceived as good place to work	33	34	33
Selection procedures used are effective in selecting right people	29	44	27
People who join 'fit in' well with those already employed here	54	33	13

As the table shows, responses are evenly divided between those who believe that job seekers are attracted to work for their organisation (33 per cent), those who do not (33 per cent), and those who have no view (34 per cent). Comments relating to this issue included:

[This organisation] is not an employer of choice in Ireland. In practice, this means that many staff are not highly qualified or ambitious (Technical/ Professional, Euro Finance).

I feel [the organisation's name] is not held in such high esteem as it was once (Administrator, US Finance).

The potential pitfalls of being an 'attractive' employer was also highlighted by one respondent who stated:

A girl recently hired into [the organisation] said she only joined because of the prestige of the name - it would look good on her CV (Administrator, Irish Finance).

One third of the sample (35 per cent) perceives that sufficient efforts are made to attract and hire the most highly skilled people in the industry, though 38 per cent disagree.



The extent to which entrants 'fit in' and are appropriately skilled reflects the degree to which existing employees regard recruitment and selection practices as effective. Approximately half of the sample (54 per cent) feels that entrants fit in well with those already employed there.

A high proportion of the sample does not have any opinion on issues associated with the recruitment and selection process, suggesting that the experiences of this process have little impact on the attitudes of some respondents. It is possible, however, that respondent's recollection of the process of recruitment and selection will impact on their responses to this issue.

### 9.3.3 Socialisation

The findings regarding respondents' experiences of the socialisation process are presented in Table 9.10.

**Table 9.10 Socialisation – Survey Findings**

	<b>Agree (%)</b>	<b>Neither Agree nor Disagree (%)</b>	<b>Disagree (%)</b>
Steps taken to ensure that new employees know how things are done	36	28	36
Programmes organised for new employees "settling in" are worthwhile	45	33	22

These responses indicate that while 36 per cent of respondents agree that sufficient steps are taken to ensure that new employees 'know how things are done' in their organisation, a similar proportion do not agree. In addition, 45 per cent of the sample perceive that programmes organised for new employees are worthwhile, though 22 per

cent disagree. On the basis of these findings, the extent to which extensive socialisation activities are provided, and perhaps valued by new employees, is difficult to determine.

### 9.3.4 Training

The survey findings regarding training are provided in Table 9.11.

**Table 9.11 Training – Survey Findings**

	<b>Agree (%)</b>	<b>Neither Agree nor Disagree (%)</b>	<b>Disagree (%)</b>
Receive sufficient training when joining to help understand job	22	20	58
Training and retraining opportunities are provided	28	20	52
Opportunities to develop skills and/or qualifications whilst on-the-job	42	22	36
Training at present enables efficient job performance	57	23	20

These findings show that over half of the respondents (58 per cent) do not feel that the induction training provided for new employees is adequate. Respondents commented:

Received no training course on commencement or continued training on the job (Technical/ professional, US Finance).

Received no training. Was told that to learn yourself was best policy. Given files to read to figure out. Paid cost for doing own exams. Never told of any further training within the company (Administrator, Euro Finance).

Responses to training in general show that over half of the sample (57 per cent) perceives that training provided enables them to perform their jobs efficiently. One respondent commented:

The qualifications that I have received so far are outstanding (Administrator, Irish Finance).

Responses also show that 42 per cent agree that there are good opportunities to develop skills whilst on-the-job. However, 52 per cent do not agree that training and retraining opportunities are provided. Comments included:

Training is lacking from within one's own department. I have received none despite being promised such at interview, and suggestions made to management (Technical/ professional, US Finance).

The biggest problem in this organisation I think is its lack of training (Technical/ professional, Euro Finance).

It is interesting to note that the issue of training gave rise to more clear response sets among the sample, with fewer respondents having no opinion regarding the issue. However, the findings raise some concerns regarding the level of training provided to the sample surveyed. Despite the long-standing recognition that considerable turnover can occur in the early months of employment as a result of the 'induction crisis' (Hill and Trist, 1951), findings suggest that there is a lack of induction training. This is despite indications by HR managers that induction training was the area where investment in training had increased. The findings do however suggest that respondents perceive that there are opportunities for on-the-job training and that training at present is adequate for efficient job performance. However, overall there is limited evidence that extensive and long-term training opportunities are provided.

### **9.3.5 Career Development**

The survey findings regarding career development are presented in Table 9.12.

**Table 9.12 Career Development – Survey Findings**

	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)
Opportunities to develop skills for other parts of the Bank	29	23	48
Good opportunities to transfer to other areas/ departments	29	30	41
Have all the opportunities needed to get promoted	24	22	54
Receive sufficient information regarding existing career paths	13	23	64
Too many vacancies are filled by external candidates	24	42	34
Being employed here for a long time will get you a promotion sooner than having good skills and abilities	17	26	57

The table shows that 64 per cent of respondents do not feel that they have sufficient opportunities to be promoted, or that they receive sufficient information regarding career paths within their organisation. Respondents commented:

Received no information on career path - what qualities or initiatives are required to get promoted or change departments (Technical/ professional, US Finance).

I think that we do not receive enough information about how to advance in our career. If we start in an administration position how do we climb the ladder? It is very difficult to move between areas (Administrator, Irish Finance).

In addition, almost one quarter of the sample (24 per cent) perceive that external candidates fill too many positions. One comment was:

Opportunities for promotion for internal staff are very limited. All recent openings were filled by external staff who were very new to the lines of business ... None of these positions were offered internally and no internal staff were even encouraged to go forward for the positions. This is the sort of organisation that I certainly don't want to work in! (Technical/ professional, Euro Finance).

However, a higher proportion of respondents (42 per cent) had no opinion regarding this issue, suggesting that it is not a significant issue within the organisations investigated, or that it does not impact significantly on their attitudes.

Another respondent provided a different perspective on promotion opportunities, commenting:

Titles of very little significance are given to staff and I question whether promotions/ benefits/ titles are given to reward staff and discourage them from leaving rather than being based on their personal performance and contribution to the company. I know of one individual who had ordered his company car even before his promotion was given as he had anticipated the event! (Administrator, US Finance).

Despite the limitations that appear to exist regarding career opportunities, over half of the sample (57 per cent) agrees that promotion decisions are based on performance as opposed to time-served. However, respondents identified other barriers to the career development opportunities:

Getting to top management is related to 'who' you know rather than 'what' you know (Junior manager, Euro Finance).

Training and career furtherment are not priorities for some supervisors for their staff i.e. some managers are reluctant for you to move onward or upward (Administrator, US Finance).

At the moment, it's a man's world in [this organisation]. I'd like to see more females achieving management roles (Administrator, Euro Finance).

Overall, these findings suggest that the experience of career management has a significant impact on the attitudes of respondents. The extensive opportunities that are associated with high commitment management in the literature do not appear to match the reality of opportunities that exist within these organisations. Consistent with suggestions made in the previous chapter, responses from the questionnaire suggest that career development opportunities are much more restricted than extensive.

### 9.3.6 Performance Management

The frequency distributions from the survey questionnaire regarding performance management are provided in Table 9.13.

**Table 9.13 Performance Management – Survey Findings**

	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)
Work goals are clearly defined	60	15	25
Opportunities for employees to meet with managers to discuss performance	65	15	20
Understand the basis upon which performance is assessed	62	16	22
Given regular feedback concerning performance	35	27	38
Receive guidance on how performance can be improved	30	31	39
Appraisals rely on how much you achieve rather than how you achieve it	44	40	16
Appraisals rely too much on team performance	26	38	36
Appraisals are just a 'form-filling' exercise for managers	35	25	40
Employees must take responsibility for their own performance	73	18	9

As the table shows, 60 per cent of respondents perceive that their work goals are clearly defined, while 62 per cent understand the basis upon which their performance is assessed. However, one respondent stated:

Concern that departments' goals and needs are more important than individual. We had to be given personal goals relevant to the department! (Junior manager, US Finance).

While 38 per cent agree that there are good opportunities for work groups to discuss performance, 35 per cent disagree. In addition, 65 per cent agree that there are sufficient opportunities to meet with management and discuss their performance. However, one employee commented:

One mistake is remembered by management for as long as the employee works here. Criticism is given quicker than praise (Administrator, Irish Finance).

Regarding the focus of performance assessments, 44 per cent of respondents feel that appraisals tend to rely too much on results rather than behaviours. This is broadly consistent with the views of the HR managers, who suggested that appraisals are primarily driven by results and used in determining rewards, with less emphasis on employee behaviours.

Over one third of the sample (35 per cent) does not agree that regular feedback on performance is provided. A similar proportion (30 per cent) does not feel that guidance regarding how their performance can be improved is sufficient. Respondents commented:

Performance appraisal system is unfair. Leader does not understand extent of problems encountered (Administrator, Irish Finance).

No feedback unless negative (Technical/ professional, Euro Finance).

Over one third of respondents (35 per cent) perceive that the appraisal process is a form-filling exercise for managers. However, one comment was:

Had three issues in my review in early March - none of which have been addressed. Had to chase management to find out status of issues - still nothing done (Junior manager, Euro Finance).

There were also a number of comments from respondents regarding performance and efficiency in general. These included:

Due to pressure of work, many people no longer perform their duties in any satisfactory, reliable way (Middle manager, Irish Finance).

High staff turnover in a related department means that work done there has recently not been as efficient as in the past (Administrator, Euro Finance).

Overall, respondents display fairly decisive views regarding most areas of performance management. Yet, sizeable proportions of the sample have no opinion regarding whether feedback on performance improvement is provided (31 per cent), whether performance appraisals over-rely on results rather than behaviours (40 per cent) and whether appraisals rely too much on team performance (38 per cent). This suggests either that these issues do not feature in performance management processes within the organisations, or that they have no impact on respondents' attitudes.

### 9.3.7 Employment Security/ Employability

The survey findings relating to employment security and employability are presented in Table 9.14.

**Table 9.14 Employment Security/ Employability – Survey Findings**

	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)
<b>Employment Security:</b>			
Feel that job security is high	51	21	28
<b>Employability:</b>			
Skills developed useful for a similar job in another organisation	88	9	3
Skills developed here would enable employees to get a job elsewhere	83	12	5

Over half of the respondents (51 per cent) feel that their job security is high, though 28 per cent do not. Regarding employability, over 88 per cent indicate that the skills they have developed would be useful for a similar job in another organisation. In addition, 80 per cent feel that the skills they have developed would enable them to find jobs in a similar organisation. Few respondents have no opinion regarding these issues,



suggesting that job security and employability are issues that impact considerably on employee attitudes.

### 9.3.8 Reward Management

The respondents' views of rewards are provided in Table 9.15.

**Table 9.15 Reward – Survey Findings**

	Agree (%)	Neither Agree nor Disagree (%)	Disagree (%)
Pay accurately reflects contribution	29	16	55
Pay is fair compared to others doing a similar job in this organisation	35	22	43
Pay is fair compared to others doing a similar job in other similar organisations	28	17	55
Benefits package compares favourably with similar organisations	41	26	33
A greater proportion of my pay should be linked to my performance	46	30	24
I am aware of the value of the benefits that I receive	74	14	12
I have sufficient opportunities to decide on the type of benefits I receive	15	39	46
Adequate life-style benefits are provided	33	17	50
Employees should be given more opportunity to share in the Bank's profits	71	22	7
Employees should receive recognition for being loyal to the company	73	14	13

Over half of the respondents (55 per cent) do not feel that the pay they receive accurately reflects their contribution. One respondent commented:

Staff are overworked and underpaid for the level of commitment and service given to company (Administrator, Euro Finance).

In addition, 43 per cent of the sample do not agree that their pay is fair compared to others doing a similar job in their own organisation. Respondents commented:

The pay and benefits scale varies too widely and others who began the same time as myself are on higher and lower salaries, even though we had similar qualifications (Administrator, Irish Finance).

The fact that people have a degree that they worked 3-4 years for means nothing when they [the company] can get school leavers for less money (Administrator, Irish Finance).

Over half of respondents (55 per cent) do not perceive that their pay compares favourably with what they would receive in another similar organisation. Respondents commented:

Salaries are at the low to middle end of the scale compared to industry (Technical/ professional, US Finance).

Significantly underpaid in relation to my peers in other organisations (Junior management, Euro Finance).

[The organisation] uses the buzz phrase 'market rate' to justify not increasing staff salaries to stop the experience drain (Administrator, Irish Finance).

Almost three quarters of the sample feels that employees should be given more opportunity to share in their organisation's profits (71 per cent), and that long service should be recognised through reward (73 per cent).

While almost three-quarters of the sample indicate that they are aware of the value of the benefits they receive, one third of the sample do not believe that their benefits package compares favourably with other similar organisations. Half of the sample believes that more life-style benefits should be provided. Responses included:

[The organisation] has been a decent place to work with decent benefits. The benefits now seem to have fallen behind those being offered by other employers (Administrator, Irish Finance).

There is no child-care provided by [the organisation] which, for such a large organisation with a large percentage of its workforce being working moms, is incredible (Administrator, Irish Finance).

These findings show that reward practices have a clear impact on respondents' attitudes. The one issue where respondents are less decisive concerns the issue of

whether they are afforded choice in the benefits they receive, with 39 per cent showing no opinion. However, as discussed in the previous chapter, HR managers within these organisations indicated that flexible reward was an issue that had not been sufficiently addressed.

Overall, the experience of reward practices among the sample is associated with somewhat negative attitudes; pay is not perceived as a reflection of contribution and equity, particularly in relation to what others receive in other organisations is viewed negatively.

### 9.3.9 Job Design

The survey findings regarding job design are presented in Table 9.16.

**Table 9.16 Job Design – Survey Findings**

	<b>Agree (%)</b>	<b>Neither Agree nor Disagree (%)</b>	<b>Disagree (%)</b>
Job is designed to enable full use of skills and abilities	42	16	42
Sufficient freedom in deciding how work is carried out	76	12	12
Sufficient freedom in deciding when work is carried out	57	12	31
Work is sufficiently varied and interesting	62	13	25
Good opportunities to use own ideas in work	63	17	20
There is sufficient emphasis on teamworking	48	25	28

While 42 percent of respondents feel that their jobs are designed to make full use of their skills and abilities, a similar proportion disagree. Responses also show that 76 per cent of respondents feel that they are given sufficient freedom in deciding how they

carry out their work, while 63 per cent believe that they can use their own ideas in their work. In addition, 62 per cent regard their present jobs as sufficiently varied and interesting. Regarding the issue of flexible working, 57 per cent perceive that sufficient opportunities are provided.

A number of comments related to the extent to which management lacks autonomy in decision making at a local level, for example:

Too many businesses are managed from outside the country and as a result [there is] no local control, no focus, direction or initiatives as [the organisation] is seen as a global bank to which a small country like Ireland just follows rather than leads (Senior manager, US Finance).

The responses indicate that almost half of the respondents surveyed (48 per cent) feel that there is sufficient emphasis on teamworking within their organisation. However, comments included:

Lack of teamwork (Junior manager, US Finance).

I think that a sense of teamwork for new employees is lacking (Technical/professional, Euro Finance).

Overall, a reasonably high proportion of respondents appears to be satisfied with the levels of autonomy that they are afforded in their jobs. However, less than half of the sample feels that their jobs are sufficiently varied and interesting, which suggests that jobs are not broadly designed. In addition, while formal team structures exist within these organisations, the extent to which there is evidence that teamwork is extensive is more limited.

#### 9.4 Delivery of Promises

The frequency distributions for items relating to promises made when respondents first joined the organisation are presented in Table 9.17. The responses show that over half of the sample (55 per cent) perceives that promises made concerning promotion have been honoured 'to a large extent' or at least 'to some extent'. However, over one fifth of the sample (21 per cent) indicate that promises regarding promotion have not at all been met.

**Table 9.17 Delivery of Promises –Survey Findings**

	Always (%)	To a Large Extent (%)	To some Extent (%)	Not at all (%)	Did not make any (%)
Promotion (n = 280)	7	18	37	21	17
Pay (n = 284)	9	30	35	15	11
Demands of the job (n = 280)	5	19	38	24	14

Regarding pay, almost two thirds of the sample indicate that promises made have been met either 'to a large extent' or 'to some extent' (65 per cent). Finally, with respect to promises made regarding the demands of the job, 57 per cent of respondents indicate that these have been met 'to a large extent' or 'to some extent'.

A number of comments in the questionnaire related to promises made both when employees first joined their organisation and during the course of employment:

Personally speaking, if management continues to disregard the views and feelings of staff and does not make good the promises they have made and continue to make I will look for alternative employment elsewhere (Administrator, Euro Finance).

I have received no training despite being promised such at interview, and suggestions made to management (Technical, professional, US Finance).

Workload in my particular area just keeps increasing but management have still not employed extra staff – this was an issue to be dealt with following reviews, but as yet no progress has been made i.e. promises of extra staff, salaries, bonuses etc. have not been kept (Administrator, Euro Finance).

These findings suggest that there is a tendency to oversell jobs in the organisations surveyed. In particular, career development opportunities, which were regarded by the HR managers as most susceptible to being oversold, are perceived by respondents to be so. These findings also suggest that promises made at the time of selection regarding the demands of the job have not been fulfilled. It does appear that managers are less likely to create expectations regarding rewards, or at least respondents are less likely to perceive that promises regarding reward have been unfulfilled.

#### **9.5 Organisational Commitment and Turnover Intention**

Table 9.18 shows the percentage responses for each item relating to the three commitment dimensions.

**Table 9.18 Organisational Commitment: Survey Findings**

	Agree (%)	Neither Agree/Disagree (%)	Disagree (%)
<i>Affective Commitment:</i>			
Happy to spend rest of my career with the company	37	30	33
Enjoy discussing the company with those outside	32	35	33
Feel like part of the family	44	27	29
Feel as though the organisation's problems are my own	28	19	53
Feel a sense of belonging here	36	25	39
Company has great deal of personal meaning to me	28	34	38
Feel emotionally attached to this organisation	24	24	52
Couldn't become easily attached to another company	17	22	61
<i>Continuance Commitment:</i>			
Too costly to leave the company	29	21	50
Alternatives too scarce to consider leaving	14	12	74
Too few options to consider leaving	13	12	75
Leaving would cause too much disruption	23	21	56
Leaving would be a considerable sacrifice	27	20	53
Would find it very hard to leave	20	18	62
Need to stay	36	23	41
Afraid to quit without having another job lined up	31	11	58
<i>Normative Commitment:</i>			
Would not feel it was right to leave	9	16	75
People move from one company to another too often	28	25	47
Feel that one must be loyal	24	21	55
Jumping from one company to another is unethical	18	28	54
Was taught to believe in the value of remaining loyal	28	29	43
Better when people are loyal	18	40	42
Believe that company loyalty is important	15	25	60
Being a company person is sensible	27	37	36

Affective commitment reflects an emotional attachment to an organisation and a desire to maintain membership within it (Meyer and Allen, 1997). The frequencies show that the highest proportion of the sample (61 per cent) feels that they could easily become attached to another organisation. Over half of the sample does not feel that the organisation's problems are their own (53 per cent) or that they are emotionally attached to their organisation (52 per cent). One respondent commented:

I used to feel 'emotionally attached' to [the organisation], but this feeling has waned considerably ... [the organisation] does not reward its loyal employees - quite the reverse, in fact. It seems that if an employee threatens to leave, the company sometimes cuts a special deal with them to get them to stay. Those employees who don't threaten to leave get no reward for their loyalty. ... The company seems to assume that they have worked here too long to leave now, and nothing special should be done for them (Administrator, Irish Finance).

Continuance commitment is associated with the costs of leaving the organisation (Meyer and Allen, 1997). The frequencies show the highest proportion of respondents do not agree that alternative job opportunities are too scarce for them to consider leaving (75 per cent). In addition, high proportions of respondents indicate that they would not find it hard to leave their organisation (62 per cent). A notable 58 per cent of respondents indicated that they would not be apprehensive about leaving their current employment without having alternative employment in place. This is perhaps a reflection of the favourable economic and employment climate in Ireland at the time of the survey, as one respondent stated:

More money for less pressure is available outside [the organisation] and most staff who leave do substantially better than if they had remained. I am leaving at the end of the month for a sales role and the only reason I haven't left before now what I was holding out for a non-lateral move - this is my fourth job offer (Administrator, Irish Finance).

Normative commitment reflects a moral attachment to the organisation, where employees feel that they ought to remain with their organisation (Meyer and Allen, 1997). Of this sample, 75 per cent of respondents do not feel that it would be wrong to leave their employer, and 60 per cent do not feel that company loyalty is important. Over one third (36 per cent) does not believe that it sensible to be a 'company person'.

One respondent stated:

[Being a company person] depends on the hours one puts in! In my opinion it depends on each individual's circumstances whether or not they have time (domestic circumstances may dictate otherwise). If you spend all your time in work you may not spend enough time with family/ friends, as one should. To



me doing a good honest hard day's work is fine but you must also have a life outside work (Administrator, Irish Finance).

In particular, comments from survey respondents highlighted that commitment is perceived as a two-way process. In addition, a number of HR practice areas were specifically identified as important in fostering commitment. It is worth noting that these issues are broadly similar to those identified by senior managers (highlighted earlier) regarding why their organisations are perceived as attractive places to work.

For example, comments included:

It is often overlooked by employers that loyalty is a two-way street. Too many organisations assume 'we pay them the going rate, they owe us loyalty'. This is not the case. It is through the organisation being good to employees that they earn employee loyalty (e.g. if they pay above the going rate, if they give benefits, if they treat people well, if they provide a good environment to work in, if they provide opportunities for advancement and training and re-training etc.) (Technical/ professional, US Finance).

Personally, I would like to find a job where I would feel loyalty and commitment and would be pleased to stay there for a number of years. However my current job has not shown the required level of appreciation of my commitment and hence if a new job came up in the right place I would have no hesitation in taking it (Junior manager, Euro Finance).

Your questions are largely about the staff's loyalty to [the organisation], but I don't think [the organisation] feels that loyalty to staff! In recent years, [the organisation] was bending over backwards to please newer staff, but they still weren't able to keep them. I think that management are now beginning to see that they need more experienced staff who are more likely to stay and who will be there in the future to train in new people (Administrator, Irish Finance).

Table 9.19 presents the frequency distributions for items relating to intentions to leave and perceptions of alternative employment opportunities. These frequencies show that 60 per cent of respondents feel that it is likely they will pursue a suitable job opportunity in another organisation, while a further 42 per cent of respondents perceive that it is unlikely that they will be working for their current employer in five years time.

Over three-quarters of the sample (79 per cent) perceives that it is likely that acceptable alternative employment opportunities exist outside their organisation.

**Table 9.19 Intentions to Leave and Perceptions of Alternative Opportunities:  
Survey Findings**

	Unlikely (%)	Neither Unlikely/ likely (%)	Likely (%)
<i>Intentions to Leave: (n = 286)</i>			
Likelihood of pursuing a good job opening in another company	20	20	60
Likelihood of being with your organisation five years from now (R)	42	19	39
<i>Perception of Alternatives: (n = 285)</i>			
Likelihood of finding an acceptable alternative elsewhere	8	13	79

A further variable of interest in relation to intentions to leave an organisation is the extent to which respondents are actively seeking alternative employment elsewhere. The frequencies for this variable indicate that at the time of the survey, over half of the sample were either actively (30 per cent) or somewhat actively (25 per cent) seeking alternative employment. Almost one quarter of the sample (24 per cent) indicated that they were not actively seeking employment, while 21 per cent had not sought alternative employment at all. This finding suggests that at the time of the survey at least half of the respondents were considering employment alternatives outside their current organisations. Respondents commented:

Unfortunately, [the organisation] has become a step in my career path and not the destination (Junior manager, Euro Finance).

Good people are being forced out (Technical/ professional, Euro Finance).

Many people are actively looking for other jobs. This places an extra burden on those experienced people who are left. [They] are now questioning why they are working longer hours under more pressure for less money than they could get somewhere else ... so they are actively looking for other jobs too (Administrator, Irish Finance).

Taken on the whole, these findings suggest that there is limited evidence of high commitment within the organisations surveyed. Respondents are more likely to display higher levels of affective commitment, than the other forms of commitment investigated. The findings regarding intentions to leave suggest that quite high proportions of respondents intended to leave their employers at the time of the survey.

## **9.6 Conclusions**

This chapter provided a descriptive overview of the findings from the employee attitude survey. The profile of respondents participating in the research shows that the sample is relatively young and well educated, with 38 per cent of the sample in management positions and the remaining 62 per cent in professional/ technical or administrative grades. The gender distribution is almost evenly balanced.

It appears that experiences of involvement, training, career development, job security and employability, rewards and job design do impact on respondents' attitudes. Attitudes towards training, career development and rewards were somewhat negative. Positive findings emerged regarding employability, with 81 per cent of respondents indicating that skills developed would enable them to get a job elsewhere. The findings provided some evidence that promises made at the time of selection were perceived breached, particularly regarding promotion and the demands of the job. A number of references were made by respondents to managers and their role in both delivering HR practices and delivering upon promises that were made. This suggests that managers represent an important focal point in forming attitudes about both HR practices and organisations in general.

Overall, the findings regarding commitment and turnover may be interpreted in light of the economic climate at the time of the survey. Respondents display low levels of commitment to their organisations and the findings signal that financial service employees will move between organisations, rather than remain committed to one employer for the rest of their careers. This is particularly evident from the findings concerning intentions to leave, which were particularly high. Perhaps linked to positive attitudes towards employability, is the finding that perceptions of alternative job opportunities are high. It would be interesting to see whether these issues would be viewed so positively in a poorer economic climate with threatened job losses and high levels of unemployment.

## CHAPTER TEN

### ANALYSIS OF MEANS

#### 10.1 Introduction

This chapter examines the extent to which the mean scores for the key variables within the study vary significantly, both across organisations and across categories of respondents. The mean scores for human resource (HR) practices, perceptions of the delivery of promises, organisational commitment and intention to leave are examined. Each section begins with an examination of the mean scores for the entire sample. This is followed by an analysis of the extent to which these scores are significantly different between the three organisations from which the sample was drawn. The first set of hypotheses, which examine whether mean scores vary significantly across career stages, are tested. In addition, the mean scores across categories of other individual variables are examined. In general, tests for significance between the means across the various categories are examined using analysis of variance (ANOVA). In the case of single-item measures, namely those relating to employment security, perceptions of the delivery of promises, perceptions of alternative employment opportunities and job search activity, tests for significance are examined using the Kruskal-Wallis non-parametric procedure.

## 10.2 Attitudes towards HR Practices: Analysis of Means

The means for each of the HR practice 'sub-systems' that were identified through factor analysis in chapter six are presented in Table 10.1. . These means are rank ordered with scores ranging from most positive (+2) to least positive (-2).

**Table 10.1 HR Practice Areas: Means**

Measures	N	MEAN	SD
Employability	284	1.08	0.68
Job Design	282	0.43	0.90
Employment Security	286	0.25	1.15
Performance Management	281	0.23	0.80
Teams	280	0.12	0.96
Resourcing and Integration	283	0.02	0.72
Reward	275	-0.08	0.99
Employee Involvement	284	-0.11	0.87
Training	282	-0.12	0.87
Career development	277	-0.42	0.79

Examination of these mean scores suggests that attitudes towards employability, job design, employment security and performance management practices are more positive than attitudes towards the other HR practice areas. The means also show that the HR practices viewed more negatively by respondents are career development, training, employee involvement and employee reward.

### 10.2.1 Attitudes towards HR Practices Between Organisations: Analysis of Means

The findings presented in the previous chapter would suggest that there exist relatively few differences regarding the composition of HR practices across the organisations.

This section compares the means for each of the HR practice areas across each organisation and tests for significant differences using analysis of variance (ANOVA). Presented in Table 10.2 are the means, standard deviations and sample sizes for each of the HR practice areas across the three organisations.

**Table 10.2 Attitudes Towards HR Practices Across Organisations: Means**

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Employee Involvement:</b>				11.13***
US Finance	77	-0.25	0.83	
Irish Finance	106	0.19	0.81	
Euro Finance	101	-0.33	0.89	
Total	284	-0.11	0.87	
<b>Resourcing and Integration:</b>				3.74*
US Finance	76	0.17	0.71	
Irish Finance	107	-0.11	0.77	
Euro Finance	100	0.05	0.64	
Total	283	0.02	0.72	
<b>Training:</b>				2.28
US Finance	77	-0.08	0.83	
Irish Finance	104	-0.01	0.94	
Euro Finance	101	-0.26	0.81	
Total	282	-0.12	0.87	
<b>Career Development:</b>				5.95**
US Finance	76	-0.19	0.91	
Irish Finance	101	-0.60	0.74	
Euro Finance	100	-0.41	0.70	
Total	277	-0.42	0.79	
<b>Performance Management:</b>				3.67*
US Finance	77	0.13	0.82	
Irish Finance	103	0.40	0.70	
Euro Finance	101	0.13	0.86	
Total	281	0.23	0.80	

	N	MEAN	SD	F
<b>Employability</b>				1.32
US Finance	77	1.17	0.73	
Irish Finance	105	1.00	0.67	
Euro Finance	102	1.10	0.66	
Total	284	1.08	0.68	
<b>Reward:</b>				6.59**
US Finance	75	0.22	0.92	
Irish Finance	100	-0.20	0.83	
Euro Finance	100	-0.20	0.80	
Total	275	-0.08	0.86	
<b>Job Design:</b>				12.04***
US Finance	77	0.54	0.94	
Irish Finance	104	0.10	0.94	
Euro Finance	101	0.67	0.71	
Total	282	0.43	0.90	
<b>Teams:</b>				26.61***
US Finance	77	-0.12	0.96	
Irish Finance	103	0.62	0.76	
Euro Finance	100	-0.21	0.93	
Total	280	0.12	0.96	

The analysis of variance indicated that significant differences in mean scores were evident. The means suggest that respondents at US Finance display more positive attitudes towards employee reward ( $F = 6.59, p < 0.01$ ), career development ( $F = 5.95, p < 0.01$ ) and resourcing and integration ( $F = 3.74, p < 0.05$ ), than do those employed within the other two organisations. More specifically, career development and resourcing and integration are viewed more positively in US Finance than in Irish Finance, and rewards are viewed more positively in this organisation than in either Irish Finance or Euro Finance. Respondents from Irish Finance hold more positive attitudes towards teamworking ( $F = 26.61, p < 0.001$ ) and employee involvement practices ( $F = 11.13, p < 0.001$ ), particularly when compared to Euro Finance respondents. Irish Finance respondents also display more positive attitudes towards performance



management practices ( $F = 3.67, p < 0.05$ ), when compared to those employed in the other organisations. The analysis of variance found that Euro Finance respondents hold more positive attitudes towards job design ( $F = 12.04, p < 0.001$ ), particularly when compared to respondents at Irish Finance. The mean scores relating to perceptions of job security across the three organisations are presented in Table 10.3. A Kruskal-Wallis test found a significant difference which would suggest that job security is viewed more positively in Irish Finance than in the other two organisations (*Chi-square* = 12.66,  $p < 0.01$ ).

**Table 10.3 Job Security Across Organisations**

	N	Mean Ranking
US Finance	79	137.01
Irish Finance	105	164.71
Euro Finance	102	126.99
Total	286	

### 10.2.2 Attitudes towards HR Practices and Career Stage: Analysis of Means

The mean scores for all HR practice areas across the three age categories are presented in Table 10.4. Hypothesis 1.1 states:

Attitudes towards HR practices will vary according to career stage, as measured by age and organisational tenure.

To examine whether the mean scores for HR practices were significantly different according to career stage categories, analysis of variance (ANOVA) was used.

**Table 10.4 Attitudes towards HR Practices and Employee Age: Means**

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Employee Involvement:</b>				5.38**
< 30 years	163	0.03	0.88	
31-40 years	80	-0.28	0.84	
41+ years	37	-0.37	0.85	
Total	280	-0.11	0.88	
<b>Resourcing and Integration:</b>				1.88
< 30 years	163	0.09	0.73	
31-40 years	81	-0.09	0.70	
41+ years	35	-0.04	0.71	
Total	279	-0.02	0.72	
<b>Training:</b>				0.79
< 30 years	160	-0.07	0.92	
31-40 years	81	-0.22	0.75	
41+ years	37	-0.11	0.87	
Total	278	-0.12	0.87	
<b>Career Development:</b>				0.77
< 30 years	160	-0.43	0.86	
31-40 years	78	-0.47	0.73	
41+ years	35	-0.27	0.65	
Total	273	-0.42	0.80	
<b>Performance Management:</b>				0.80
< 30 years	160	0.29	0.80	
31-40 years	80	0.15	0.84	
41+ years	37	0.23	0.66	
Total	277	0.24	0.79	
<b>Employability:</b>				1.08
< 30 years	162	1.13	0.69	
31-40 years	81	1.00	0.71	
41+ years	37	1.03	0.59	
Total	280	1.08	0.68	
<b>Reward:</b>				2.88
< 30 years	158	-0.18	0.87	
31-40 years	78	0.07	0.81	
41+ years	35	0.07	0.87	
Total	271	-0.08	0.86	

	N	MEAN	SD	F
<b>Job Design:</b>				7.97***
< 30 years	160	0.25	0.92	
31-40 years	81	0.67	0.84	
41+ years	37	0.68	0.80	
Total	278	0.43	0.90	
<b>Teams:</b>				2.06
< 30 years	160	0.22	0.94	
31-40 years	81	-0.02	0.99	
41+ years	35	-0.00	0.89	
Total	276	0.12	0.95	

This ANOVA indicated that significant differences were apparent regarding job design ( $F = 7.97, p < 0.001$ ) and employee involvement ( $F = 5.38, p < 0.01$ ). The means show that respondents aged 30 years or younger rate employee involvement more positively and job design less positively than those in the older age categories.

The extent to which attitudes towards job security were significantly different across age categories was also examined using the Kruskal-Wallis procedure. This analysis indicated that significant differences were evident. The mean scores presented in Table 10.5 would suggest that employees aged 30 or younger perceive that employment security is higher ( $Chi-square = 25.80, p < .001$ ) than do those within the older age categories.

**Table 10.5 Job Security and Employee Age: Means**

	N	Mean Ranking
30 or under	163	161.07
31-40 years	82	120.65
41+ years	37	101.49
Total	282	

The mean scores for HR practices according to the three organisational tenure categories are presented in Table 10.6.

**Table 10.6 Attitudes towards HR Practices and Organisational Tenure: Means**

	N	MEAN	SD	F
<b>Employee Involvement:</b>				8.36***
< 2 years	101	0.17	0.85	
2-10 years	106	-0.25	0.84	
10+ years	69	-0.28	0.85	
Total	276	-0.10	0.87	
<b>Resourcing and Integration:</b>				13.12***
< 2 years	100	0.30	0.60	
2-10 years	108	-0.11	0.75	
10+ years	67	-0.17	0.70	
Total	275	-0.02	0.72	
<b>Training:</b>				1.14
< 2 years	96	-0.02	0.98	
2-10 years	109	-0.17	0.78	
10+ years	69	-0.20	0.83	
Total	274	-0.12	0.87	
<b>Career Development:</b>				0.75
< 2 years	94	-0.35	0.83	
2-10 years	107	-0.47	0.78	
10+ years	68	-0.49	0.71	
Total	269	-0.43	0.78	
<b>Performance Management:</b>				0.26
< 2 years	97	0.22	0.78	
2-10 years	107	0.21	0.81	
10+ years	69	0.30	0.79	
Total	273	0.24	0.79	

	N	MEAN	SD	F
<b>Employability:</b>				1.27
< 2 years	98	0.99	0.80	
2-10 years	109	1.15	0.58	
10+ years	69	1.08	0.66	
Total	276	1.08	0.69	
<b>Reward:</b>				11.42***
< 2 years	94	-0.17	0.80	
2-10 years	105	-0.29	0.85	
10+ years	68	0.30	0.80	
Total	267	-0.10	0.85	
<b>Job Design:</b>				1.06
< 2 years	99	0.31	0.90	
2-10 years	106	0.46	0.87	
10+ years	69	0.50	0.92	
Total	274	0.42	0.90	
<b>Teams:</b>				1.74
< 2 years	97	0.25	0.95	
2-10 years	106	0.01	0.94	
10+ years	69	0.17	0.94	
Total	272	0.14	0.95	

The ANOVA revealed significant differences with respect to employee involvement ( $F = 8.36, p < 0.001$ ), resourcing and integration ( $F = 13.12, p < 0.001$ ) and employee reward ( $F = 11.42, p < 0.001$ ). A closer examination of the mean scores shows that respondents in the longest tenure category (i.e. ten years or more) display more negative attitudes towards involvement and resourcing and integration, when compared to the other tenure categories. However, these respondents display more positive attitudes towards reward, particularly when compared to those in the middle tenure category (i.e. two to ten years).

The mean scores regarding perceptions of job security across the three tenure categories are presented in Table 10.7. The Kruskal-Wallis procedure tested for significant

differences in mean scores across these categories. However, no significant differences were found.

**Table 10.7 Job Security and Organisational Tenure: Means**

	<b>N</b>	<b>Mean Ranking</b>
< 2 years	99	143.16
2 – 10 years	110	141.00
> 10 years	69	131.87
Total	278	

In summary, this section has reported on a number of significant differences across career stage categories. Attitudes towards job design and employee involvement did vary significantly according to employee age. In addition, it was found that attitudes towards employee involvement, resourcing and integration and reward varied according to organisational tenure. Therefore, Hypothesis 1.1 is supported.

### **10.2.3 Attitudes towards Human Resource Practices and Other Individual Variables: Analysis of Means**

Analysis of variance examined further whether differences in attitudes towards HR practices were evident across categories of other individual variables, including position, education and gender. This section only reports significant findings regarding these variables; all other (non-significant) findings are presented in Appendix C. The mean scores for HR practices according to position held are presented in Table 10.8.

**Table 10.8 Attitudes towards HR Practices and Position: Means**

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Career Development:</b>				5.53***
Administration	124	-0.60	0.72	
Technical/ Professional	43	-0.54	0.92	
Junior Management	29	-0.24	0.77	
Middle Management	45	-0.20	0.80	
Senior Management	27	0.02	0.72	
Total	68	-0.42	0.80	
<b>Job Design:</b>				12.62***
Administration	126	0.07	0.92	
Technical/ Professional	41	0.56	0.83	
Junior Management	29	0.53	0.72	
Middle Management	47	0.87	0.60	
Senior Management	29	0.98	0.91	
Total	272	0.43	0.91	
<b>Teams:</b>				3.36*
Administration	126	0.30	0.92	
Technical/ Professional	42	-0.20	0.89	
Junior Management	29	0.15	0.81	
Middle Management	44	-0.16	1.15	
Senior Management	29	0.17	0.94	
Total	270	0.12	0.96	

As the table shows, the ANOVA found significant differences regarding job design ( $F = 12.62, p < 0.001$ ), career development ( $F = 5.53, p < 0.001$ ), and teamwork ( $F = 3.36, p < 0.05$ ). Examination of the means shows that respondents occupying positions in administration hold more negative attitudes towards career development, particularly when compared to those occupying middle management positions. In addition, those occupying positions in administration hold significantly less positive attitudes towards job design, when compared to those occupying technical/ professional, middle management and senior management positions. However, those occupying positions in

administration hold more positive attitudes towards teamwork than do those occupying other positions.

A Kruskal-Wallis test also found a significant difference in attitudes towards job security (Chi-square 22.551,  $p < 0.001$ ). The mean rankings presented in Table 10.9 suggest that those occupying technical/ professional positions have more positive perceptions of job security than do those occupying other positions.

**Table 10.9 Job Security and Position Held: Means**

	N	Mean Ranking
Administration	126	152.21
Technical/ Professional	43	155.49
Junior Management	31	141.89
Middle Management	47	113.05
Senior Management	29	91.38
Total	276	

Table 10.10 presents the means for HR practices according to categories of education. ANOVA found significant differences regarding employability, job design, training and career development. Examination of the mean scores indicates that respondents educated to post-graduate and degree levels have more positive perceptions towards employability, job design and training, than do those with lower levels of education. In addition, these categories of respondents hold less negative attitudes towards career development. Attitudes towards job security did not vary significantly according to level of education.



**Table 10.10 Attitudes towards HR Practices and Education: Means**

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Training:</b>				2.71*
None	1	0.50	-	
Junior Certificate	8	-0.75	0.89	
Leaving Certificate	71	-0.07	0.94	
Certificate/ Diploma	72	-0.29	0.81	
Degree	75	-0.15	0.88	
Post-Graduate Degree	50	0.17	0.81	
Total	277	-0.12	0.88	
<b>Career Development:</b>				2.62*
None	0	-	-	
Junior Certificate	8	-0.66	0.52	
Leaving Certificate	71	-0.52	0.76	
Certificate/ Diploma	72	-0.52	0.66	
Degree	72	-0.42	0.87	
Post-Graduate Degree	49	-0.06	0.88	
Total	272	-0.42	0.80	
<b>Employability</b>				4.82***
None	1	-0.50	-	
Junior Certificate	8	0.44	0.56	
Leaving Certificate	72	0.92	0.76	
Certificate/ Diploma	73	1.11	0.73	
Degree	75	1.16	0.52	
Post-Graduate Degree	50	1.30	0.61	
Total	279	1.08	0.69	
<b>Job Design:</b>				2.79*
None	1	0.50	-	
Junior Certificate	8	0.12	0.81	
Leaving Certificate	73	0.30	0.90	
Certificate/ Diploma	72	0.20	0.87	
Degree	73	0.59	0.89	
Post-Graduate Degree	50	0.69	0.90	
Total	277	0.42	0.90	

A t-test was performed to test for significant differences in attitudes towards HR practices across males and females in the sample. However, no significant differences were found (see Appendix C).

### 10.3 Delivery of Promises: Analysis of Means

Table 10.11 presents the mean scores relating to perceptions of the delivery of promises made when respondents first joined their organisation. Scores range from one to four and higher scores indicate a higher perceived breach regarding promises made. An initial examination of these mean scores suggests that respondents are more likely to perceive that promises made have been breached concerning the demands of the job. The extent to which this is the case across all organisations and across all categories of employees is examined in the sections that follow.

**Table 10.11 Delivery of Promises: Means**

Measures	N	Mean	SD
Promotion	280	2.39	1.35
Reward	284	2.32	1.19
Demands of the Job	280	2.52	1.30

#### 10.3.1 Delivery of Promises Across Organisations: Analysis of Means

The mean rankings relating to perceived breaches regarding promises made at the time of selection across the three organisations are presented in Table 10.12. These means suggest that perceived breaches are highest with respect to different practices within each organisation; the demands of the job (US Finance), promotion (Irish Finance) and reward (Euro Finance).

**Table 10.12 Delivery of Promises Across Organisations: Means**

	N	Mean Ranking
<b>Promotion:</b>		
US Finance	78	122.21
Irish Finance	105	156.75
Euro Finance	97	137.62
Total	280	
<b>Reward:</b>		
US Finance	78	125.17
Irish Finance	107	140.05
Euro Finance	99	158.80
Total	284	
<b>Job Demands:</b>		
US Finance	75	133.41
Irish Finance	106	143.25
Euro Finance	99	142.93
Total	280	

To test for significant differences between organisations, these scores were examined using the Kruskal-Wallis procedure. This test found significant differences with respect to promotion (*Chi-Square* = 8.963,  $p < 0.05$ ) and reward (*Chi-Square* = 8.062,  $p < 0.05$ ). A closer examination of the means suggests that Irish Finance employees are more likely to perceive that promises made regarding promotion have been breached, particularly when compared to employees at US Finance. In addition, employees at Euro Finance are more likely to perceive that promises have been breached with respect to reward, particularly when compared to employees at US Finance.

### 10.3.2 Delivery of Promises and Career Stage: Analysis of Means

The mean scores regarding perceptions of the delivery of promises across age categories are presented in Table 10.13. Hypothesis 1.2 states:

Perceptions regarding the delivery of promises will vary according to career stage, as measured by employee age and organisational tenure.

Differences in these means according to both career stage variables were examined using the Kruskal-Wallis procedure. This analysis found significant differences regarding employee age and perceptions of the delivery of promises with respect to promotion (Chi-square = 7.94,  $p < 0.05$ ).

**Table 10.13 Delivery of Promises and Employee Age: Means**

	<b>N</b>	<b>Mean Ranking</b>
<b>Promotion:</b>		
30 or under	159	145.89
31-40 years	81	140.30
41 + years	36	101.81
Total	276	
<b>Reward:</b>		
30 or under	162	140.25
31-40 years	81	150.31
41 + years	37	120.14
Total	280	
<b>Job Demands:</b>		
30 or under	160	146.41
31-40 years	80	128.84
41 + years	36	124.83
Total	276	

A closer examination of the means shows that younger employees are more likely to perceive that promises made regarding promotion have been breached.

The mean scores relating to perceived breach in the delivery of promises according to tenure categories are presented in Table 10.14.

**Table 10.14 Delivery of Promises and Organisational Tenure: Means**

	<b>N</b>	<b>Mean Ranking</b>
<b>Promotion:</b>		
< 2 years	98	139.94
2-10 years	107	134.70
10+ years	67	134.34
Total	278	
<b>Reward:</b>		
< 2 years	99	125.48
2-10 years	108	152.80
10+ years	69	134.80
Total	276	
<b>Job Demands:</b>		
< 2 years	99	137.65
2-10 years	105	137.53
10+ years	68	133.24
Total	272	

The Kruskal-Wallis test also found significant differences regarding the perceived delivery of promises between tenure categories with respect to employee reward (Chi-square = 6.734,  $p < 0.05$ ). The means for this variable show that those with between two and ten years' service are more likely to perceive that promises made regarding reward at the time of joining their organisation have not been met.

In summary, significant differences were found regarding perceptions of the delivery of promises across both age and tenure categories. Therefore, Hypothesis 1.2 is supported.

### 10.3.3 Delivery of Promises and Other Individual Variables: Analysis of Means

The extent to which perceptions of the delivery of promises varied according to other individual variables was also analysed. Regarding position occupied, a significant difference was found. The mean rankings presented in Table 10.15 suggest that those occupying management positions, particularly at senior level, are less likely to perceive that promises made concerning promotion have been breached (*Chi-square* = 22.551,  $p < 0.001$ ).

**Table 10.15 Delivery of Promises and Organisational Position: Means**

	<b>N</b>	<b>Mean Ranking</b>
<b>Promotion:</b>		
Administration	126	148.68
Technical/ Professional	40	136.27
Junior Management	30	138.55
Middle Management	46	124.65
Senior Management	28	89.64
Total	270	

The mean scores did not vary significantly across categories of position regarding reward or job demands. In addition, no significant differences in mean scores were found regarding perceptions of the delivery of promises across education or gender variables. These means are presented in Appendix C.

### 10.4 Organisational Commitment and Intention to Leave: Analysis of Means

Table 10.16 shows the means, standard deviations and sample sizes for the commitment and intention to leave variables. The mean scores for each component of organisational

commitment range from -2 to +2, with higher scores indicating higher levels of each commitment component. Mean scores for the intention to leave variable also range from -2 to +2, with higher scores indicating greater intention to leave.

**Table 10.16 Organisational Commitment and Intention to Leave: Means**

<b>Measures</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Affective	288	-0.19	0.72
Continuance	288	-0.40	0.69
Normative	288	-0.45	0.62
Intention to Leave	285	0.35	1.03

These scores suggest that respondents are likely to display higher levels of affective commitment than either continuance or normative commitment. However, it is also indicated that intention to leave among the entire sample is quite high.

#### **10.4.1 Organisational Commitment and Intention to Leave: Comparative Analysis**

Table 10.17 displays the means for the commitment and intention to leave variables for each of the three participating organisations.

**Table 10.17 Commitment and Intention to Leave Across Organisations: Means**

	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>F</b>
<b>Affective Commitment:</b>				1.35
US Finance	78	-0.12	0.71	
Irish Finance	104	-0.15	0.75	
Euro Finance	97	-0.29	0.70	
Total	279	-0.19	0.72	
<b>Continuance Commitment:</b>				22.57***
US Finance	74	-0.45	0.66	
Irish Finance	105	-0.09	0.63	
Euro Finance	100	-0.70	0.66	
Total	279	-0.40	0.70	
<b>Normative Commitment:</b>				2.52
US Finance	75	-0.58	0.68	
Irish Finance	98	-0.41	0.60	
Euro Finance	91	-0.37	0.56	
Total	264	-0.45	0.60	
<b>Intention to Leave</b>				0.37
US Finance	79	0.42	1.01	
Irish Finance	107	0.29	1.13	
Euro Finance	99	0.37	0.94	
Total	285	0.35	1.03	

Analysis of variance (ANOVA) indicated that significant differences were evident between organisations with respect to continuance commitment ( $F = 22.57, p < 0.001$ ) only. The means show that employees at Irish Finance display higher levels of continuance commitment, particularly when compared to employees within US Finance.



## 10.4.2 Organisational Commitment, Intention to Leave and Career Stage:

### Analysis of Means

This section investigates the patterns of means for the organisational commitment, intention to leave and career stage variables. Hypothesis 1.3 states:

Organisational commitment will vary according to career stage, as measured by employee age and organisational tenure.

The mean scores for commitment according to the various age categories are presented in Table 10.18. Analysis of variance indicated that significant differences are evident regarding employee age and both affective commitment ( $F = 3.52, p < 0.05$ ) and continuance commitment ( $F = 3.42, p < 0.05$ ). As these means suggest, employees aged 41 years or older are more likely to display higher levels of affective and continuance commitment, when compared to those in the other age categories.

**Table 10.18 Organisational Commitment and Employee Age: Means**

	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>F</b>
<b>Affective:</b>				3.52*
30 or under	162	-0.27	0.69	
31-40 years	79	-0.10	0.73	
41 + years	34	0.05	0.76	
Total	275	-0.18	0.72	
<b>Continuance:</b>				3.42*
30 or under	161	-0.47	0.65	
31-40 years	81	-0.37	0.77	
41 + years	33	-0.13	0.69	
Total	275	-0.40	0.70	

	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>F</b>
<b>Normative:</b>				
30 or under	156	-0.45	0.58	0.39
31-40 years	72	-0.44	0.62	
41 + years	32	-0.35	0.66	
Total	260	-0.44	0.60	

The mean scores with respect to organisational commitment across tenure categories are presented in Table 10.19. An initial examination of these means shows that respondents with longer tenure display higher levels of affective commitment and continuance commitment.

**Table 10.19 Organisational Commitment and Organisational Tenure: Means**

	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>F</b>
<b>Affective:</b>				5.73*
< 2 years	98	-0.28	0.68	5.73*
2-10 years	107	-0.24	0.70	
> 10 years	66	0.07	0.72	
Total	271	-0.18	0.71	
<b>Continuance:</b>				17.66***
< 2 years	98	-0.49	0.61	17.66***
2-10 years	107	-0.58	0.67	
> 10 years	67	0.01	0.71	
Total	272	-0.40	0.70	
<b>Normative:</b>				0.25
< 2 years	90	-0.41	0.62	0.25
2-10 years	104	-0.48	0.62	
> 10 years	63	-0.44	0.53	
Total	257	-0.45	0.60	

ANOVA indicated that significant mean differences were apparent with respect to affective commitment ( $F = 5.73, p < 0.01$ ) and continuance commitment ( $F = 17.66, p < 0.001$ ). Comparing the means across tenure categories for both affective commitment

and continuance commitment indicates that respondents with longer service (i.e. ten years or more) display higher levels of both affective and continuance commitment.

Hypothesis 1.4

Intention to leave will vary according to career stage, as measured by employee age and organisational tenure.

The mean scores for intention to leave according to age categories are shown in Table 10.20.

**Table 10.20 Intention to Leave and Employee Age: Means**

	N	Mean	SD	F
	164	0.53	1.01	6.78**
< 30 years	81	0.06	1.04	
31-40 years	36	0.14	0.94	
41 + years	281	0.35	1.03	

A significant difference was found with respect to employee age ( $F = 6.78, p < 0.01$ ), suggesting that employees aged 30 years or younger display higher intention to leave their organisation than employees aged 31 years or older.

The mean scores relating to perceptions of alternative employment opportunities across age categories are presented in Table 10.21. The Kruskal-Wallis procedure revealed that significant differences were evident ( $Chi-square = 6.71, p < 0.05$ ). A closer examination of the mean suggests that younger respondents (those aged younger than 30 years) are more likely to perceive that alternative employment opportunities exist when compared to those in the older age categories.

**Table 10.21 Perceptions of Alternatives and Employee Age: Means**

	N	Mean Ranking
< 30 years	164	150.36
31-40 years	80	131.51
41+ years	37	120.01
Total	281	

The means scores for job search behaviour across age categories are presented in Table 10.22. A Kruskal-Wallis test showed that significant differences were evident regarding employee age ( $Chi-square = 27.63, p < 0.001$ ). This suggests that those aged 30 years or younger are more likely to be searching for alternative employment.

**Table 10.22 Job Search Behaviour and Employee Age: Means**

	N	Mean Ranking
< 30 years	162	159.84
31-40 years	80	105.71
41+ years	36	123.08
Total	278	

The mean scores for intention to leave across the categories of organisational tenure are presented in Table 10.23. A significant mean difference regarding intention to leave across tenure categories was found ( $F = 7.08, p < 0.01$ ). The means show that respondents with shorter tenure (i.e. two years or less) display higher intention to leave their employer than those with longer service (i.e. two years or more).

**Table 10.23 Intention to Leave and Organisational Tenure: Means**

	N	Mean	SD	F
	101	3.61	1.05	7.08**
< 2 years	108	3.32	1.04	
2-10 years	68	3.02	0.89	
> 10 years	277	3.35	1.03	
Total				

The mean scores for perceptions of alternatives according to organisational tenure are presented in Table 10.24. Significant differences were found with respect to organisational tenure (*Chi-square* = 22.17,  $p < 0.001$ ). The means for this variable suggest that respondents with shorter tenure (i.e. two years or less) are also more likely to perceive that alternative opportunities exist when compared to those in the other tenure categories.

**Table 10.24 Perceptions of Alternatives and Organisational Tenure: Means**

	N	Mean Ranking
< 2 years	99	152.01
2-10 years	109	150.20
>10 years	69	102.65
Total	277	

The mean scores for job search behaviour across categories of organisational tenure are presented in Table 10.25. A Kruskal-Wallis test showed that significant differences were evident across tenure categories (*Chi-square* = 22.32,  $p < 0.001$ ). The means show that respondents with shorter tenure (i.e. two years or less) are more likely to be actively seeking employment when compared to those in the other tenure categories.

**Table 10.25 Job Search Behaviour and Organisational Tenure: Means**

	<b>N</b>	<b>Mean Ranking</b>
< 2 years	98	164.16
2- 10 years	108	131.85
> 10 years	36	123.08
Total	274	

An examination of the actual number of job searches made by employees across career stages was also carried out using ANOVA. However, no significant differences regarding this variable across both age and organisational tenure variables were found (Mean = 1.11, SD = 2.03).

The findings indicate that level and type of commitment varies according to both employee age and organisational tenure. It was found that older and longer serving respondents display higher levels of affective and continuance commitment, than those in other age and tenure categories. Respondents in the younger and shorter tenure categories are more likely to intend to leave their organisation, have more positive perceptions of alternative opportunities and are more likely to be actively seeking employment.

#### **10.4.3 Organisational Commitment, Intention to Leave and Other Individual**

##### **Variables: Analysis of Means**

The analysis investigated whether organisational commitment and intention to leave varied according to other individual variables. Significant differences were found regarding level of education and levels of continuance and normative commitment.

The mean scores for these variables across categories of education are presented in Table 10.26.

**Table 10.26 Organisational Commitment Across Education: Means**

	N	Mean	SD	F
<b>Continuance:</b>				5.21***
None	1	0.00		
Junior Certificate	7	-0.20	0.71	
Leaving Certificate	70	-0.10	0.71	
Certificate/ Diploma	73	-0.46	0.63	
Degree	73	-0.46	0.73	
Post-Graduate Degree	50	-0.70	0.61	
Total	274	-0.41	0.70	
<b>Normative:</b>				3.85**
None	0			
Junior Certificate	5	0.00	0.55	
Leaving Certificate	68	-0.22	0.59	
Certificate/ Diploma	68	-0.46	0.56	
Degree	70	-0.54	0.63	
Post-Graduate Degree	48	-0.64	0.58	
Total	259	-0.44	0.61	

The means suggest that respondents with higher levels of education display significantly lower levels of both continuance ( $F = 5.21, p < 0.001$ ) and normative commitment ( $F = 3.85, p < 0.01$ ), when compared to those with lower levels of educational qualification.

A significant difference was also found regarding levels of continuance commitment across categories of position. The mean scores for this variable are presented in Table 10.27.

**Table 10.27 Organisational Commitment Across Organisational Position: Means**

	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>F</b>
<b>Continuance:</b>				5.19***
Administration	126	-0.22	0.67	
Technical/ Professional	41	-0.60	0.70	
Junior Management	30	-0.54	0.59	
Middle Management	46	-0.59	0.76	
Senior Management	27	-0.66	0.63	
Total	270	-0.42	0.70	

The means suggest that those occupying middle management positions display significantly lower levels of continuance commitment ( $F = 5.19, p < 0.01$ ), compared to those occupying positions in administration.

No significant differences across categories of individual variables were found regarding intention to leave. These mean scores are presented in Appendix C.

## **10.5 Conclusions**

This chapter has provided an overview of the mean scores for HR practices, perceived broken promises, commitment and intention to leave according to career stage and other individual variables. The analysis found that attitudes towards employability are most positive, while attitudes towards career development are least positive. It was also found that attitudes towards reward management, career development and resourcing and integration are viewed more positively in US Finance. Attitudes towards employee involvement and performance management are more positively viewed among respondents in Irish Finance. In Euro Finance, job design is viewed more positively, particularly when compared to those employed in Irish Finance.



Regarding career stage, employee age and organisational tenure are differentially related to certain HR practices. The analysis found that younger employees hold less positive attitudes towards job design and more positive attitudes towards employee involvement and employment security. Employees with less than two years' tenure hold less positive attitudes towards reward management and more positive attitudes towards employee involvement and resourcing and integration.

Regarding the delivery of promises, it was found that those employed within Irish Finance are more likely to perceive that promises regarding promotion have not been delivered. Furthermore, those employed within Euro Finance are more likely to perceive that promises have been broken with respect to reward. The findings also show that younger respondents are more likely to perceive that promises made regarding promotion have been broken. Meanwhile, those with between two and ten years' service are more likely to perceive that promises made regarding reward have not been kept.

The findings regarding commitment showed that younger and shorter tenured employees are less likely to display affective commitment, while older and longer tenured employees are more likely to display higher levels of continuance commitment. Younger and shorter tenured employees are more likely to intend to leave and more likely to be actively searching for alternative employment.

On the basis of these findings, support was found for Hypotheses 1.1 through to 1.4, which posited that attitudes towards HR practices, perceptions of broken promises, commitment and intention to leave would vary significantly.

## CHAPTER ELEVEN

### EXPLORING HR-COMMITMENT RELATIONSHIPS

#### 11.1 Introduction

The previous chapter examined the first set of hypotheses in the study. These hypotheses sought to explore differences in attitudes across categories of respondents. This chapter seeks to extend these hypotheses by examining the magnitude of relationships between these variables. The chapter then seeks to investigate the remaining hypotheses in the study, which concern the prediction of both commitment and intention to leave.

#### 11.2 Exploring Relationships

The zero-order correlations between the main variables in the study are presented in Table 11.1.

The correlations show that older and longer serving respondents view job design and rewards more positively, and involvement and resourcing less positively, than younger or shorter serving respondents. However, attitudes towards job security and teamwork are less positive among older respondents. It is also shown that attitudes towards job security are less positive among those occupying more senior positions and are more positive among females in the sample. In addition, attitudes towards career development, employability and job design are more positive as level of education and seniority increase.

**Table 11.1 Correlations and Reliabilities for Measures**

MEASURES	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.	22.
1. Affective	(.81)																					
2. Continuance	.28	(.76)																				
3. Normative	.40	.14	(.73)																			
4. Intend to Leave	-.58	-.18	-.34	(.64)																		
5. Involvement	.41	.08	.15	-.32	(.84)																	
6. Resourcing	.33	.08	.18	-.21	.40	(.74)																
7. Training	.36	.09	.09	-.29	.49	.43	(.77)															
8. Career Development	.44	.01	.20	-.41	.41	.44	.52	(.72)														
9. Performance Management	.38	.13	.17	-.29	.43	.28	.40	.45	(.80)													
10. Job Security*	.17	.11	-.02	-.19	.19	.07	.15	.07	.14													
11. Employability	.26	-.12	.01	-.18	.28	.28	.33	.34	.36	.14	(.72)											
12. Reward	.37	.25	.16	-.30	.16	.28	.20	.36	.27	.10	.20	(.82)										
13. Job Design	.46	-.06	.16	-.43	.28	.23	.36	.57	.40	.05	.35	.27	(.76)									
14. Teamwork	.30	.18	.11	-.21	.50	.25	.39	.27	.48	.17	.23	.08	.11	(.59)								
15. Promises (promotion)*	-.12	-.01	.02	.07	-.04	-.15	-.12	-.16	-.10	.04	-.05	-.12	-.18	-.10								
16. Promises (pay)*	-.10	-.08	-.06	.01	-.10	-.10	-.08	-.11	-.13	.03	-.03	-.18	-.13	-.16	.43							
17. Promises (job demands)*	-.16	-.01	.01	.12	-.15	-.08	-.17	-.19	-.18	.05	-.12	-.08	-.22	-.18	.35	.27						
18. Employee Age	.12	.08	.01	-.18	-.22	-.13	-.06	.04	-.04	-.23	-.06	.14	.21	-.15	-.14	.01	-.11					
19. Tenure (years)	.24	.29	.02	-.24	-.16	-.20	-.02	-.00	.04	-.06	.02	.24	.11	-.04	-.02	.06	-.03	.62				
20. Position	.16	-.23	-.12	-.08	-.10	.09	.08	.27	.04	-.20	.18	.10	.38	-.11	-.18	.05	-.10	.43	.31			
21. Education	-.05	-.27	-.26	.05	.05	.07	.11	.19	.05	-.01	.25	-.00	.19	-.02	-.12	.01	-.08	-.01	-.20	.32		
22. Gender	-.06	-.09	.04	-.06	.01	.03	-.03	-.05	-.05	.16	-.07	-.03	-.11	.00	.06	.10	.02	-.19	-.12	-.28	-.14	

**Note:** All coefficients above .12 are significant at  $p < 0.05$ , and above .16 are significant at  $p < 0.01$ .

\*Single item measures above .09 are significant at  $p < 0.05$ , and above .12 are significant at  $p < 0.01$ .

Scale reliabilities for relevant measures are reported in parentheses in the upper diagonal for each variable.

Regarding perceptions of breach of promises relating to promotion, the correlations suggest that promises made at the time of selection tend to be honoured among older, more educated ( $p < 0.05$ ) and more senior ( $p < 0.01$ ) respondents. All other relationships regarding a perceived breach of promises in relation to promotion, pay and the demands of the job are weak and thus not significant.

Table 11.1 shows that levels of affective commitment are higher among older respondents ( $r = 0.13$ ) and among those with longer organisational tenure ( $r = 0.24$ ). In addition, levels of continuance commitment increase as tenure increases ( $r = 0.29$ ). It is also suggested that respondents occupying more senior positions, and those with higher levels of education, are less likely to display high levels of continuance and normative commitment. The relationship between both age and organisational tenure and normative commitment is weak and not significant, indicating that the development of normative commitment is relatively unrelated to these variables.

There is also evidence that younger and shorter tenured employees are more likely to leave their employers. A test of correlation was also performed for the number of job searches made by respondents and career stage, however no significant relationship was evident. The other individual variables are also weakly related to intention to leave.

Significant inter-correlations between each of the three commitment components are also evident, particularly between the affective and normative dimensions. It is also indicated that employees displaying high levels of any of the three forms of commitment are less likely to leave their employer.

### 11.2.1 Career Stage, Attitudes towards HR Practices, Commitment and Intention to Leave: Partial Correlations

It is recognised that a high correlation exists between employee age and organisational tenure ( $r = 0.62$ ). In order to isolate the relative influence of each career stage indicator on these variables, partial correlations were carried out. These are presented in Table 11.2.

**Table 11.2 Partial Correlations: HR Practice Areas and Career Stage**

HR Practice Area	Age	Age (Tenure)	Tenure	Tenure (Age)
Employee Involvement	-.22**	-.15*	-.16*	-.05
Resourcing & Integration	-.13*	-.01	-.20**	-.16**
Training	-.06	-.05	-.02	.02
Career development	.04	.05	-.00	-.03
Performance Management	-.04	-.08	.04	.08
Job Security	-.23**	-.19**	-.06*	.01
Employability	-.06	-.08	.02	.07
Reward	.14*	-.01	.24**	.20**
Job Design	.21*	.12	.11	-.00
Teamwork	-.15*	-.16*	-.04	.07

**Note:** Variables in parentheses have been partialled out. \*  $p < 0.05$ , \*\* $p < 0.01$

This analysis shows that the relationships between age, involvement, teamwork ( $p < 0.05$ ) and job security ( $p < 0.01$ ) are still significant when controlling for organisational tenure. When partialling out employee age, the analysis indicates that the relationships between tenure, reward and resourcing and integration also remain significant ( $p < 0.01$ ). These findings therefore suggest that the 'real' career stage influence on employee involvement, job security and teamwork is employee age, but that the 'real'

career stage effects on resourcing and integration and employee reward is organisational tenure.

Partial correlations between career stage, commitment and intention to leave variables are presented in Table 11.3.

**Table 11.3 Partial Correlations: Commitment, Intention to Leave and Career Stage Variables**

	Employee Age	Employee Age (Tenure)	Organisational Tenure	Organisational Tenure (Age)
Affective Commitment	.12*	-.03	.24**	.21**
Continuance Commitment	.08	.13*	.29**	.31**
Normative Commitment	.01	.00	.02	.01
Intention to Leave	-.18**	-.04	-.24**	-.17**

Note: Variable in parentheses has been partialled out.

\*  $p < 0.05$ , \*\*  $p < 0.01$

This analysis shows that the relationship between employee age and affective commitment is no longer significant when controlling for organisational tenure. However, the relationship between organisational tenure and affective commitment remains significant, albeit weaker, when controlling for employee age. In addition, the relationship between organisational tenure and continuance commitment remains significant. This suggests that organisational tenure might represent the 'real' career stage influence on both affective and continuance commitment.

With respect to intention to leave, partial correlations show that the relationship with employee age is no longer significant when controlling for organisational tenure. However, the relationship between tenure and intention to leave remains significant when controlling for age. Similar to the preceding findings regarding commitment, this

suggests that the career stage effect on intention to leave can be attributed to organisational tenure. Since this is the case, subsequent hierarchical regressions will only consider organisational tenure as a potential predictor of both commitment and intention to leave.

### **11.2.2 Perceived Breach of Promises, Attitudes towards HR Practices, Organisational Commitment and Intention to Leave: Correlations**

This section examines the relationships between the perceived breach of promises, attitudes towards the areas of HR practice related to these promises, commitment and intention to leave. Hypothesis 2.1 states:

There will be a negative relationship between perceived breach of promises and attitudes towards associated HR practice areas.

As shown in Table 11.1, perceived breach of promises concerning promotion are negatively associated with attitudes towards career development, resourcing and integration, reward, job design ( $p < 0.01$ ), training, performance management and teamwork ( $p < 0.05$ ). In addition, negative relationships are found between perceived breach of promises regarding pay and attitudes towards employee reward, performance management, job design, teamwork ( $p < 0.01$ ), involvement, resourcing and integration and career development ( $p < 0.05$ ). Negative correlations are also found between perceived breach of promises concerning job demands and attitudes towards training, career development, job design, employee involvement, teamwork, employability ( $p < 0.01$ ), performance management and teamwork ( $p < 0.05$ ). Each of these findings suggest that perceived breach of promises regarding promotion, pay and job demands are indeed associated with negative attitudes towards associated HR practice areas. It is

also worth reporting that significant and positive correlations were found between the three 'promise' variables ( $p < 0.01$ ). This suggests that a perceived breach regarding one of these areas is associated with a perceived breach regarding the other two areas.

Hypothesis 2.2 states:

There will be a negative relationship between perceived breach of promises and level and type of organisational commitment.

The correlations indicate that perceived breaches regarding promotion, pay and job demands are associated with lower levels of affective commitment. However, it seems that such perceived breaches are unlikely to be associated with either a need or an obligation to remain with an employer.

Hypothesis 2.3 states:

There will be a positive relationship between perceived broken promises and intention to leave.

The correlations indicate that if promises made at the time of selection regarding job demands are not kept, then employees will be more likely to leave their employer ( $p < 0.01$ ). Perceptions of breach concerning promotion and pay are not associated with higher intention to leave.

Hypothesis 2.4 states that:

There will be a positive relationship between attitudes towards HR practices and organisational commitment.



The correlations presented in Table 11.1 show that attitudes towards each of the HR practices are strongly and positively related to affective commitment ( $p < 0.01$ ). A number of attitudes are also positively related to the development of continuance commitment. These practices are employee reward and teamwork ( $p < 0.01$ ), performance management and job security ( $p < 0.05$ ). It is also indicated that perceptions of employability are negatively associated with a perceived need to stay in an organisation ( $p < 0.05$ ). A number of attitudes were also significantly and positively related to normative commitment. These were career development, performance management, reward, job design, employee involvement, resourcing and integration ( $p < 0.01$ ). This suggests that positive attitudes towards these areas of HR practice are associated with feelings of obligation to remain in an organisation.

Hypothesis 2.5 states:

There will be a negative relationship between attitudes towards HR practices and intention to leave.

This hypothesis was supported since attitudes towards all HR practices were found to be significantly and negatively related to intention to leave. In particular, relationships between job design, career development and intention to leave were strongest, suggesting that the more positive attitudes towards these issues are, the less likely it is that employees will intend to leave their employer.

### **11.3 Organisational Commitment, Attitudes towards HR Practices and Career Stage: Multiple Correlations and Regressions**

This section examines the hypotheses relating to the prediction of organisational commitment. In particular, these hypotheses concern the relative importance of individual/ organisational and HR practice variables in predicting affective, continuance and normative commitment<sup>1</sup>. It is conceivable, however, that attitudes towards certain HR practices will be better predictors of commitment than will others. It is also possible that attitudes towards HR practices will be better predictors of commitment than will other individual variables.

To test these possibilities, Hypothesis 3.1 states that:

Attitudes towards certain 'core' HR practices will be better predictors of commitment than will other practices.

Hypothesis 3.2 states that:

Attitudes towards HR practices will be better predictors of commitment than individual variables relating to employer, position occupied education, gender and organisational tenure.

The analysis investigates further whether career stage moderates the relationship between attitudes towards HR practices and commitment. Hypothesis 3.3 states that:

Attitudes towards HR practices will interact with career stage to predict organisational commitment.

The findings presented so far suggest that attitudes towards HR practices are differentially related to affective, continuance and normative commitment. Since it has been postulated that affective commitment represents the most desirable form of commitment from both employer and employee perspectives, it is important to establish whether attitudes towards HR practices are better predictors of affective commitment, than either continuance or normative commitment. To examine this possibility, Hypothesis 3.4 states that:

Attitudes towards HR practices will be better predictors of affective commitment than either continuance or normative commitment.

To test Hypotheses 3.1, 3.2 and 3.4, hierarchical regressions were performed to examine the relative impact of individual variables and attitudes towards HR practices on affective, continuance and normative commitment. In the case of each analysis that was performed the individual variables relating to company, gender, education and position were dummy coded. Organisational tenure was entered as a continuous variable.

To test Hypothesis 3.3, partial correlations between each of the attitudes relating to HR practice and the three forms of commitment according to each career stage category were first conducted. In each analysis, the irrelevant career stage variable was partialled out. To examine the extent to which career stage moderated the relationship between attitudes towards HR practices and commitment, moderated multiple regression analysis was performed. Separate analyses were conducted for each of the

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<sup>1</sup> For the regression analyses, the teamwork variable was excluded due to its poor reliability ( $r = 0.59$ ).

HR practice areas<sup>2</sup>. The analysis for affective, continuance and normative commitment will now be presented and discussed separately.

### **11.3.1 Predicting Affective Commitment**

The findings from the hierarchical regression analysis with regard to affective commitment are summarised in Table 11.4.

This table shows that when the individual and organisational variables were entered in the equation (step 1), about 6 per cent of the variance in affective commitment was explained ( $p < .05$ ). When the attitudes towards HR practices were entered (step 2), three areas of HRM practice – job design, employee involvement and employee reward – explained a significant incremental level of the variance in affective commitment, thus lending support to hypothesis 3.1. In this step, organisational tenure also emerged as a significant predictor of affective commitment.

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<sup>2</sup> Predictors of commitment were entered as follows: the career stage variables entered as a block; the particular HR practice variable; the interaction between the HR practice variable and employee age; and finally the interaction between the HR practice variable and organisational tenure. As each variable was added, the predictive power of the equation was determined by examining the incremental change in the F value.

**Table 11.4 Hierarchical regression: Affective Commitment regressed on Attitudes towards HR Practices and Individual/ Organisational Variables**

Independent Variables	Standardised Beta Weights	
	Step 1	Step 2
<b>Step 1: Controls</b>		
US Finance	-.025	.021
Euro Finance	-.112	-.029
Gender (Male)	.044	.023
Education 1 (Junior Certificate)	.009	.001
Education 2 (Leaving Certificate)	.127	.109
Education 3 (Degree)	.049	.051
Education 4 (Post-graduate)	.001	-.078
Position 1 (Senior Management)	-.227	-.111
Position 2 (Middle Management)	-.175	-.115
Position 3 (Technical/ Professional)	-.082	-.099
Position 4 (Administration)	.029	-.017
Tenure	.143	.187**
<b>Step 2: Attitudes to HRM</b>		
Employee Involvement		.237**
Resourcing & Integration		.069
Training		.027
Career Development		.092
Performance Management		.021
Job Security		.054
Employability		.021
Employee Reward		.128*
Job Design		.242**
Df	12,236	21, 236
R <sup>2</sup>	.106	.435
Adjusted R <sup>2</sup>	.058	.380
ΔR <sup>2</sup>		.329
ΔF	2.221*	13.894***

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

The findings show that collectively attitudes towards HR practices have the greatest impact on affective commitment, even when all other individual and organisational variables are held constant. This provides support for hypothesis 3.2.

The analysis also examined whether there was evidence of moderated relationships between career stage and attitudes towards HR practices in predicting affective commitment. Before presenting the multiple correlation analyses, partial correlations between attitudes towards HR practices and affective commitment across each career stage category are presented in Table 11.5.

**Table 11.5 Partial Correlations: Career Stage, HRM Practice Areas and Affective Commitment**

	< 30 yrs.	31-40 yrs.	41+ yrs.	< 2 yrs.	2-10 yrs.	10 yrs. +
Involvement	.47***	.38**	.46*	.42***	.44***	.47***
Resourcing & Integration	.40***	.17	.44*	.35**	.34**	.31*
Training	.46***	.22	.30	.38**	.36**	.46***
Career Devel.	.44***	.44***	.32	.47***	.37**	.44**
Performance Mgt.	.36***	.28*	.53**	.38**	.24*	.45**
Job Security	.25**	.38**	.24	.17	.28**	.33*
Employability	.23**	.17	.53**	.21	.21**	.32*
Reward	.34***	.11	.42*	.20	.32**	.36**
Job Design	.47***	.43**	.29	.49***	.39***	.44**
Teamwork	.32***	.32*	.21	.39**	.21	.34*
n.	130	58	22	72	85	53

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

Attitudes towards all HR practice areas were significantly related to affective commitment among respondents' aged 30 years or younger. The previous chapter noted, however, that a number of areas of HR practice were not viewed positively by this category of respondents. Significant relationships were found between attitudes towards career development, job design, involvement, job security, performance management, teamwork and affective commitment with respect to respondents' aged between 31 and 40 years. The previous chapter found that attitudes towards performance management, career development and teamwork were less positive among

this category of respondents. Furthermore, significant relationships were found between performance management, employability, involvement, resourcing and integration, reward and affective commitment for respondents' aged 41 years or older. Attitudes towards involvement were least positive among this category of respondents.

With the exception of job security, employability and reward, attitudes towards all HR practices were significantly related to affective commitment for respondents with less than two years' service. It was noted in the previous chapter, however, that attitudes towards job design were viewed more negatively among this category of respondents. With the exception of teamwork, attitudes towards all HR practices were significantly related to affective commitment for respondents with between two and ten years' service. However, attitudes towards career development, performance and reward were more negative among this category of respondents. The relationship between attitudes of each of the HR practice areas and affective commitment were significant for respondents with 10 years or more service. Attitudes towards employee involvement, resourcing and integration and training were viewed more negatively among this category of respondents.

Table 11.6 shows the multiple correlations for affective commitment regressed on career stage, the HR practice attitudes and their interactions. It shows that both career stage and, more notably, attitudes towards HR practices represent significant predictors of affective commitment. It is also indicated that attitudes towards HR practices do not interact significantly with either age or tenure in predicting affective commitment. Therefore, no support for Hypothesis 3.3 with respect to affective commitment has been found.

**Table 11.6 Multiple Correlations: Affective Commitment Regressed on Career Stage Variables, HRM Practice Areas and their Interactions**

	Career Stage	HR Practice Area	Age X HR Practice Area	Tenure X HR Practice Area
Employee Involvement	.21*	.49***	.49	.49
Resourcing & Integration	.21*	.41***	.41	.42
Training	.22*	.44***	.44	.44
Career development	.21*	.49***	.49	.49
Performance Management	.21*	.42***	.42	.42
Job Security	.22*	.31***	.31	.31
Employability	.21*	.34***	.34	.35
Employee Reward	.21*	.41***	.41	.41
Job Design	.21*	.50***	.50	.50

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

### 11.3.2 Predicting Continuance Commitment

Presented in Table 11.7 is a summary of the hierarchical regression analysis relating to continuance commitment.



**Table 11.7 Hierarchical regression: Continuance Commitment regressed on Attitudes towards HR Practices and Individual/ Organisational Variables**

Independent Variables	Standardised Beta Weights	
	Step 1	Step 2
<b>Step 1: Controls</b>		
US Finance	-.037	-.103
Euro Finance	-.217**	-.260**
Gender (Male)	-.009	.000
Education 1 (Junior Certificate)	.015	-.007
Education 2 (Leaving Certificate)	.145*	.122
Education 3 (Degree)	.063	.093
Education 4 (Post-graduate)	.038	.068
Position 1 (Senior Management)	.158	.169
Position 2 (Middle Management)	.000	.034
Position 3 (Technical/ Professional)	-.106	-.059
Position 4 (Administration)	-.130	-.132
Tenure	.325***	.329***
<b>Step 2: Attitudes to HRM</b>		
Employee Involvement		-.046
Resourcing & Integration		.194**
Training		-.004
Career Development		-.011
Performance Management		.065
Job Security		.055
Employability		-.166*
Employee Reward		.137*
Job Design		.004
Df	12, 234	21, 234
R <sup>2</sup>	.283	.356
Adjusted R <sup>2</sup>	.244	.293
$\Delta R^2$		.073
$\Delta F$	7.302***	2.690**

\*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

As this table shows, the individual variables explained about 24 per cent of the variance in continuance commitment (step one). When controlling for all other variables, those

that made a significant contribution were organisational tenure, being employed within Euro Finance (negative), and holding a leaving certificate qualification. In the second step, those variables that remained significant were organisational tenure and being employed within Euro Finance. Therefore, longer serving employees are more likely to display higher levels of continuance commitment than are those with shorter tenure, and those employed within Euro Finance are less likely to display higher levels of continuance commitment than those employed in Irish Finance. In step two, attitudes towards HR practices had a significant incremental influence on continuance commitment. A number of attitudes were significant even when controlling for all other variables included in the model. These attitudes related to resourcing and integration, reward and employability (negative). This finding supports Hypothesis 3.1. However, in this analysis, the individual/ organisational variables taken together explain more of the variance in continuance commitment than the attitudinal variables. Thus, Hypothesis 3.2 is not supported.

Table 11.8 reports partial correlations between each career stage variable and continuance commitment.

**Table 11.8 Partial Correlations: Career Stage, HRM Practice Areas and Continuance Commitment**

	< 30 yrs.	31-40 yrs.	41+ yrs.	< 2 yrs.	2-10 yrs.	10 yrs. +
Involvement	.19	.04	-.17	.08	.11	.07
Resourcing & Integration	.10	.20	.11	.08	.08	.13
Training	.17	.21	-.24	.23	.12	.06
Career Devel.	.06	.01	-.21	.18	-.12	-.05
Performance Mgt.	.18*	-.02	-.06	.15	.00	.09
Job Security	.19*	.22	-.18	.07	.29**	.15
Employability	-.05	-.29*	-.28	-.19	-.17	-.11
Reward	.22*	.18	.42*	.03	.19	.33*
Job Design	-.06	-.05	-.23	-.03	-.18	-.01
Teamwork	.22*	.03	-.08	.22	.10	.08
n. (Range)	130	58	22	72	85	53

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

This table shows that with respect to respondents aged 30 years or less, attitudes towards performance management, job security, reward and teamwork were significantly and positively related to continuance commitment. Regarding respondents' aged between 31 and 40 years, there was a significant and negative relationship found between attitudes towards job security and continuance commitment. There was also a positive relationship found between attitudes towards employee reward and continuance commitment for respondents aged 41 years or more.

Regarding organisational tenure, no significant relationships were found between attitudes towards HR practices and continuance for those employed two years or less. For those with between two and ten years' service, there was a significant and positive relationship found between job security and continuance commitment. Finally, there was a significant and positive relationship between employee reward and continuance commitment regarding those employed 10 years or more.

Table 11.9 reports multiple correlations for both career stage variables and HR practice areas in the prediction of continuance commitment.

**Table 11.9 Multiple Correlations: Continuance Commitment Regressed on Career Stage Variables, HRM Practice Areas and their Interactions**

	Career Stage	HR Practice Area	Age X HR Practice Area	Tenure X HR Practice Area
Employee Involvement	.35***	.36	.38	.42
Resourcing & Integration	.36***	.38	.38	.38
Training	.35***	.37	.37	.37
Career development	.36***	.36	.36	.37
Performance Management	.35***	.37	.39*	.39
Job Security	.35***	.38**	.38	.40
Employability	.35***	.37*	.39	.39
Employee Reward	.36***	.40**	.40	.41
Job Design	.35***	.36	.37	.37

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

This analysis shows evidence for a moderating influence between employee age and attitudes towards performance management in the prediction of continuance commitment. Further examination of the partial correlations presented in Table 11.6 indicates that attitudes towards performance management are more positively related to a 'need' to stay within the organisation among respondents aged 30 years or less. On the basis of this finding, Hypothesis 3.3 was partially supported. However, there was no evidence to suggest that organisational tenure moderated the relationship between attitudes towards HR practices and the development of continuance commitment.

### 11.3.3 Predicting Normative Commitment

A summary of the hierarchical regression analysis for normative commitment is provided in Table 11.10.

**Table 11.10 Hierarchical Regression: Normative Commitment regressed on Attitudes towards HR practices and Individual/ Organisational Variables**

<b>Independent Variables</b>	<b>Step 1</b>	<b>Step 2</b>
<b>Step 1: Controls</b>		
US Finance	.073	.005
Euro Finance	.249**	.226*
Gender (Male)	.060	.020
Education 1 (Junior Certificate)	.151*	.147*
Education 2 (Leaving Certificate)	.247**	.247**
Education 3 (Degree)	-.002	.020
Education 4 (Post-graduate)	-.113	-.140
Position 1 (Senior Management)	-.059	-.019
Position 2 (Middle Management)	-.084	-.041
Position 3 (Technical/ Professional)	-.166	-.179
Position 4 (Administration)	-.098	-.125
Tenure	-.027	-.054
<b>Step 2: Attitudes to HRM</b>		
Employee Involvement		.052
Resourcing & Integration		.012
Training		-.052
Career Development		.173
Performance Management		.027
Job Security		-.083
Employability		.019
Employee Reward		.148
Job Design		.067
Df	12, 225	21, 225
R <sup>2</sup>	.129	.221
Adjusted R <sup>2</sup>	.080	.141
Δ R <sup>2</sup>		.092
ΔF	2.636**	2.681**

This table shows that all of the individual and organisation variables account for 8 per cent of the variance in normative commitment. The significant predictors in this equation relate to those employed within Euro Finance rather than Irish Finance, and those holding either a junior or leaving certificate rather than a higher certificate or diploma. When attitudes towards HR practice are entered in the model, a further 6 per cent of the variance is explained, though no attitudes make a significant contribution independently of other variables in the model. This therefore provides no support for Hypothesis 3.1 or Hypothesis 3.2 in relation to normative commitment.

Partial correlations with respect to normative commitment are presented in Table 11.11.

**Table 11.11 Partial Correlations: HRM Practice Areas and Normative Commitment**

	< 30 yrs.	31-40 yrs.	41+ yrs.	< 2 yrs.	2-10 yrs.	10 yrs. +
Involvement	.17*	-.08	.27	.33**	-.05	.10
Resourcing & Integration	.25**	-.14	.40	.16	.24*	-.07
Training	.16	-.16	.13	.12	.13	-.10
Career Devel.	.37***	-.13	-.04	.45***	.08	-.13
Performance Mgt.	.20*	-.08	.27	.29*	.05	-.02
Job Security	.03	.03	.12	.00	.21*	-.19
Employability	.15	-.34**	.25	.13	-.05	-.11
Reward	.20*	-.05	.36	.03	.22*	.21
Job Design	.33***	-.18	.01	.44***	.04	-.12
Teamwork	.13	-.05	.06	.20	-.01	.02
n. (Range)	130	58	22	72	85	53

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

For respondents aged 30 years or younger, significant relationships were found between career development, job design, resourcing and integration, reward, involvement and normative commitment. Employability was negatively related to the development of

normative commitment among respondents' aged between 31 and 40 years. No significant relationships were found between attitudes towards HR practices and normative commitment for respondents' aged 41 years or older.

Regarding organisational tenure, significant relationships between normative commitment and attitudes towards job design, career development, employee involvement and performance management are apparent for respondents with service of two years or less. In addition, significant relationships were found regarding resourcing and integration, employee reward, job security and normative commitment for respondents with tenure between two and ten years. No significant relationships were found regarding normative commitment with respect to those employed for 10 years or more.

Table 11.12 shows multiple correlations for each of the key variables in the study and normative commitment.

**Table 11.12 Multiple Correlations: Normative Commitment Regressed on Career Stage Variables, HRM Practice Areas and their Interactions**

	Career Stage	HR Practice Area	Age X HR Practice Area	Tenure X HR Practice Area
Employee Involvement	.08	.15*	.15	.22*
Resourcing & Integration	.07	.17*	.19	.20
Training	.08	.11	.12	.12
Career development	.09	.19**	.27**	.30*
Performance Management	.07	.15*	.17	.19
Job Security	.08	.08	.09	.12
Employability	.08	.08	.15*	.15
Employee Reward	.06	.18**	.18	.21
Job Design	.08	.16*	.24**	.27

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

Consistent with the previous analyses, the table shows that career stage is not a significant predictor of normative commitment. Those significant HR predictors are career development, employee resourcing and integration, job design, performance management and employee involvement. A significant moderated relationship with respect to employee age was also found regarding career development, job design and employability. Examination of the partial correlations in Table 11.11 shows that there is a significant and positive relationship between attitudes towards these practices and normative commitment for respondents aged 30 years or less. This would suggest that when these practices are viewed positively, employees within this age category are more likely to develop normative commitment. Further significant moderated relationships were evident with respect to organisational tenure and attitudes towards career development and employee involvement ( $p < 0.05$ ). Returning to Table 11.11, the analysis suggests that positive attitudes towards these practices among those with less than two years' service are associated with high levels of normative commitment.

#### **11.3.4 The Relative Impact of Attitudes towards HR practices on Affective, Continuance and Normative Commitment**

Regarding Hypothesis 3.4, strong support was found for the proposition that attitudes towards HR practices are better predictors of affective commitment than the other forms of commitment. Though some attitudes emerged as significant predictors of continuance commitment, a higher proportion of the variance was explained by individual variables. Attitudes towards HR practices were not significant predictors of normative commitment.



#### **11.4 Intention to Leave, Attitudes towards HR Practices and Career Stage: Multiple Correlations and Regressions**

This section seeks to examine the extent to which attitudes towards HR practices predict intention to leave. It generally tests the same hypotheses that were examined in the preceding section, but with respect to intention to leave. It also seeks to determine the extent to which the three forms of commitment contribute to the prediction of intention to leave.

Hypothesis 4.1 states that:

Attitudes towards certain 'core' HR practices will be better predictors of intention to leave an organisation than will others.

Hypothesis 4.2 states that:

Attitudes towards HR practices will be better predictors of intention to leave than individual variables relating to employer, position occupied, education, gender and organisational tenure.

Hypothesis 4.3 states that:

Attitudes towards HR Practices will interact with career stage to predict intention to leave.

Hypothesis 4.4 states that:

Affective Commitment will be a more significant (negative) predictor of intention to leave an organisation than continuance or normative commitment.

### 11.4.1 Predicting Intention to Leave

To test hypotheses 4.1 and 4.2, hierarchical multiple regressions were again carried out.

A summary of the findings is presented in Table 11.13.

**Table 11.13 Hierarchical Regression: Intention to Leave regressed on Attitudes towards HR practices and Individual/ Organisational Variables**

Independent Variables	Step 1	Step 2
<b>Step 1: Controls</b>		
US Finance	.107	.092
Euro Finance	.006	-.009
Gender (Male)	.093	.063
Education 1 (Junior Cert.)	.026	.043
Education 2 (Leaving Cert.)	-.025	.008
Education 3 (Degree)	-.016	.010
Education 4 (Post-graduate)	-.018	.052
Position 1 (Senior Management)	.128	.022
Position 2 (Middle Management)	.147	.120
Position 3 (Technical/ Professional)	.066	.070
Position 4 (Administration)	.052	.085
Tenure	-.225**	-.256***
<b>Step 2: Attitudes to HRM</b>		
Employee Involvement		-.123
Resourcing & Integration		-.039
Training		.008
Career Development		-.202*
Performance Management		.050
Job Security		-.218***
Employability		.075
Employee Reward		-.067
Job Design		-.323***
Df	12, 240	21, 240
R <sup>2</sup>	.089	.416
Adjusted R <sup>2</sup>	.041	.360
Δ R <sup>2</sup>		.327
Δ F	1.846*	13.644***

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

As the table shows, 36 per cent of the variance in intention to leave was explained by all variables included in the model. In step one, the only variable to have a significant impact on intention to leave was organisational tenure. It can also be seen that when the HR practice variables were entered (step 2), attitudes towards job design, employment security and career development were all negative and significant. This provides support for Hypothesis 4.1. Though organisational tenure continued to emerge as a significant predictor of intention to leave, a higher proportion of the variance was explained by attitudes towards HR practices. Therefore, Hypothesis 4.2 is also supported.

The analysis sought to investigate further whether there was evidence of interaction effects in the prediction of intention to leave (Hypothesis 4.3). Partial correlations were carried out for the intention to leave variable across both career stages, which are presented in Table 11.14.

**Table 11.14 Partial Correlations: HRM Practice Areas and Intention to Leave**

	< 30 yrs.	31-40 yrs.	41+ yrs.	< 2 yrs.	2-10 yrs.	10 yrs. +
Involvement	-.45***	-.32**	-.27	-.53***	-.36**	-.33*
Resourcing & Integration	-.31***	-.06	-.27	-.48***	-.17	-.13
Training	-.39***	-.02	-.14	-.37**	-.30**	-.16
Career Devel.	-.50***	-.23	-.25	-.54***	-.35**	-.26
Performance Mgt.	-.33***	-.19	-.27	-.47***	-.26*	-.00
Job Security	-.31***	-.32*	-.14	-.32**	-.31**	-.26
Employability	-.14	-.15	-.25	-.27*	-.08	.00
Reward	-.30***	.05	-.32	-.30*	-.26*	-.03
Job Design	-.44***	-.40**	-.04	-.49***	-.31**	-.34*
Teamwork	-.30***	-.04	-.24	-.33**	-.16	-.21
n. (range)	130	58	22	72	85	53

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

As the table shows, with the exception of employability, attitudes towards all of the HR practices are significantly and negatively related to intention to leave for respondents aged 30 years or younger. In addition, employee involvement, job security and job design are significantly and negatively related to intention to leave for those aged between 31 and 40 years. No significant relationships were apparent regarding intention to leave and attitudes towards HR practices for those aged 41 years or older.

Regarding organisational tenure, attitudes towards all HR practices were significantly and negatively related to intention to leave for respondents with less than two years' service. With the exception of resourcing and integration, employability and teamwork variables, attitudes towards all HR practices were significantly related to intention to leave for those with between two and ten years' service. Finally, attitudes towards employee involvement and job design were significantly and negatively related to intention to leave for those with ten years' service or more.

Presented in Table 11.15 are the multiple correlations for intention to leave, HR and career stages variables. As the table shows, both career stage and attitudes towards HR practices are significant predictors of intention to leave. However, in this analysis there was no evidence for interaction effects regarding employee age. One significant moderated relationship emerged with respect to organisational tenure and attitudes towards resourcing and integration.

**Table 11.15 Multiple Correlations: Intention to Leave Regressed on Career Stage Variables, HRM Practice Areas and their Interactions**

	<b>Career Stage</b>	<b>HR Practice Area</b>	<b>Age X HR Practice Area</b>	<b>Tenure X HR Practice Area</b>
Employee Involvement	.25**	.46***	.46	.46
Resourcing & Integration	.24**	.35***	.36	.40**
Training	.25**	.40***	.41	.41
Career development	.25**	.48***	.49	.50
Performance Management	.26**	.39***	.39	.40
Job Security	.25**	.38***	.39	.39
Employability	.25**	.30**	.30	.31
Employee Reward	.27***	.38***	.39	.39
Job Design	.25**	.48***	.48	.48

\* p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

Returning to Table 11.15, the partial correlations for tenure suggest that more positive attitudes towards resourcing and integration are most negatively associated with intention to leave for those with two years' service or less.

Finally, the relative impact of all variables on intention to leave, including commitment, was included in a hierarchical regression. Table 11.16 presents a summary of the findings.

**Table 11.16 Hierarchical regression: Intention to Leave regressed on attitudes towards HR practices, individual/ organisational variables and commitment**

Independent Variables	Step 1	Step 2	Step 3
<b>Step 1: Controls</b>			
US Finance	.130	.118	.138
Euro Finance	.044	.041	.064
Gender (Male)	.087	.085	.091
Education 1 (Junior Cert.)	-.023	.017	.052
Education 2 (Leaving Cert.)	-.029	-.003	.080
Education 3 (Degree)	-.030	-.011	.019
Education 4 (Post-graduate)	-.064	.020	-.015
Position 1 (Senior Management)	.105	.005	-.049
Position 2 (Middle Management)	.186	.149	.101
Position 3 (Technical/ Professional)	.101	.099	.035
Position 4 (Administration)	.065	.077	.055
Tenure	-.265**	-.285***	-.262***
<b>Step 2: Attitudes to HRM</b>			
Employee Involvement		-.165	-.084
Resourcing & Integration		-.079	-.060
Training		.079	.076
Career Development		-.171*	-.124
Performance Management		.033	.050
Job Security		-.148*	-.136*
Employability		.077	.088
Employee Reward		-.059	-.024
Job Design		-.342***	-.240**
<b>Step 3: Commitment</b>			
Affective Commitment			-.320***
Continuance Commitment			.052
Normative Commitment			-.141*
Df	12, 214	21, 214	24, 214
R <sup>2</sup>	.125	.415	.508
Adjusted R <sup>2</sup>	.073	.351	.446
ΔR <sup>2</sup>		.290	.093
ΔF	2.410**	10.629***	11.942***

\*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001

This analysis shows that all sets of variables included in the model have a significant incremental influence in explaining intention to leave. In particular, organisational tenure (step one), job design, career development and job design (step two), and affective and normative commitment (step three), have a substantial impact. In addition, affective commitment is a more significant (negative) predictor of intention to leave than normative and continuance commitment, thus lending support to hypothesis 4.4.

### **11.5 Predicting Commitment and Intention to Leave: Consistency in Attitudes?**

Having identified the attitudes that impact on both commitment and intention to leave, the extent to which these predictors of both are consistent can be examined. Since affective commitment represents a more significant predictor of intention to leave, it might be expected that a high degree of consistency will exist regarding those attitudes towards HR practices that influence both of these variables. Hypothesis 5.0 states that:

Those attitudes towards HR practices that predict organisational commitment will be consistent with those that predict high intention to leave.

Table 11.17 presents the significant predictors of intention to leave, and affective continuance and normative commitment that were identified in the study.

**Table 11.17 Predictors of Commitment and Intention to Leave**

HR practices	Intention to Leave	Affective Commitment	Continuance Commitment	Normative Commitment
Employee Involvement		✓		
Resourcing & Integration			✓	
Training				
Career development	✓			
Performance Management				
Job Security	✓			
Employability			✓	
Employee Reward		✓	✓	
Job Design	✓	✓		
Organisational Tenure	✓	✓	✓	
Company (Euro Finance)			✓	✓
Education (Second level)			✓	✓

As this table shows, the only consistent predictor of both affective commitment and intention to leave relates to attitudes towards job design. Organisational tenure is also a significant predictor of affective and continuance commitment, and intention to leave. Those variables that were unique predictors of either dependent variable were job security and career development (intention to leave), employee involvement (affective commitment) and employability (continuance commitment). In addition, two variables – training and performance management - did not emerge as significant predictors of either intention to leave or organisational commitment. These findings therefore show that attitudes that predict organisational commitment and are not consistent with those that predict intention to leave, and so hypothesis 5.0 is not supported.



## 11.6 Conclusions

This chapter set out to investigate the main hypotheses in the study. It investigated the influence of both individual and attitudinal variables on the development of commitment. The analysis investigated the relationship between career stage and attitudes towards HR practices. It was found that attitudes towards these practices were differentially related to both career stage variables. Furthermore, in some cases the relationships between career stage and attitudes towards HR practices were not positive. It was also found that while a perceived breach of promises was negatively related to employee age, no significant relationships were found regarding perceptions of broken promises and organisational tenure.

As hypothesised, it was found that attitudes towards all HR practices were positively related to affective commitment. A number of these practices were also related to continuance and normative commitment. In addition, perceived breach of promises was negatively related to associated HR practice areas. The analysis also found that perceived breach of promises was negatively related to affective commitment.

The extent to which individual variables and attitudes towards HR practices contribute to the variance in affective commitment was also investigated. It was found that organisational tenure and, in particular, attitudes towards some HR practices represent significant predictors of affective commitment. A number of individual variables, in particular organisational tenure, emerged as a significant predictor of continuance commitment. The analysis also investigated the extent to which career stage interacts with attitudes towards HR practices to influence commitment. No support was found for a moderated relationship regarding career stage and attitudes in the prediction of

affective commitment, though moderator effects were evident regarding the other forms of commitment.

Finally, as hypothesised, the analysis found that affective commitment was a more significant predictor of intention to leave than the other forms of commitment. A number of variables emerged as significant predictors of intention to leave, none of which were consistent with those predicting commitment. Organisational tenure also represented a significant predictor of intention to leave.

### SUMMARY OF SECTION THREE

The preceding chapters have provided an overview of the main findings in the study. The opening chapter presented the perspectives of HR managers regarding the management of the key areas of HR practice of interest to the study. Some of the potential limitations to the adoption of these practices from their perspectives were identified. The attitudes of the survey sample to these practices were then described, as well as their perceptions of broken promises, their commitment and their intentions to leave. The means for these variables were analysed and, consistent with hypotheses, some significant differences were found. In addition, the variables were examined using correlations and regression analysis. Consistent with hypotheses regarding the relative importance of attitudes towards HR practices, a number of core HR practice areas were identified. There was no evidence to suggest that career stage moderates the relationship between attitudes towards HR practices and affective commitment, though organisational tenure is a significant predictor of this form of commitment. The findings highlight the extent to which (a) commitment is multi-dimensional and (b) attitudes towards HR practices can have implications for the development of both affective and continuance commitment. Overall, the findings support the view that affective commitment is driven by attitudes towards HR practices and career stage, as measured by organisational tenure.

**CHAPTER TWELVE**  
**BUILDING AND SUSTAINING HIGH COMMITMENT THROUGH HR**  
**PRACTICES**

**12.1 Introduction**

This research has made a number of important contributions to understanding the relationship between employee experiences of HR practices and multiple dimensions of commitment. Rather than treating HRM and commitment as separate entities, it has provided an integration of both research perspectives in order to provide a better understanding of how these two issues are linked. The findings point to a number of areas of HR practice that can impact on employee attitudes and commitment. In particular, the findings demonstrate the importance of retention and organisational tenure in building systems of high commitment in organisations.

This chapter provides a detailed analysis of the research findings, particularly in light of other research studies. It draws together the key findings of the research to present models of both high commitment and retention. It also examines the extent to which high commitment management was evident in the three organisations investigated, and the extent to which commitment was evident among the sample. Finally, it questions the utility of treating commitment as a multi-dimensional construct in HRM, particularly in view of what might represent the real goals of so-called 'high commitment' management in organisations.

## **12.2 Attitudes towards HR Practices and the Development of High Commitment**

The HRM literature has accumulated a catalogue of best practices that present numerous possibilities for firms considering either adopting or developing them. The issue of whether all such practices are needed to impact on desired outcomes, such as commitment, is an important one. For example, Roche (1997) questions whether a certain 'threshold' of practices associated with all HR policy areas must be systematically developed or whether only certain areas need to embody commitment type principles. The findings from the present research shed much light on this issue by identifying the practices that impact most on the attitudes and commitment of employees. It has established that attitudes towards certain HR practices have the potential to impact on levels of affective commitment, and to a lesser extent continuance commitment among employees (hypothesis 3.1). Attitudes towards three broad areas of HR practice – job design, employee involvement and reward - emerged as significant predictors of affective commitment. In general, these findings correspond closely to a number of other studies investigating the links between HR practices and commitment (e.g. Ogilvie, 1986; DeCotiis and Summers, 1987; Eby and Freeman, 1999; Meyer and Smith, 2000). This suggests that attitudes concerning the degree to which jobs are broadly defined and make full use of skills and abilities, and the extent to which employees are afforded autonomy in carrying out their daily tasks, will be linked to higher levels of affective commitment. This lends further support to relationships between intrinsic job conditions and commitment reported elsewhere in the literature (e.g. Dunham et al, 1994; Hackett et al, 1994; Mottaz, 1988). Since the job design variable included a measure of autonomy, the findings also challenge a number of studies which

have found that the effects of autonomy are either not related or only weakly related to organisational attachment (e.g. Iverson and Buttigieg, 1999; Mueller and Price, 1990). Thus, consistent with Guest's proposition (1992, p. 120) 'commitment appears to be higher among those whose job provides scope for responsibility and for self-expression'.

The research has also established that attitudes towards employee involvement have a significant impact on levels of affective commitment. This finding supports the 'commitment' function of communication identified by Townley (1989) which concerns the extent to which employees can use information from downward communications to influence decision making. Perhaps linked to the issue of fairness, it suggests that employees have interests in, and want influence over issues and activities that are beyond the nature of their daily tasks. In particular, it suggests that decision-making processes that encourage member participation, and communication processes that keep the individual informed with respect to important aspects of the organisation, will influence affective commitment. Similar findings have been reported elsewhere in the literature (e.g. Dunham et al, 1994; Cropanzano and Folger, 1996).

The findings also show that reward systems that are regarded as competitive and that emphasise equity are associated with higher levels of both affective and continuance commitment among employees. This finding is consistent with research by Iverson and Buttigieg (1999) which employed the same measure of commitment among a sample of firefighters in Australia. Numerous other studies have found that rewards in general (e.g. Angle, 1983; Mottaz, 1988; Mowday et al, 1982; Steers, 1977), and more specifically

equitable rewards (e.g. Mottaz, 1988; Ogilvie, 1986; Rhodes and Steers, 1981), are important in influencing commitment. This is broadly consistent with Adams' equity theory (1965) which posits that the norms of fairness influence employee behaviours such as commitment. Regarding continuance commitment, it can be argued that positive attitudes towards rewards might inevitably give rise to feelings of a need to remain in an organisation. Extrinsic rewards provide for the basic needs for survival among individuals and represent cost-based investments that they will not want to lose. The findings suggest that organisations seeking to pursue a strategy of high commitment should provide rewards that are competitive and fair. However, it seems that a greater emphasis on intrinsic rewards provided through job design and employee involvement can yield higher affective commitment, while minimising less desirable effects.

Attitudes towards both resourcing and integration and employability also emerged as significant predictors of continuance commitment. It is most likely that findings regarding resourcing and integration reflect a commitment to a particular course of action, in this case an individual's decision to join an organisation, and the perceived irrevocability of that decision. It is possible the perceived investment in an organisation, and thus need to stay will be greater if employees feel that they have experienced a rigorous selection process and that they are working for an attractive employer. Furthermore, the expectations created at the time of selection may also give rise to higher levels of continuance commitment.

Attitudes towards employability impacted negatively on levels of continuance commitment. It is perhaps understandable that perceptions of employability will not be associated with a perceived need to stay, particularly if opportunities outside the organisation are favourable as was found to be the case in the present study. This finding, which is supported elsewhere in the literature (Allen and Meyer, 1990), suggests that organisations that ensure that skills provided are perceived as transferable are less likely to encourage high levels of continuance commitment. This finding provides immense support for the employability thesis (e.g. Rajan, 1997). It shows that employee perceptions of the costs of leaving an employer decrease as skills and experience – and therefore value to another employer – increase.

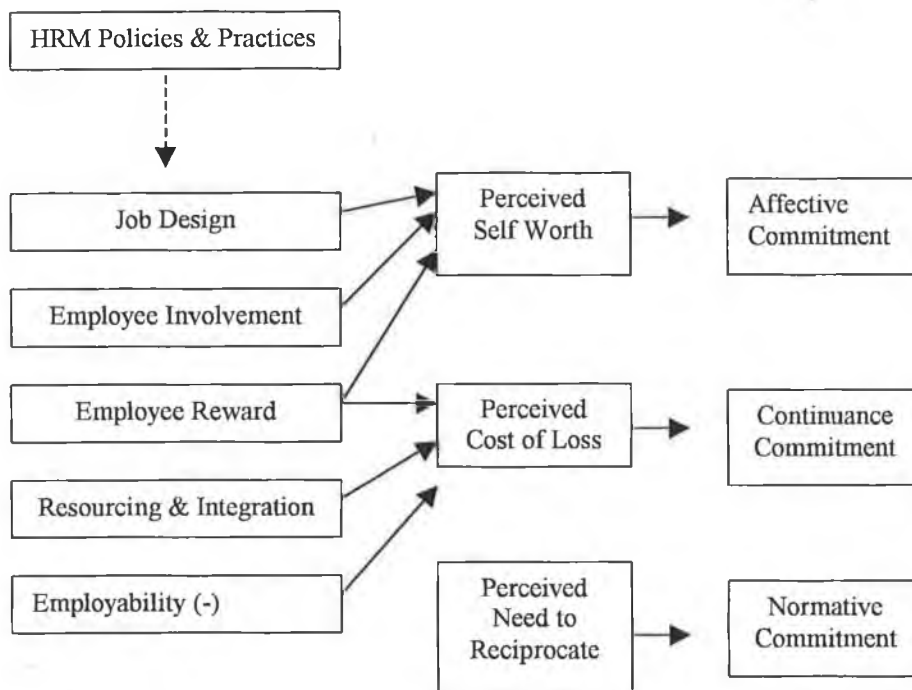
Contrary to other research findings (e.g. Iverson and Buttigieg, 1999; Meyer and Smith, 2000; Taormina, 1999), this investigation failed to find any evidence to suggest that attitudes towards HR practices have a considerable impact on levels of normative commitment. It has been suggested elsewhere that normative commitment can be influenced by investments that seem difficult for employees to reciprocate (Meyer and Allen, 1997). In this way, individuals will feel indebted to the organisation and consequently will feel a sense of obligation to remain. Taormina (1999), for example, found that attitudes towards career development were a significant predictor of normative commitment. The views expressed by respondents in the present research, however, suggest that commitment is perceived as a two-way, reciprocal process. This suggests that employees are only willing to offer commitment in return for what the organisation can provide in terms of, for example, training or career development opportunities.



Considering that the HR managers during interviews expressed limitations to both career development and training activities, and that attitudes towards these issues were quite negative among the sample investigated, it might be argued that this outcome is to be expected.

Based on findings from the present research investigation, Meyer and Allen's (1997) simplified model of commitment is now reconsidered. An extended version of their model is presented in Figure 12.1.

**Figure 12.1 A Simplified Process Model of High Commitment:  
Meyer and Allen's (1997) Model Revisited**



This model clarifies the relationship between HRM and commitment by identifying linkages between attitudes towards particular HR practices and multiple dimensions of commitment. It demonstrates that through HR practices, organisations can influence both the affective and continuance commitment of employees. In the case of attitudes towards reward, linkages are shown between both types of commitment simultaneously. Thus, the model shows that efforts to promote one form of commitment will inadvertently lead to the development of another form of commitment. It is generally regarded that the promotion of continuance commitment should be discouraged, considering its poor associations with job performance (e.g. Iles et al, 1996; Meyer and Allen, 1997). It can be argued, however, that if an organisation places less emphasis on practices linked to continuance commitment, it might do so at a cost to higher levels of affective commitment and perhaps higher job performance. The question is, if employers choose not to promote employability, for example, then will higher levels of continuance commitment result? More importantly, if organisations focus less on rewarding their employees for their efforts and contributions in line with market rates, will this impact negatively on affective commitment and ultimately employee performance? It is perhaps best concluded that while the manifestation of continuance commitment arising from certain areas of HR practice is inevitable, this is of less concern providing that greater emphasis is placed on areas of HR practice that influence affective commitment.

The model does not include all of the HR practice variables measured in the study. For example, attitudes towards training, performance management and career development practices, while found to be significantly correlated with some forms of commitment, did

not emerge as significant predictors of any commitment form. This is surprising because it is implied in the literature that investments made by employers through, for example, training and career development activities will be associated with high employee commitment. Other research investigations have found support for this perspective with respect to both commitment (e.g. Gaertner and Nollen, 1987; Meyer and Smith, 2000; Taormina, 1999) and perceptions of organisational support (e.g. Eisenberger et al, 2000; Meyer and Smith, 2000). While this research has established that certain attitudes are more salient predictors of commitment than others are, does this necessarily mean that these other attitudes are not important in the development of high commitment?

It is plausible to suggest that attitudes towards these other HR practices, while not unique predictors of commitment themselves, are actually related to those practices that do predict commitment. It is perhaps the case that, for example, the extent to which training is viewed positively will impact on the extent to which jobs are regarded as interesting. Likewise, the extent to which performance management practices are viewed positively by employees might impact on their attitudes towards rewards or communication. With this line of argument, it is not assumed that these activities are not important in creating a highly committed workforce but rather it is assumed that these activities reinforce those core HR practices that do predict commitment. Some support for this argument can be found since patterns of correlations between these 'reinforcing' HR practices, 'core' HR practices and levels of affective commitment are relatively strong. Furthermore, though attitudes towards training did not emerge as a significant predictor of any form of commitment, it can be argued that through perceptions of employability, it has an indirect

and negative impact on the development of continuance commitment. This perspective is thus consistent with Roche's (1997) view that there may exist 'leading policy areas' or 'core underlying features', which characterise a model of high commitment. This view holds that it is not necessary that all areas of HRM policy embody high commitment principles, but instead only certain areas regarded as critical to the development of commitment should be more highly developed. As suggested by Roche, the other HR practice areas should be viewed as being of subsidiary importance, though perhaps still having some impact on the overall effectiveness of the commitment model. A similar conclusion can be drawn from the present research, where the 'core' predictors are regarded as of central importance, but where all other variables that correlate with commitment 'reinforce' or support the development of high commitment.

There are many other possible explanations regarding why attitudes towards these HR practices did not emerge as significant in predicting commitment, each of which can be addressed by further examining the research findings. First, insights are provided into this issue when the focus shifts to considering the findings that explore the relationship between attitudes towards HR practices and turnover intention. This focus suggests that the attitudes that do not impact on high commitment are in fact those that influence an employee's decision to leave an organisation. Second, the findings show that individual variables better explain and, in some cases, interact with attitudes towards HR practices to predict levels of continuance and normative commitment. Finally, and perhaps most consequential for research in the field, these findings call into question the usefulness of

Allen and Meyer's (1990) conceptualisation of commitment, at least in advancing an understanding of the complexity of the HR-commitment relationship.

### **12.3 Attitudes towards HR Practices and Employee Retention**

The hypothesis that attitudes towards certain HR practices would better predict intention to leave than others was supported (hypothesis 4.2). Most of the variance in intention to leave was explained by the attitudes towards HR practices that were included in the research model. The most important predictors related to attitudes towards job design, job security and career development. It is attitudes towards these issues that provide important clues regarding factors that may impact on an employee's decision to voluntarily leave an organisation. This shows that at least some of the attitudes that were not significant in predicting commitment among employees instead impact on their decision to leave. This is important because it suggests that organisations wanting to promote high affective commitment might need to do so by first providing evidence of their commitment to employees through the provision of career development opportunities and job security.

The finding relating to job design lends some degree of support to studies that have found that employees holding complex jobs are less likely to leave (Gardner et al, 2000; McEvoy and Cascio, 1985). It implies that intention to leave is lower among those whose jobs are broadly designed, allow them to make full use of skills and abilities, and provide a high degree of discretion.

It seems that both attitudes towards career development and job security are important inducements to employees when choosing to remain with or leave their employer. Both issues form part of what can be regarded as a 'relational' psychological contract and aim to prepare the individual for a future in the organisation. There are, however, claims that as a result of competitive pressures, employers can no longer offer guarantees of long-term job security or career management for their employees (e.g. Adamson et al, 1998; Cappelli, 1998; Rajan, 1997). Instead, it is suggested that employee development is focused on the shorter term and employees are encouraged to manage their own careers, even if this takes them outside the organisation (Rajan, 1997). If this is the case, and the present findings suggest that it is, then the impact on the retention and perhaps the commitment of employees in the longer term will be considerable.

It is also interesting to note that in the present study perceived investment in training among a workforce was not associated with either commitment or intentions to leave. Therefore, no support is found to justify any perceived risk among employers that training investment will be linked to higher turnover, even in times of a buoyant labour market. Instead, it seems that it is not the investment in training *per se* that will lead to higher turnover, but instead the perceived lack of opportunities to avail of career development opportunities or engage in interesting jobs. This suggests that the expectations or outcomes that arise from training must be realised in terms of more interesting jobs and better career opportunities if retention, and indeed commitment, is to be maximised. Indeed, it can be argued that employees cannot be provided with interesting jobs, a high degree of autonomy, and career development opportunities unless such training is

provided. Linked to the arguments made earlier, it seems that there exist both core and reinforcing best practices at the individual level that predict employee outcomes including commitment and retention.

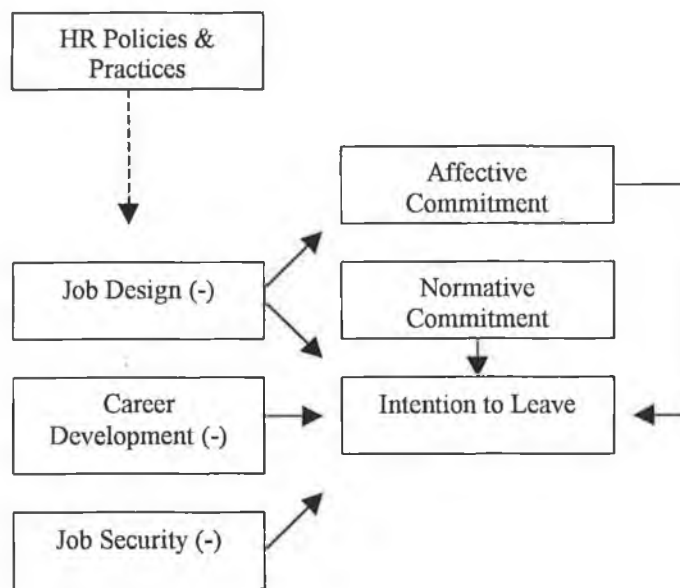
### **12.3.1 The Relative impact of Affective, Continuance and Normative Commitment on Retention**

Research has shown that an employee's decision to leave a job represents an important predictor of actual turnover (e.g. Griffeth et al, 2000; Guest and Conway, 2001; Hom and Griffeth, 1995; Tett and Meyer, 1993). For this reason, it is useful to consider attachment processes alongside retention processes. It was established in the present research that both the affective and normative dimensions of commitment made a significant, negative contribution in predicting intention to leave. As hypothesised, most of this variance was explained by affective commitment (hypothesis 4.1). These findings are largely consistent with those reported by Iverson and Buttigieg (1999) and correspond with suggestions in the literature that affective commitment is more binding than either continuance or normative commitment (Meyer and Herscovitch, 2001). This finding reinforces the view that a focus on issues that impact on the development of affective commitment can provide valuable HR and organisational outcomes. Given that normative commitment was found to be negatively associated with turnover intention, some support is found for the view that this form of commitment is a necessary precursor for organisational citizenship behaviour (Popper and Lipshitz, 1992). It is not surprising that continuance commitment was not a

significant predictor of intention to leave, due to its emphasis on the perceived 'need' to stay and the high costs associated with leaving.

A model of high retention is provided in Figure 12.2, which clarifies the relationships between attitudes towards HRM, commitment and intention to leave.

**Figure 12.2 A Simplified Model of Retention**



The model illustrates the impact that attitudes towards job design, career development and job security can have on retention. It also shows the impact that normative commitment and, in particular, affective commitment will have on intention to leave. Thus, the attitudes important in the development of affective commitment identified earlier can also impact considerably on retention. Linked to this issue, the model shows that attitudes towards job design are important in the management of both affective commitment and retention. A



key question, however, concerns whether positive attitudes towards job design can be sustained if career development opportunities or high levels of job security are lacking. If these opportunities are not provided, then what will the impact be on the longer-term commitment of employees? A further point regarding the issues important in the development of retention is whether or how soon employers will be in a position to provide extensive career development opportunities or high levels of job security. If such opportunities are not provided, will employees have left the organisation before commitment can develop at all? What categories of employees will be more likely to be committed or more likely to intend to leave? Is it possible that HR practices might be tailored to these categories of employees so that commitment and retention can be maximised?

#### **12.4 The Role of Individual Variables in Predicting Commitment and Retention**

The degree to which linkages can be demonstrated between employee attitudes and commitment strengthens the argument that organisations can manage the commitment of their employees through HR practices. So far, the evidence presented provides support for these linkages. One further complexity regarding the best practice perspective, however, concerns the possibility that both attitudes and levels of commitment might depend on a number of other individual variables. This possibility, it can be argued, will limit the extent to which a best practice perspective can be promulgated at the employee level. This is because organisations might need to tailor HR practices according to individual

characteristics, some of which may be beyond the control of the organisation or too complex in number to consider.

Two of the preliminary hypotheses in the study posited that both employee age and organisational tenure would be related to organisational commitment (hypothesis 1.3) and intention to leave (hypothesis 1.4). In view of the difficulties in dealing with variables such as age and tenure, which are often highly inter-correlated, it was important that the effects of either variable were partialled out in each analysis. It was found that organisational tenure, not employee age, was most strongly correlated with both affective and continuance commitment. While some research supports this finding (e.g. Cohen, 1993; Mathieu and Zajac, 1990; Meyer and Smith, 2000), other research suggests that age is the more significant variable (e.g. Allen and Meyer, 1993; Morrow and McElroy, 1987). It does seem more plausible that much of an employee's commitment will be derived from tenure rather than age, since people join organisations at various times during the course of their careers. Therefore, older employees with relatively short service will not necessarily have developed a high degree of affective attachment to their organisation.

As organisational tenure emerged as a stronger correlate of both commitment and intention to leave, employee age was excluded from the regression analyses that sought to predict these outcomes. It was predicted that attitudes towards HR practices would be better predictors of commitment than other variables relating to employer, position occupied, education, gender and organisational tenure (Hypothesis 3.2). Overall, the results show that a higher proportion of the variance in affective commitment was explained by attitudes

towards HR practices rather than individual variables. With the exception of organisational tenure, no other individual or organisational variables were found to impact on affective commitment. This is important because it adds support to the universal applicability of HR practices at the individual level. It suggests that HR practices, when viewed positively by employees, will impact on the affective commitment of employees regardless of the position that they occupy, their level of education or their gender.

In contrast to findings concerning affective commitment, it was found that individual variables were better predictors of the other forms of commitment than were attitudes towards HR practices. These variables accounted for almost 25 per cent and 8 per cent of the variance in continuance and normative commitment respectively. Of all of the individual variables considered in the research, organisational tenure was found to have the most substantial impact on continuance commitment. It is conceivable that employees with longer tenure will occupy more desirable positions, will receive higher levels of extrinsic rewards and will have developed closer relationships with work colleagues than those with shorter tenure (Mottaz, 1988; Meyer and Allen, 1997). If this is so, then their perceptions of 'sunk costs' or investments in the organisation will be greater. The analysis discussed thus far would support this proposition, particularly concerning the findings relating to reward and job design. It is also likely that respondents displaying high levels of continuance commitment perceive that their lengthy experience with their present employer makes them less employable elsewhere. The findings regarding both tenure and employability as predictors of continuance commitment support this view. Perhaps linked to the issue of employability, the findings also show that respondents with lower levels of

education are much more likely to display high levels of continuance commitment. This finding has been supported elsewhere in the literature (e.g. Somers, 1993). In addition, those employed by Euro Finance are more likely to display normative commitment, but less likely to display continuance commitment, when compared to those employed in Irish Finance.

It emerged from the research that the 'real' career stage effects on intention to leave is also organisational tenure (hypothesis 1.4), suggesting that employees with longer tenure are less likely to intend to leave their organisations. Furthermore, when all of the individual variables were entered in the regression equation, only organisational tenure emerged as significant. Previous studies have found that tenure is related to both turnover intention (Cohen, 1999) and actual turnover (Huselid and Day, 1991). It has been suggested that during the early stages of an individual's career, intention to leave will vary depending on their perceptions of opportunities available outside the organisation, and the attractiveness of alternative jobs (Meyer and Allen, 1984; Rusbult and Farrell, 1983). Support for this view was found since shorter tenured employees were more likely to perceive that alternative employment opportunities existed outside the organisation, and were more likely to intend to leave. The regression analysis found, however, that attitudes towards HR practices explained a higher proportion of the variance in intention to leave, than individual variables (hypothesis 4.3). This finding provides support for the view that retention can also be managed through the provision of the employment experiences identified and discussed earlier.

While some research studies have found that individual factors have no impact on commitment (e.g. Bateman & Strasser, 1984; Shadur et al, 1995), these findings point to the importance of organisational tenure as an important determinant of both commitment and intention to leave. In the case of affective commitment and intention to leave, attitudes towards HR practices explained a higher proportion of the variance than did tenure. If it is assumed that commitment can be managed by emphasising particular HR practices and thus promoting positive attitudes, then the findings regarding tenure are of less concern. This is because of all of the individual variables considered in the research, tenure can be regarded as the one which is most within an employers control. This is because retention *is* tenure, so in this respect, tenure can be managed through retention. On this basis, the need to further examine the ways in which attitudes and behaviours might vary over time is highlighted.

#### **12.4.1 Evidence of Interaction Effects and Implications for Best Practices**

A number of authors have expressed concerns regarding the extent to which commitment can be managed (e.g. Morris et al, 1993). One such concern relates to the possibility that employee attitudes and preferences towards work related issues might vary. This research found evidence to suggest that this is the case. For example, it was found that younger respondents displayed more negative attitudes towards job design and employee involvement. In addition, respondents with shorter tenure viewed rewards and employee involvement more negatively, but viewed resourcing and integration more positively. Promises linked to promotion were perceived to have been broken among younger respondents, and those linked to rewards among respondents with between two and ten

years' service. A key question concerns whether these variances in attitudes matter in terms of developing a highly committed workforce. If they are important, then this would weaken claims made within HRM that HR practices can be applied universally both across *and within* organisations to yield favourable outcomes. It would suggest that organisations might need to place greater or lesser emphasis on particular employment experiences depending on the stage of an employee's career. To further examine this issue, the research sought to establish whether employee age or organisational tenure might interact with attitudes towards HR practices to predict both levels of commitment (hypothesis 3.3) and intention to leave (hypothesis 4.4). The analysis of means in the present study was useful because it demonstrated that relationships between career stage and certain HR practice variables were not linear. This heightened the possibility that correlations within career stage categories and moderated regressions might capture interaction effects that would otherwise not have been identified.

In the case of affective commitment, the regressions that tested for interaction effects did not improve the explanatory power of the research model. This demonstrates that organisations seeking to enhance affective commitment will benefit little from configuring HR practices to 'fit' with employees' age or length of tenure. Therefore, consistent with a best practice perspective, the adoption or harmonisation of these employment policies across a workforce can be endorsed<sup>1</sup>. This strengthens claims made in the present research that attitudinal variables have a greater influence in the prediction and management of affective commitment than these other variables. Allen and Meyer (1993) reported a

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<sup>1</sup> This argument applies to affective commitment and these variables only, as it is possible that interaction effects exist across other individual variables not tested in the research.

similar finding in their study investigating interaction effects between career stage and work experiences in the prediction of affective commitment.

In most cases, the moderated relationships that emerged in the research related to normative commitment among younger or shorter tenured employees. These interactions are of particular interest because it has been established that these categories of employees are less likely to display high affective commitment and are more likely to intend to leave. As noted earlier, normative commitment can be influenced by investments that seem difficult for employees to reciprocate (Meyer and Allen, 1997). It seems that employees who perhaps perceive that they are fortunate to enjoy promotion opportunities at an early age, or during the early stages in their tenure, are more likely to experience feelings of obligation or indebtedness to the organisation. Age was found to be negatively associated with perceptions of the delivery of promises regarding promotion. Since a perceived breach of promise regarding this issue was also negatively associated with affective commitment, this suggests that the provision of career development opportunities is an important issue during early career stages. The findings also show organisational efforts to improve the design of jobs and to facilitate greater employee involvement will be associated with feelings of obligation to remain among younger employees (i.e. aged less than 30 years).

It is noteworthy that moderated relationships concerning normative commitment related to attitudes towards career development, job design and employee involvement. These are all issues that were found to predict either affective commitment or intention to leave. To add

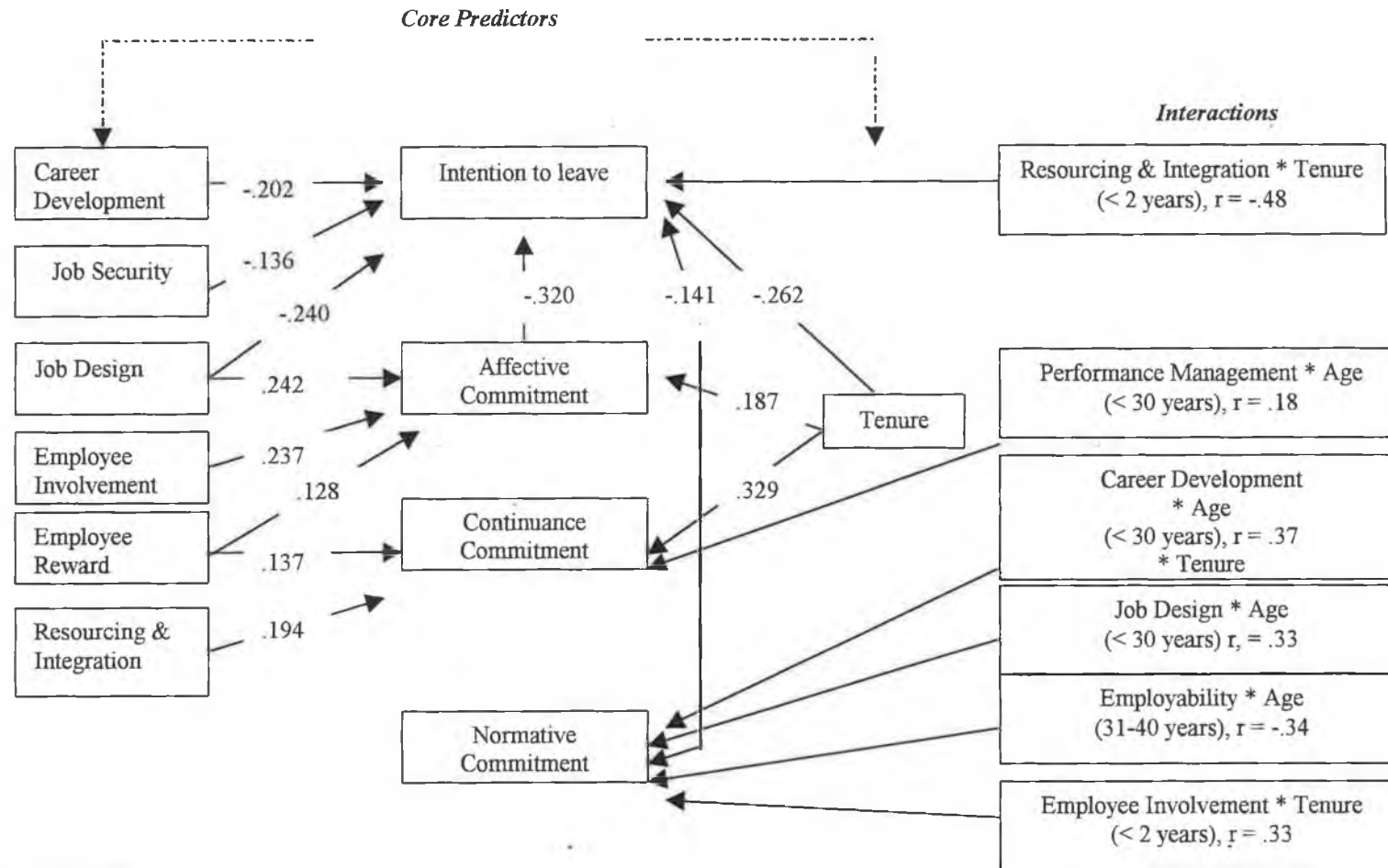
further significance to these findings, attitudes towards resourcing and integration were also found to interact with tenure (less than two years) in predicting intention to leave. This highlights the importance of effectively managing organisational entry and socialisation in the early stages of the employment relationship. Other research has reported associations between poor socialisation and turnover (Ashforth and Saks, 1996). This indicates that information regarding the sequence and timing of career development during early socialisation will impact on turnover intentions and at least certain forms of commitment in the short term. These interactions therefore present a possible route to affective commitment in the longer term, through retention and the development of normative commitment in the shorter term.

### **12.5 Towards a Model of High Commitment and Retention**

Figure 12.3 presents a model of high commitment and high retention by bringing together the main issues addressed in the research.



Figure 12.3<sup>2</sup> A Model of High Commitment and High Retention



<sup>2</sup> In most cases, the standardised Beta weights are provided in this model. For the interactions, the specific career stage categories identified in parentheses are those that were significant in partial correlations, and so the partial correlation ( $r$ ) is provided.

The model presented considerably extends Meyer and Allen's (1997) simplified model describing the HRM-commitment relationship in a number of important ways. First, it specifies areas of HRM that link employee attitudes to multiple dimensions of commitment. Second, it identifies the impact of a potentially important variable, organisational tenure, in the development of these dimensions of commitment. Third, the interactions between attitudes towards HR practices and both age and tenure on commitment are detailed. Finally, the model incorporates a focus on the linkages between all of these issues and intention to leave.

The model provides support for the view that employees' experiences of HR practices can impact on both commitment and retention. The specific areas of HR practices that impact most on employee attitudes, commitment and intentions to remain have been identified. This provides an opportunity for organisations to consider these areas of HR practices as part of a high commitment strategy. In this respect, the view that both commitment and retention can be managed is endorsed. However, the model also highlights the importance of organisational tenure in determining both of these outcomes. It demonstrates that at either end of the tenure continuum, employees are more likely to leave their employer (shorter tenure) or more likely to display high levels of affective commitment (longer tenure). This implies that commitment is not stationary, but instead represents an evolutionary outcome that can be earned by organisations that invest in people over time. The implications of this finding are significant in light of the suggestion that has been made within the HRM literature that organisations might be able to 'select' for high commitment (Wood, 1996). The evidence provided here clearly implies that this is not the case; affective commitment will only exist once the employment relationship has developed and certain experiences

have been provided to employees over time. This suggests that in order to determine how affective commitment develops, it is first necessary to consider why commitment fails to develop and why turnover intentions persist during the early stages of the employment relationship.

The research has shown that when attitudes towards career development, job security and job design are positive among employees, intentions to leave will be lower. These HR practice areas, with their emphasis on forging a relationship with employees in the longer term, can signal the route towards a high commitment strategy. Respondents' views of commitment emphasised its two-way, reciprocal nature. It was commented that: 'it is often overlooked by employers that loyalty is a two-way street' (US Finance employee), and 'my current job has not shown the required level of appreciation of my commitment ... if a new job came up in the right place I would have no hesitation in taking it' (Euro Finance employee). There is also evidence that when attitudes towards career development opportunities, job design and employee involvement are positive during the early stages of the employment relationship, reciprocation through high normative commitment will result. This suggests that the development of normative commitment is conditional on these experiences and opportunities being provided early in the employment relationship. It can be argued that such opportunities, where they are perceived to exist, will eventually lead to more affective responses among a workforce in the longer term.

Though moderated relationships did not emerge in the prediction of affective commitment, the sub-group correlations provide a good indication of ways in which affective commitment can be optimised. The attitudes that were consistently associated

with higher levels of affective commitment during early career stages (both age and tenure) related to job design, employee involvement and career development. Since these areas of HR practice also have independent effects on both affective commitment and retention (i.e. irrespective of age or tenure) they may be regarded as universally applicable for the workforce as a whole. In other words, from an employee perspective these practices may be regarded as 'best' practices, at least as part of a high commitment strategy. This conclusion is further supported because attitudes towards these practices are not associated with any secondary effects in terms of continuance commitment.

A further important consideration relates to whether the practices identified as important in influencing commitment are internally consistent or whether they might be incompatible with respect to policy formation. This relates to the possible adoption of 'deadly combinations' of HR practices identified in the literature (Becker et al, 1997). If it can be argued that employees undertaking interesting and challenging jobs should be rewarded for their efforts, skills and flexibility, then these practices are not inconsistent. Furthermore, all of the HR practices investigated were found to be highly inter-correlated. This suggests that changes to one element of the HR system might impact on employee attitudes towards other HR practices, which might conceivably impact on commitment. This argument is further endorsed with the finding that a perceived breach of promise regarding promotion, pay or job demands was adversely related to both attitudes towards associated HR practice areas and affective commitment, though not continuance or normative commitment. This finding has important implications for the management of affective commitment and the employment relationship more generally.

The HR practices that have been associated with high commitment and retention in the present study in many ways correspond to those associated with high performance work systems. These so-called 'high performance' practices closely reflect internal labour markets, which emphasise policies of promotion from within, combined with high investment in training activities and high employment security (e.g. Arthur, 1994; Huselid, 1995; Wood, 1996). Empirical research reports higher performance among firms that emphasise practices that influence the development of employees' knowledge, the sharing of information and the way in which work is structured (Gardner et al, 2000; Huselid, 1995). This research therefore demonstrates a high degree of correspondence between those HR practices associated with firm performance and those associated with the development of affective commitment. In this respect, the individual and firm level perspectives in HRM are not in conflict and these practices can be regarded as both 'high commitment' and 'high performance'.

These arguments reinforce the view that commitment is higher among employees 'who believe they are being treated as resources to be developed rather than commodities to buy and sell' (Gaertner and Nollen, 1989, p. 987). It is perhaps therefore the links between job security, career development, job design and employee involvement that signal the route towards high commitment. In particular, it might be a focus on retention through job security that will represent the key architectural element of a high commitment, high retention strategy. In this way, investments such as the provision of training and career development opportunities will be protected through high job security in the longer term. This is consistent with Becker and Gerhart's (1996, p. 786) view that if there is a generalisable best practice effect, it will not exist at the level of HR practice, but instead will be due to the overall 'architecture' of the system. This

architecture will be guided by the principles underlying the HR system relating to desired HR outcomes (e.g. commitment), which if deeply embedded in the organisation, will lead to a best practice effect.

Perhaps *the* key question regarding these findings is whether employees can be provided with such opportunities amid claims that organisations are moving away from internal labour markets and towards a more transactional employment relationship. The high investment nature of these practices – in terms of cost and commitment – coupled with the view that employees are now regarded as ‘calculated risks rather than people with needs, concerns and interests of their own’ would seriously weaken this prospect (Millward and Brewerton, 2001, p. 399). Despite this, however, it seems that the practices associated with a high commitment strategy are firmly rooted in the relational contract that emphasises the long-term relationship between the employer and employee. In this respect, the goal of high commitment and retention will be suited only to firms that are able or willing to operate primarily within internal labour markets. Whether high commitment is therefore a realisable, indeed a viable strategy for organisations operating in increasingly volatile environments will be explored in the next section.

## **12.6 Unravelling the Complexities of High Commitment**

The research findings discussed so far highlight both the choices and the challenges to organisations that choose to promote or indeed decline strategies of high commitment. While the elements of a high commitment strategy can be identified, the issue of whether the goal of high commitment is realistic is an important one. This section

further analyses the research findings in order to provide better insights into high commitment strategies from both individual and organisational perspectives. In order to explore high commitment as a strategy, two strands of evidence will be considered. First, evidence is sought for the existence of practices associated with high commitment management in the three firms. Then, evidence of commitment among the sample is considered and, in particular, the nature of that commitment is more closely examined.

### **12.6.1 High Commitment Management: The Limits of Diffusion**

While the three organisations that participated in the research were not actively pursuing a strategy of high commitment, the data does provide some useful insights regarding this issue. The HR practices associated with high commitment management were used in only a limited way in the organisations investigated. For example, HR managers stressed limits regarding the degree to which high job security or a high degree of autonomy could be afforded to employees. Further constraints were implied regarding the extent to which extensive career development opportunities could be provided. In addition, despite skills shortages in the industry at the time of the research and high levels of turnover, investment in training had not increased significantly in any of the three organisations. These constraints concerning both training and career development opportunities were also evident in employee attitudes towards these issues, which were considerably less positive than were attitudes towards other practice areas. The findings relating to career development reflect the reality that steady, progressive and upward movement is becoming less possible, and this has also been found in other studies (e.g. Gratton et al, 1999). This is despite indications both in the present study and in other research (Sturges et al, 2000) that career management

remains an important issue for those in early career stages. Despite these findings however, attitudes towards the design of jobs in general were quite positive.

Perceptions of job security remain reasonably positive, even if perhaps somewhat optimistic on the basis of perceptions of HR managers regarding this issue. There is limited evidence too, that these organisations operate a clear core-periphery distinction associated with types of functional flexibility suggested in the literature, since 82 per cent of the sample were in full-time and permanent employment. In addition, employability was found to be *the* HR practice area viewed most favourably by the survey sample. These findings are consistent with other research within the financial services industry, which suggests that banks are replacing traditional job security with employability (Rajan, 1997). Linked to this issue are the intimations by senior HR managers that the organisations were 'victims' of employability, which was regarded as counter-productive in the development of high commitment, or at least retention. It is also interesting to note that while respondents' perceptions of employability were positive, attitudes towards training were more negative. It therefore seems that even if training provided is perceived as inadequate, perceptions of employability will remain positive in a favourable economic climate. It is also possible that perceptions of employability 'buffer' the effects of diminishing job security when economic conditions are favourable. The probability that these attitudes would be as positive in a less favourable labour market characterised by high job losses and high levels of unemployment is perhaps much lower.

The findings reviewed here raise some interesting questions regarding the extent to which sophisticated procedures are used when recruiting potential candidates. For



example, all of the organisations rely considerably on employment agencies during selection, which raises the question of whether a high degree of control can be exercised in ensuring that a 'highly selective' approach (e.g. Wood, 1996) is adopted. Furthermore, there is limited evidence that 'sophisticated' selection procedures are in fact used. Yet, the quality of new staff entering an organisation and the extent to which they have appropriate skills and suitability for the roles they have been appointed to, will have an impact on the work attitudes of existing staff and on the overall performance of an organisation. Evidence that the use of sophisticated selection procedures is limited has been reported elsewhere (McGunnigle and Jameson, 2000), suggesting that such procedures are not widespread across organisations. Despite this finding, employees viewed the recruitment and selection process quite positively. While there was somewhat limited evidence of 'extensive' socialisation practices in each organisation, responses towards this issue were also reasonably positive.

Some degree of consistency with the high commitment literature regarding reward practices was apparent, with the provision of variable rewards, incentives and with what may be regarded as extensive benefits. Yet, respondents' attitudes towards reward were quite negative. The research investigation also found that a wide range of methods was used to involve employees, also consistent with the literature. Despite this, employee attitudes towards involvement were also negative.

Guest (1999) suggests that if employee attitudes towards HR practices are positive, then it can be concluded that employees like HRM. From an employee perspective, it therefore seems that these organisations are not rewarding, involving, training and developing staff in ways consistent with the high commitment literature or, if they are,

then they are not having any positive impact on employee attitudes. It therefore seems that while these practices have the potential to be 'best' practices, from an employee perspective the reality is much less optimistic.

The comments volunteered by respondents emphasised the reciprocal nature of commitment. The general thrust of these responses relate closely to the view that organisational commitment can only exist if there is also some degree of commitment shown by the organisation to the individual (see also Herriot and Stickland, 1996; Meyer and Smith, 2000). Research has found that perceived organisational support is related to affective commitment (e.g. Eisenberger et al, 2001; Meyer and Smith, 2000). It can be argued that HR practices in many ways represent evidence of organisational support and that the practices most closely associated with high commitment in the literature such as career development, employee involvement and investments in training, are examples of such support. The findings therefore signal the extent to which perceptions of organisational support are limited among the sample.

Linked to this issue, responses volunteered in the study strongly suggested that the support provided by managers might play an important role in promoting commitment. This is important because while managers might have an obligation to conduct performance appraisals, other activities perceived as supportive by the individual, such as providing feedback or career guidance on a more informal basis are more discretionary. The findings suggest that these discretionary behaviours, though not directly assessed in the present study, should not be dismissed.

In conclusion, this study indicates that there are limits to the diffusion of high commitment practices in this sample of Irish organisations. In particular, these limits are reflected in the negative attitudes towards employee involvement, training, career development and rewards. The sample is small in that it considers only three organisations, yet they are located in the financial services area, an area that might be expected to be open to the adoption of such practices among its knowledge-based employees. It is perhaps the high cost associated with investment in these practices that inhibit their use in organisations. Yet, the cost of not implementing them may prove more expensive in the long term.

#### **12.6.2 High Commitment Management: Broken Promises and the Psychological Contract**

More evidence of the existence of high commitment management was provided from the data on the psychological contract, in particular on the promises made to respondents at the time of joining the organisation. The HR managers interviewed did not dispute the possibility that unrealistic promises may have been made at this time. Despite this, the broad indication from these findings is that, at least for the majority of employees, promises made were being fulfilled. However, over one fifth of respondents indicated that promises made regarding both promotion opportunities and the demands of the job at the time of joining were not subsequently honoured. Other studies have reported similar findings (e.g. Guest et al, 1996), including a study involving employees from the banking sector (Turnley and Feldman, 1998). It is possible that the findings concerning job demands reflect the views expressed by respondents that those who left were not being replaced and as a result the workloads of

remaining staff were increasing. This may indicate that management is attempting to 'do more with less', or it may simply reflect the reality that securing replacement staff is difficult in a tight labour market. However, in view of the importance of both attitudes towards career development and job design in influencing retention, the possibility that intentions to leave actually stem from unrealistic promises being made in the first place cannot be dismissed. The research finding that broken promises regarding the demands of the job was associated with higher intentions to leave reinforce this point.

It is difficult to determine from the research findings whether the psychological contract among respondents in this sample is based on a transactional (e.g. high rewards offered in return for flexibility) or relational (e.g. significant career development and high job security in return for commitment) exchange. It can be argued that the significant attitudinal predictors of commitment – job design, employee involvement and reward – comprise elements of both types of contract. It is also interesting to note that the issues regarded as important by respondents concerning this two-way exchange included both elements of a transactional and relational contract, such as training, career development, favourable rewards and a good working environment. This suggests that the two extremes presented in the literature may not represent bi-polar opposites or be mutually exclusive (Millward and Brewerton, 1998), and that commitment will not be optimal within organisations regarding them as such.

### **12.6.3 High Commitment Management: Variance Across Organisations**

The extent to which attitudes towards HR practices and commitment varied across each organisation was examined in the research. There was evidence that the level and type of commitment displayed by respondents varied across organisations, and that their perceptions of HR practices also varied. The regression analysis showed that employees within Euro finance were much less likely to display high levels of continuance commitment, though more likely to display high levels of normative commitment, than employees within Irish Finance. It is difficult to determine why this is so, but it is possible that in the case of continuance commitment at least, levels of education may have an important influence. Higher proportions of respondents within Irish Finance were educated only as far as second level (52%), when compared to those in Euro Finance (18%). In addition, employees within Irish Finance had more negative attitudes towards employability. It may therefore be that lower levels of education and perceptions of less chance of securing employment elsewhere contributed to this finding. The findings concerning higher levels of normative commitment within Euro Finance might be attributed to more favourable attitudes towards career opportunities and employability, when compared to those in Irish Finance.

It might have been expected that HR practices employed within the two non-union organisations would have been more individualistic, and consequently attitudes towards these practices would vary across the organisations. It is suggested that practices associated with individualism include contingent reward practices, direct communication and involvement, sophisticated procedures for selecting, promoting and assessing the performance of employees, and broad and autonomous job design

(Gunnigle et al, 1998; Roche, 2001). Consistent with this argument, attitudes towards career development, resourcing and integration and rewards were found to be more positive in US Finance, particularly when compared to employees in Irish Finance. It is possible that these findings do indeed reflect a greater individualisation of the employment relationship in this non-unionised, US firm where there is perhaps greater emphasis on merit based pay and promotion. It is also possible that these differences – particularly concerning career development and reward - are due to the nature of work in these organisations, since a higher proportion of employees in Irish Finance occupy administrative positions, where career development opportunities are more limited and jobs are less well paid. In Euro Finance, respondents held more positive attitudes towards job design, particularly when compared to those employed in Irish Finance. At the same time, this organisation did not provide opportunities for flexible working hours, a practice that is employed in the other two organisations. Attitudes in this organisation may again be related to the nature of the work as higher proportions of Irish Finance employees occupied administrative positions. However, respondents from Irish Finance held more positive attitudes towards employee involvement, teamworking and job security, particularly when compared to respondents at Euro Finance. Respondents from Irish Finance also displayed more positive attitudes towards performance management though less positive attitudes towards reward, when compared to other respondents. This is somewhat of a paradox, since negative attitudes towards rewards should be consistent with negative attitudes towards the performance appraisals that determine these rewards. Adding more inconsistency to these findings, is the finding discussed earlier regarding higher levels of continuance commitment in this organisation; negative attitudes towards rewards should not be linked to the ‘costs’

associated with leaving. It might suggest, however, that employees in this organisation are 'holding out' for higher pay.

Regarding promises made at the time of selection, Irish Finance respondents were more likely to perceive that promises made regarding promotion had been breached, particularly when compared to respondents in US Finance. Yet, the HR manager in Irish Finance had indicated that opportunities for promotion at the time of selection were not emphasised, perhaps even downplayed. Employees at Euro Finance were more likely to perceive that promises made at the time of selection have not been honoured with respect to pay, particularly when compared to respondents at US Finance. Yet, the HR manager in Euro Finance suggested that managers in the organisation would be more careful about making any such promises regarding rewards. These findings therefore question the extent to which HR managers can provide an accurate picture of what is happening in an organisation, or of what is being practised across sub-units. It can be argued that those at the receiving end of HR practices are in a better position to judge their consistency or effectiveness. This is an important point because firm level research has often relied on HR managers' reports in determining the nature of best practices and in linking these practices to reported measures of firm performance.

#### **12.6.4 High Commitment Management: Distinguishing Between Different Forms of Commitment**

The type of commitment displayed by employees may reflect the type of contract that they perceive they have with their employer. In view of the negative attitudes that

existed towards the most salient predictors of commitment, it is perhaps not surprising that in general levels of commitment were quite low. Despite this however, respondents displayed higher levels of affective commitment than either continuance or normative commitment. The lower levels of continuance commitment reported here signal that employees are less likely to perceive that they need to remain with their employers, perhaps also consistent with a buoyant labour market. It may also be a reflection of the negative attitudes towards rewards which were found in the study, where employees perceive that they have accumulated limited 'investments' in comparison to what they perceive they should be receiving, or would receive with another employer. It might also be expected that perceptions of considerable investments made in employees would be reciprocated with feelings of obligations to remain. These findings suggest that employees are less likely to perceive that they 'owe' their organisation commitment or loyalty, perhaps a further reflection of limited investments that were highlighted earlier. The findings concerning affective commitment suggest that employees are somewhat more likely to feel emotional attachment to their organisation. In view of the favourable economic climate, it is perhaps not surprising that commitment levels are low. However, the finding that the more desired form of commitment is in greater evidence is an important research finding.

The findings also indicated that intention to leave and perceptions of alternative job opportunities were quite high. These findings are best interpreted within the context of the economic climate and availability of alternatives at the time of the survey. In identifying the reasons for high turnover intention, respondents' comments indicate that rewards and the demands of the job are important determining factors with numerous



suggestions that there existed 'more money for less pressure' outside the organisation. A number of references were also made to work colleagues who had left for better opportunities elsewhere. It was also suggested that the lack of appreciation shown by employers was a further issue influencing employees' decision to leave, again emphasising the reciprocal nature of the employment relationship.

### **12.7 Linking HRM to Commitment: The Utility of the Multi-Dimensional Perspective**

This final section of the thesis deals with some fundamental issues surrounding both the meaning and the measurement of commitment. The issues raised here highlight the importance of examining work-related behaviours across cultures as well as within cultures, and to recognise the limitations of generalising beyond the context within which theories and constructs are developed.

The research has found evidence to show that the affective, continuance and normative dimensions of commitment are conceptually distinct. Yet, the extent to which attitudes towards HR practices represent useful predictors of the continuance and normative dimensions in particular is called into question. In this study, the proportion of variance explained in affective, continuance and normative commitment ( $R^2$ ) was 43, 36 and 22 per cent respectively. Comparing this to other studies, Taormina's (1999) investigation of a random sample of employees in Hong Kong explained 50, 22 and 16 per cent of the variance in affective, continuance and normative commitment respectively. His study did not examine such a wide range of HR practice predictors as were employed in the present study, and instead examined only training, understanding (similar to

communication) and future prospects, with a wide range of demographic predictors including age, education, gender and marital status. Iverson and Buttigieg (1999) examined affective, normative and two continuance commitment sub-scales relating to perceptions of few alternatives and high personal sacrifice among an Australian sample of firefighters and explained 54, 24, 32 and 16 per cent of the variance respectively. Their study examined the impact of a range of personality, demographic, and environmental variables on commitment. Similar to Taormina's study, these researchers did not specifically address HR practices, though characteristics of the work environment in their study did capture some elements of HRM. While the difference in variance explained across these studies is not substantial, the lower proportion of variance explained among this Irish sample suggests that the cultural context within which commitment research occurs is an important consideration.

The proportion of variance not explained here may be attributed to the way in which commitment itself was conceptualised and measured in the study. It can be argued that, almost without exception, research on commitment is steeped in a North American view of what commitment is and how it should be measured. A key question therefore concerns whether commitment as it is currently conceptualised in the literature is relevant to research contexts outside the US. It is possible, for example, that an Irish population of workers will not necessarily identify with the issues explored in Allen and Meyer's (1990) measure. Linked to this issue, the economic context in Ireland at the time of the study is another possible consideration in exploring the usefulness of this measure. One of the noted values of the present research is that it has provided a renewed focus on commitment and turnover behaviour in a buoyant economy, since much of the research on this issue has been carried out in recessionary climates. This

may be one reason why those participating in the research were less likely to feel a need to remain with their employers. Since opportunities outside their organisation were perceived to have been favourable, a poor initial choice of employer would not have necessarily given rise to employees feeling bound or obliged to remain in the organisation.

The question of whether current conceptualisations of commitment in general are relevant in view of the reported changes regarding the nature of the employment relationship is a further key issue. The claims that employers are no longer in a position to offer extensive career opportunities or high job security for their employees in the longer term has already been discussed. To take examples from Allen and Meyer's (1990) conceptualisation, even if employees are 'happy' to spend the rest of their career with an organisation, will they be given the opportunity to do so? Regardless of whether it is perceived that people move from one company to another too often, is this type of behaviour perhaps inevitable and becoming increasingly acceptable in view of the limitations to career development being imposed by employers? With a greater emphasis on work-life balance, will employees necessarily want to feel a strong sense of belonging or feel 'like part of the family' anymore? As Swailes (2002: 155) argues 'developments in the ways that commitment is measured have been incremental and arguably detached from the broader context of "new deals" for employees'.

It is worth noting that attitudes towards HR practices explained a greater proportion of the variance in affective commitment. Since this form of commitment has most been associated with individual performance, this alleviates the possibility that these

attitudes will impact on forms of commitment that organisations are less likely to want to promote. Meyer and Allen (1997, p. 89) argue that:

‘Although the impact of an increase in any one of these components of commitment on employees’ intention to remain in the organisation might be the same, the effect on their willingness to contribute to the attainment of organisational objectives might not ... the most worrisome situation would be one in which a particular practice contributed to an elevation in continuance commitment but not in affective or normative commitment’.

This argument implies that employees displaying high levels of affective or normative commitment are those that will contribute most to the organisation. However, the associated measures of affective, continuance and normative commitment do not contain any indication whatsoever of an employee’s willingness to contribute to the attainment of organisational objectives, only the different motives for why they might want to remain. Indeed, the extent to which linkages between affective commitment and performance reflect a commitment to company goals on the part of employees can be called into question. It is possible that, for example, individuals will seek to maintain high personal standards of performance or will increase their efforts in order to secure rewards or secure their future in the organisation. Individuals may also wish to remain because of a commitment to their job, their work group, their manager or as a means to meet financial obligations outside the organisation. With these scenarios, higher performance may result without any corresponding commitment to the organisation’s goals among individuals. Thus, the motives for organisations seeking to foster high commitment might be at odds with the motives of their employees; the goals of both parties might be incongruent. This argument suggests that goal congruence should be considered in measures of affective commitment, or should at least be considered as one of its outcomes.

This brings the discussion to the relative merits of both Mowday et al's (1982) Organisational Commitment Questionnaire (OCQ) and Allen and Meyer's (1990) conceptualisation of commitment. With the OCQ, Mowday et al (1982) attempt to capture both motives and outcomes of commitment by assessing an employee's desire to maintain membership, their acceptance of the organisation's goals, and their willingness to exert extra effort. Allen and Meyer's (1990) measure usefully distinguishes between what can be regarded as desirable and less desirable retention. While the outcome of affective commitment might be a willingness to remain in an organisation, and a desire to do so, this will not secure a commitment to the organisation's goals or optimum performance. So where does this leave organisations that might want to pursue both high commitment and high performance?

This really depends on whether commitment is regarded as simply retention that is reflected in the different motives for employees staying, or whether it is something much more complex and tangible in the form of commitment to goals or exerting extra effort, as measured by the OCQ. If it is the former, then the use of measures such as that proposed by Allen and Meyer (1990) to investigate HRM and commitment linkages is acceptable. In certain industries, where tight control over resources and costs is paramount, but where the human resource is less consequential than other resources, then management of retention may be adequate. But, will such organisations be willing to invest in the types of practices associated with high commitment or high retention that emerged from this research? In business contexts where intense competitiveness necessitates the shedding of jobs on the one hand, and the retention of key skills that represent a unique source of competitive advantage on the other, organisations will only want to retain those employees who are likely to contribute

most. It does seem, therefore, that despite criticisms of Mowday et al's (1982) conceptualisation, what organisations want in terms of a 'committed' workforce is precisely what it is that Mowday et al describe and seek to measure. If commitment does represent a multi-dimensional construct as this and other research suggests, then the issues regarding commitment as retention *versus* commitment as performance must be reconciled.

It seems that while researchers have to a large extent resolved the question of why people become committed, the fundamental question of what commitment is remains uncertain. The present research goes some way towards informing HRM research and practice about why people stay, but in common with other research, it makes little progress in addressing the important question of why they contribute. As suggested elsewhere in the literature, measures of commitment must focus on commitment behaviours rather than merely attitude or affect (Coopey and Hartley, 1991; Guest, 1991; Swailes, 2002). It seems that attempts are under way to incorporate issues such as commitment to goals, performance focus and acceptance of change into measures of affective, continuance and normative commitment (Meyer and Herscovitch, 2001). These developments should be observed with interest and incorporated into future investigations of commitment if the construct is to remain relevant.

## **12.8 Conclusions**

This chapter presented a number of models that extend present knowledge and understanding regarding how employee experiences of HR practices impact on both

commitment and retention. These models demonstrate that both affective commitment and retention are important cornerstones of a high commitment strategy.

It is widely assumed in the literature that to secure the long-term supply of human resources, organisations should provide job security, promotion opportunities and elaborate training programmes. These practices did not however emerge as significant predictors of commitment in the present study. Instead, those attitudes that made a significant contribution to the variance in affective commitment related to job design, employee involvement and reward. Attitudes towards job design, career development and job security emerged as significant predictors of intention to leave. Though attitudes towards rewards, resourcing and integration and employability emerged as significant in predicting continuance commitment, their impact was fairly modest. In addition, no evidence was found to suggest that attitudes towards HR practices impact on normative commitment. For this reason, the importance of these two dimensions of commitment in exploring linkages between attitudes towards HRM and commitment was called into question.

A further challenge to the management of high commitment concerns the extent to which individuals might vary in their propensity to become committed. In particular, the extent to which attitudes towards HR practices and commitment might vary according to career stage was identified. Overall, the findings suggest that organisational tenure represents the 'real' career stage effect on affective commitment, which suggests that commitment develops over time. However, the research found no evidence to suggest that career stage interacts with HR practices to influence affective commitment, though interaction effects were apparent regarding both continuance and

normative commitment. Failure to find evidence for moderated relationships in the prediction of affective commitment lends support to the best practice perspective at the employee level. This is because attitudes towards these certain HR practices impact on affective commitment, regardless of career stage. Organisational tenure also emerged as a significant predictor of intention to leave. This suggests that employees' experiences of HR practices during the early stages of their careers are important.

These findings provide a better insight into the means by which employees become committed to an organisation, and yet they highlight the complexities that organisations seeking to 'manage' commitment are presented with. These complexities relate to the relational nature of the HR practices needed to secure commitment, particularly in view of arguments that transactional contracts between individuals and organisations are more prevalent. Linked to this complexity, are important issues regarding the applicability of commitment constructs as they are currently conceptualised to research contexts outside the US. This investigation highlights the need for future research to explore these issues. More fundamentally, it calls for greater clarity among researchers and practitioners regarding the meaning and the goals of commitment.



## **CHAPTER THIRTEEN**

### **CONCLUSIONS**

#### **13.1 Introduction**

This study set out to provide a better understanding of the relationship between HRM and commitment from an employee perspective. The research findings and models presented extend existing research by providing a more comprehensive understanding of the complexity of the commitment phenomenon. This chapter provides a summarised account of the main conclusions of the research. It considers how organisations concerned with improving levels of commitment and retention can intensify affective employee reactions towards work through appropriate HR policy design. It identifies a number of limitations to the research, which also warrant attention. Finally, it presents a number of potentially interesting research avenues which further research can explore.

#### **13.2 Key Conclusions**

This research has made a number of important contributions to the understanding of high commitment within organisations. A dominant issue within HRM literature in recent years has concerned what has been labelled as 'high commitment' or 'high performance' management. This debate has been placed within the context of research evidence that considers the identification of best HR practices that can impact on firm performance, with little attention to commitment. A smaller number of studies have investigated the impact of attitudes towards HR practices on commitment, viewed

primarily as a singular, uni-dimensional construct. To date, any consolidation between both research streams has been notably lacking with little indication of whether or how attitudes towards HR practices impact on multiple dimensions of commitment. This study has attempted to incorporate both research approaches by identifying the HR practices that have been associated with firm performance and examining their impact on the actual commitment of employees. Meyer (2001: 331-2) has argued that there exists:

‘a need for more systematic investigation of (i) moderators of relations with antecedent and outcome variables, (ii) potential negative consequences of commitment, and consequences of greater relevance to employees, and (iii) the impact of specific organisational policies and practices on employees’ commitment’.

This study has made considerable progress in addressing these key issues. It has unpacked and then repacked the relationships between individual variables, attitudes towards HR practices and commitment in order to examine whether the best practice perspective can be promulgated at the employee level. These findings, though preliminary, provide support for this perspective.

The main conclusions that can be drawn from the research, are summarised as follows:

- (i) Attitudes towards HR practices are better predictors of affective commitment than either continuance or normative commitment. Attitudes towards certain ‘core’ HR practices are better predictors of affective and continuance commitment than are others.
- (ii) Affective commitment is the best predictor of intention to leave. Attitudes towards HR practices that do not predict organisational commitment are, in some cases, those that predict intention to leave.

- (iii) Organisational tenure has a significant impact on intentions to leave and both affective and continuance commitment. It seems that the management of employee attitudes over time provides the key to both high retention and high commitment within organisations.
- (iv) Attitudes towards HR practices do not interact with employee age or organisational tenure to predict affective commitment or intention to leave. Some significant interaction effects are evident regarding continuance and normative commitment. These may provide possible routes towards affective commitment among employees in the longer term.
- (v) The utility of treating commitment as a multi-dimensional construct in HRM is questionable, particularly in view of what might represent the real goals of so-called 'high commitment' management in organisations.

These conclusions, and others identified by the research, will be delineated in the remaining sections of this thesis.

- 13.2.1**     *Conclusions: (1) Attitudes towards HR practices are better predictors of affective commitment, than either continuance or normative commitment.*
- (2) Attitudes towards certain 'core' HR practices are better predictors of affective and continuance commitment than are others.*

The lack of research investigating the impact of HR practices on employee attitudes and multiple dimensions of commitment represents a notable weakness in the literature. The question of whether there can be positive outcomes for employees from HRM requires that links are more firmly established between employee attitudes and affective

commitment. This is because HR practices that are associated with positive attitudes and an affective attachment to an organisation will be more beneficial, than those associated with employees feeling bound or obliged to remain. One key contribution of the research is therefore the finding that attitudes towards HR practices are better predictors of affective commitment, than either continuance or normative commitment. As noted in the literature review, links have been more clearly identified between affective commitment and job performance than with the other forms of commitment (e.g. Hackett et al, 1994; Meyer et al, 1989). If this is indeed the case, then a better understanding of how attitudes towards HR practices impact on affective commitment is also important from an employer perspective.

This research has contributed to this understanding by identifying those areas of HR practice that link employee attitudes to commitment. Evidence has been found to suggest that only attitudes towards certain HR practices have a significant impact on organisational commitment. Those attitudes relating to job design, employee involvement and rewards made a significant contribution to levels of affective commitment. This suggests that management initiatives to promote commitment, and how employees respond to these initiatives, can impact on 'the type of commitment that matters' (Meyer et al, 1989). A further key outcome of these findings is the high degree of correspondence between those practices associated with high performance in firm level research and those associated with affective commitment in the present study.

The issue of whether all practices identified within the best practice literature are needed to impact on desired outcomes, such as commitment or performance, is an

important one. This research has identified the most important areas of HR practice that organisations seeking to promote high commitment can focus upon and invest in. Therefore, if some practices are considered impractical within certain organisational or economic environments, then expenditure of resources on practices that are not critical to commitment can be avoided.

Regarding the other forms of commitment, attitudes towards rewards and resourcing and integration emerged as more significant predictors of continuance commitment. In addition, perceptions of employability were negatively associated with feelings of a 'need' to remain in an organisation. It is best concluded however, that placing emphasis on certain areas of HR practice (or not, as in the case of employability), will inevitably give rise to perceptions of a greater 'need' to stay. Providing that emphasis is placed on areas of HR practice that impact on affective commitment, then outcomes for both individuals and employers should remain favourable.

The research found no evidence to suggest that attitudes towards HR practices have any direct impact on normative commitment. In addition, a number of areas of HR practice did not emerge as significant predictors of any form of commitment (e.g. training, career development and performance management). It was anticipated that perceptions of organisational support among employees arising from investments in training and career progression would impact on feelings of obligation to remain. The findings would suggest that it is perceptions of poor organisational support, demonstrated by negative attitudes towards such issues, that best explain this outcome. It is also possible that the practices that did not make a significant contribution to commitment, are instead related to those practices that did. The patterns of correlations

between these practices and affective commitment, in particular, would strengthen this argument. Thus, while emphasis on certain areas of HR practice is of critical importance to high commitment, these other areas reinforce that commitment. The other important conclusion reached in the research regarding this issue, is that some of those attitudes towards HR practices that did not predict organisational commitment, were those that were significant in predicting retention.

**13.2.2** *Conclusions: (3) Affective commitment is the best predictor of intention to leave. (4) Attitudes towards HR practices that do not predict organisational commitment are, in some cases, those that predict intention to leave.*

A useful addition to any study of commitment is an examination of intention to leave. This is beneficial because, while both variables may be closely related, high commitment is not analogous to intention to remain in an organisation. This research found that affective commitment was the most significant and negative predictor of an employee's intention to leave, thus demonstrating its importance as a retention tool. This finding substantiates the validity of the commitment construct employed; it suggests that employees wanting to remain in an organisation are more likely to intend to do so, than those who feel a need or an obligation to remain. It also presents a stronger case for the need to place emphasis on those areas of HR practices that link employee attitudes to commitment, if both commitment and retention represent valued organisational goals.

Turnover rates have often been included as one of the performance indicators within firm level research linking HRM to firm performance. This research bridges the gap

between the individual and firm level research streams by identifying those practices that are more specifically associated with turnover (or at least turnover intention) than high commitment. Furthermore, the reasons why individuals might choose to leave an organisation, can provide a useful insight into how commitment can be more effectively managed. The research findings show that attitudes relating to the provision of career development opportunities, together with a high degree of job security, impact considerably on retention within organisations. This is perhaps one of the most important, yet uncompromising findings of the research. The reported changes regarding the nature of the employment relationship, where it is argued that extensive provision of such opportunities is no longer possible, would make a strategy of high retention impracticable. If these changes within organisations are occurring, then the implications for organisations seeking to secure high retention through other HR means will be pointless. If retention is a necessary precursor of commitment, which the present research suggests, then this outcome presents the greatest challenge to the management of high commitment.

In particular, the challenge regarding high commitment strategies concerns the vulnerability that may be experienced by organisations that choose to adopt them. On the one hand, these organisations will want to maximise commitment among their workforce but, on the other hand, they will be reluctant to invest in employees that they may subsequently be forced to release. It is also perhaps the high costs associated with these practices that will detract from an organisation's desire to invest in such practices. In particular, the provision of high rewards, extensive career development and communicating extensively with a workforce will fail to pay off if employees decide to leave. Yet, this research suggests that the risks of not providing such practices are

perhaps even greater, since lower commitment and potentially high turnover will result. There is a concern among employers that considerable investment in such 'high commitment' HR practices is associated with considerable risk. The findings presented here suggest that, with properly designed HR systems, this risk can be minimised.

**13.2.3 Conclusion:** *(5) Organisational tenure has a significant impact on intentions to leave and both affective and continuance commitment. It seems that the management of employee attitudes over time provides the key to both high retention and high commitment within organisations.*

The relationship between career stage and organisational commitment has been well established within the literature (e.g. Mathieu and Zajac, 1990). However, in view of the centrality of the commitment construct in the present study, this relationship was re-examined. In addition, calls for greater clarity regarding the antecedents to a multi-dimensional perspective on commitment added further support for a renewed assessment (Meyer, 2001). Consistent with other research investigations (e.g. Mathieu and Zajac, 1990), evidence was found to suggest that people display different forms of organisational commitment depending on the stage of their careers. In particular, respondents with longer tenure are more likely to display higher levels of affective and continuance commitment, and higher intentions to leave. The finding that organisational tenure, and not age, had a greater impact on commitment is also important for organisations wanting to retain skilled and experienced staff. Though highly correlated with tenure, employee age does not necessarily signal the presence of valued skills and experience to the same extent that length of experience within an organisation does.



It was also established that organisational tenure is a more important predictor of affective commitment and intention to leave than any other individual variable considered in the research. This clearly suggests that the development of affective commitment represents an evolutionary process and that attention to the factors that influence affective commitment during the earlier stages of an individual's career is important. In addition, employees with longer tenure displayed higher levels of affective and continuance commitment irrespective of their attitudes towards HR practices. This therefore challenges the view that organisations can 'select' for either skills or commitment (e.g. Wood, 1996). In addition, it points to the importance of managing tenure (i.e. retention) particularly during the early stages of the employment relationship. It seems that if the employment experience during the early stages of the employment relationship is not satisfactory, then employees will show little hesitation in leaving. If this is the case, then the areas of HR practices that link employee attitudes to intention to leave might also represent best practices as part of a high commitment strategy. Thus, it is concluded that tenure is also an important 'building block' in the design of a high commitment system.

**13.2.4** *Conclusion: (6) Attitudes towards HR practices do not interact with employee age or organisational tenure to predict affective commitment. (7) Some significant interaction effects are, however, evident regarding continuance and normative commitment and intention to leave. These may provide possible avenues towards affective commitment among employees in the longer term.*

A number of authors have expressed concerns regarding the extent to which commitment can be managed (e.g. Morris et al, 1993). One such concern relates to the possibility that employee attitudes and preferences towards work related issues might vary. The finding that career stage influences attitudes towards HR practices and some forms of commitment presents the possibility that it might represent an important contingency variable in the HR-commitment relationship. This would suggest that HR practices might need to be configured according to career stage, thus implying a rejection of the 'best practice' perspective at the employee level. An important finding from the research was that attitudes towards HR practices did not interact with career stage to predict affective commitment or intention to leave. This suggests that organisations seeking to adopt a strategy of high commitment will benefit little from tailoring HR practices according to the career stages of employees.

Significant interaction effects were evident regarding attitudes towards certain HR practices and continuance and normative commitment and intention to leave. In most cases, these interactions were apparent regarding younger or shorter tenured employees and normative commitment. Since these categories of employees are also those who are less likely to display high affective commitment and more likely to leave, this finding suggests that emphasising certain practices during early career stages can impact on the attitudes and normative commitment of employees. In particular, emphasis on practices relating to job design, career development and employee involvement will be beneficial because these areas impacted most on either affective commitment or intention to leave. This reinforces the view that while affective commitment may not be achievable in the shorter term, possible routes to affective commitment can be provided through the development of normative commitment and

retention among those most vulnerable to leaving during early career stages. Organisational tenure was found to interact with only one HR practice – resourcing and integration – in predicting intention to leave. This provides further evidence that the management of employee attitudes during early career stages is crucial to a high retention, high commitment strategy.

*13.2.5 Conclusion: (8) The utility of treating commitment as a multi-dimensional construct in HRM is questionable, particularly in view of what might represent the real goals of so-called 'high commitment' management in organisations.*

The earlier review of the literature raised questions regarding the feasibility of the high commitment model suggesting that 'developmental humanism' under-estimates the extent to which short-term pragmatism is embedded within organisations. While recognising that the organisations investigated were not actively nor intentionally pursuing strategies of high commitment, there was little indication that the areas of HR practice that matter most to high commitment were in evidence. While it seems that respondents were more likely to be affectively committed to their organisation, in general terms there was little evidence of high commitment among the sample surveyed. In particular, the propensity (or desire) for respondents to relate to the normative or continuance dimensions of commitment was not found. It can be speculated that this outcome reflects the limits to diffusion of high commitment practices in the organisations investigated. More importantly, it may reflect the reality that employees are unlikely to feel any need or obligation to stay with their employers in the context of a changed employment relationship and perhaps 'new deal'. In direct relation to the present research investigation, the extent to which attitudes towards HR

practices represent useful predictors of the continuance and normative dimensions in particular, is called into question. This raises some important questions regarding the applicability of Allen and Meyer's (1990) measure to research contexts outside the US, or to favourable economic climates.

A further key issue concerns the outcomes that organisations pursuing strategies of high commitment desire. Given the importance attributed to 'performance' as opposed to 'commitment' in firm level research, particularly investigations emanating from the US, it seems that what organisations may actually want in terms of a 'committed' workforce is a commitment to the goals of the organisation. Therefore, identifying the motives why employees choose to remain in an organisation may not be sufficient unless those employees who are likely to contribute most to the organisation's success can also be identified. Two decades ago Morrow (1983, p. 498) argued that the study of commitment had 'consumed an inordinate amount of researchers' attention without a commensurate increase in understanding of its fundamental nature'. It can be argued that this is still the case at present. This calls for greater clarity among both practitioners and researchers regarding what 'high commitment' really means. This is needed if the study of commitment is to remain a fruitful research agenda.

### **13.3 Limitations of the Research**

While the findings presented raise a number of important considerations regarding the development of commitment, several limitations to the research should be noted. One important limitation is that all variables were primarily examined using self-report measures. This raises the possibility that relationships found among the variables

investigated reflect shared response bias or are exposed to common method variance as described in chapter six. Some attempt was made to control for this potential difficulty in both the design of the questionnaire and subsequently by, for example, excluding the 'delivery of promises' variable from the regression analyses. This decision was justified because the correlations showed that attitudes towards HR practices were influenced by perceptions of the delivery of promises. While it is difficult to determine the extent to which shared response bias was evident in the present research, it should be noted that a considerable amount of variance across all of the individual analyses was apparent. This would suggest that respondents were making meaningful discriminations when responding to the survey.

A further limitation to the research is that it cannot be assumed that HR practices are applied consistently across all categories of employees (Lepak and Snell, 1999), including those employees within or between particular career stages. In-depth research with a more qualitative emphasis would be required to address this issue.

While the sample size in the present study ( $n=288$ ) is statistically robust and respondents were represented in every career stage category, the numbers in some cells were quite small when partial correlations were performed. This is in many respects a consequence of the relatively young age profile of the sample, since over half of the sample was aged 30 years or less. Thus, a larger sample may more accurately reflect some of the career stage categories that were underrepresented here. It was also not possible to include other individual variables as potential moderators in the research model due to the sample size and the complexities involved. The career stage variable was included for quite good reason; research suggests that career stage represents a

potentially important influence on both attitudes towards HR practices, perceptions of broken promises and commitment. This research has highlighted its crucial importance.

The variables relating to the perceived delivery of promises and intention to leave represented subsidiary and explorative variables in the present analysis. In particular, the intention to leave measure, which was also subjected to regression analysis, was not as robust as the commitment measure used. Future research on this issue would benefit greatly by adopting a more comprehensive measure of turnover intention.

The generalisability of these results is limited because the research was carried out on a small number of organisations within a specific industry in Ireland. Some of these findings may therefore be specific to employees within the Irish financial services. It is possible that, for example, the significant contribution of job design in the prediction of affective commitment may be indicative of the sample employed i.e. knowledge workers in the financial services sector. It is also possible that perceptions of one's job design in this context may reflect the intrinsic characteristics of the job itself (e.g. autonomy, variety and challenge), rather than something that the organisation can control (Rhoades et al, 2001). Furthermore, this relationship may be mediated by perceptions of competence (Mathieu and Zajac, 1990; Meyer and Allen, 1997). There is also the possibility that levels of normative commitment found in the present study are related to the research context. During difficult economic times where job opportunities are rare, investments by employers might be more valued, and so higher levels of normative commitment might ensue. A key question, therefore, concerns whether the same findings would emerge in another research context. The research was

also conducted during a time of high economic growth in Ireland, a factor that in many respects limits the findings. Furthermore, quite a high proportion of the sample was young and quite highly educated. It would therefore be desirable to see these findings replicated outside the financial services industry and outside Ireland. In addition, an investigation of these issues in less favourable economic conditions would also be beneficial.

The proportions of unexplained variance in the commitment and intention to leave variables can be attributed to either the use of poor measures or the influence of other unmeasured phenomena. The factor structure of the attitudes towards HR practices measure – one which was developed by the researcher – was quite satisfactory and also quite reliable<sup>1</sup>. In addition, the measure of commitment employed, which has been subjected to quite extensive psychometric testing (e.g. Meyer and Allen, 1991), was also satisfactory in the present research. It cannot be ruled out, however, that those aspects of HR practice that have the potential to impact on each dimension of commitment were not adequately measured in the present research. In other words, the global evaluation of areas of HRM that were measured may not have captured the specific practices that may have unique or independent effects on commitment. Measures relating specifically to flexible working and family friendly initiatives, as examples, might have captured more of the variance in each commitment dimension. Allen and Meyer's (1990) measure of normative commitment only refers to work related issues, but it is also possible that early socialisation and the role of parental values also play an important role in its development. Regarding intention to leave, it is also possible that people will choose to leave an organisation for reasons other than

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<sup>1</sup> With the exception of the teamwork variable, which was excluded from the regression analysis.

the way in which existing HR practices are viewed. For example, individuals may leave due to the absence of certain HR practices (e.g. family friendly policies). Other factors such as family commitments, a desire to travel or indeed the high cost of living in Dublin at the time of the research might also be relevant, issues which are generally beyond the control of employers. While recognising these possibilities, the need to reduce complex HR interventions to a single dimension is necessary in order to enable statistical analysis and manipulation.

The study has identified a number of important issues and insights regarding the multi-dimensional nature of commitment and its management. However, the recognition of these limitations provides insight into how research on HR-commitment linkages can be further verified. Replicating the research findings is necessary before firm conclusions can be drawn. The issues identified however provide a number of potentially interesting research avenues which further research can explore.

#### **13.4 Directions For Future Research**

Though a sizable proportion of the variance in commitment was explained, the proportion of unexplained variance in all three forms of commitment presents further research opportunities. Other potential variables, which might have an important influence, include perceived organisational support, positive affect, cultural influences, management or leadership styles and co-worker support. A closer examination of the socialisation process may also provide useful insights regarding normative commitment. An investigation of these issues in a less favourable economic climate may also provide further insight into the development of continuance commitment. The



analysis of means in this study was important because it identified possible non-linear relationships between the career stage variables and their correlates. Future research should consider the possibility of such non-linear relationships. It is also possible that commitment interacts with other individual variables to influence turnover intention or actual turnover. This represents a further potentially fruitful research agenda.

Future research should also consider the reciprocation process in greater detail. While it can be argued that the current study provides some degree of evidence of perceived organisational support through the provision of HR practices, the extent to which supervisors are supportive in promoting commitment was not measured in great detail. There are some indications from this research, and particularly from elsewhere in the literature, that commitment is perceived as a two way process; employees will only commit to their employer if they are offered something in return. A counter-argument is that employers may only be willing to commit and so invest in employees who demonstrate potential and commitment to the organisation. Further exploration of these issues would benefit from a longitudinal research design investigating perceptions of mutual obligations and commitments between employees and their managers over time.

This research has captured only one facet of the multiple commitments that an individual can have, such as those to work group, manager, career and occupation. Regarding the issue of multiple commitments, Meyer and Allen (1997) suggest that employees can have varying commitment profiles and at times conflicting commitments. This is an issue that was beyond the scope of the present study, but which could shed further light on some of the relationships explored. It is quite

possible that occupational commitment will represent an important antecedent to organisational commitment, for example.

As a result of this research, a number of important advances have been made in understanding the links between HRM and commitment. There has been an abundant interest in the commitment concept and yet important questions still remain regarding its very nature. It is hoped that this research will generate future investigations to increase understanding regarding the complex nature of organisational commitment. Linked to this complexity, is the applicability of commitment constructs as they are currently conceptualised to broader research contexts and more modern business environments. These issues must be resolved before a better understanding of commitment itself, and HRM-commitment linkages can be realised. This calls for greater clarity among both researchers and practitioners regarding what commitment means. It seems that while retention may be a desirable outcome, it is a commitment to organisational goals that is key within organisations. Thus, existing measures of commitment need to be re-examined, revised or perhaps abandoned to make way for advances in the area. It is possible that commitment is much more covert and complex than is currently assumed, and the nature of commitments might vary across individuals. This may not be discernible using standardised and quantitative methods, and may only be captured by interpretive research. Guest (2001) has warned that a form of 'abstracted empiricism' might serve to cloud rather than to clarify theoretical issues in HRM. A similar warning can be issued with respect to research investigating linkages between attitudes to HRM and commitment.

### 13.5 Conclusions of the Research

Research within HRM has faced criticism for failing to adequately focus on employee experiences of HR practice (Legge, 1998). In particular, the 'high commitment' models presented in the literature fail to acknowledge the complexity of the commitment construct. This research represents the first attempt to combine career stage and HR practice influences on a multi-dimensional conceptualisation of commitment. It has also investigated the impact of attitudes towards HR practices on continuance commitment. Few studies have done this without using measures that have been confounded with affective commitment (Somers and Birnbaum, 1998). The findings suggest that organisations wishing to promote high commitment among employees may do so by emphasising certain practices consistently across a workforce, regardless of their career stage. Though this provides support at an individual level for a best practice perspective in the pursuit of high commitment strategies, the findings clearly suggest that a 'one size fits all' approach to the management of individuals cannot be completely endorsed. Some of the findings demonstrate that commitment is a function of both personal and situational factors, having a moderating influence on relationships between attitudes towards HR practices and both continuance and normative commitment. In particular, a strong case is presented for the management of employees' attitudes over the course of their careers with an organisation.

The research is timely in view of concerns that have been raised regarding the changing nature of careers within organisations and the associated implications for the commitment of employees. An important issue concerns whether changing circumstances within business environments will lead to a greater or lesser emphasis on

commitment as a valued organisational outcome. Meanwhile, the study of commitment remains an important issue for the development of both theory and research within HRM.

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**APPENDIX A**

## INTRODUCTION TO THE QUESTIONNAIRE

This questionnaire provides you with an opportunity to express your views about working at the company. The areas addressed relate to the following:

**Section I** - Personal Details

**Section II** - How you feel about the company

**Section III** - Your views on personnel practices within the company

**Section IV** - What you value most in your work

The questionnaire should take about 20 minutes to complete. There are no right or wrong answers and often the first answer that comes to mind is the best. Try to avoid spending too much time on any one question.

Most questions ask you to show your opinions by circling a number. So, for example, if you feel you are very satisfied with your job you might answer as follows:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
I am satisfied with my job	(+2)	+1	0	-1	-2

Please feel free to alter any answer by putting a line through the old answer.

**The questionnaire is completely anonymous and individual responses will not be reported back to the company. There is no way of knowing your identity from this questionnaire.** Questionnaires will only be seen by myself, the survey co-ordinator.

Your time and care when completing this questionnaire is highly appreciated. The questionnaire has only been administered to a small number of people, so it is important that there are as many responses as possible. Thank you for your help.

**SECTION 1**

**Personal Details**

For each of the following, please tick the box that corresponds to your answer.

1. Are you:

Male  Female

2. Are you:

Full-Time Temporary   
 Part-Time Temporary   
 Full -Time Permanent   
 Part-Time Permanent

3. What age group are you in?

20 or under   
 21-30   
 31-40   
 41-50   
 51 or over

4. Please state final level of education

completed: (tick the highest one)

No academic qualifications   
 Intermediate Certificate (or equivalent)   
 Leaving Certificate   
 Certificate/Diploma   
 Undergraduate   
 Post-graduate degree   
 Other (please specify) \_\_\_\_\_

5. Which category best describes your job?

(tick one)

Senior Management   
 Middle Management   
 Junior Manager/Supervisor   
 Technical/Professional   
 Administrative/Clerical/Secretarial   
 Other (please specify) \_\_\_\_\_

6. How long have you worked for your organisation? Years \_\_\_\_\_ Months \_\_\_\_\_

7. How long have you worked in your present job? Years \_\_\_\_\_ Months \_\_\_\_\_

**SECTION 2**

The following statements examine your level of commitment to the company. Please circle the number that corresponds to your answer.

Strongly Agree    Agree    Neither Agree nor Disagree    Disagree    Strongly Disagree

	+2	+1	0	-1	-2
1. I would be happy to spend the rest of my career here	+2	+1	0	-1	-2
2. If I got another offer for a better job elsewhere I would not feel it was right to leave the company	+2	+1	0	-1	-2
3. It wouldn't be too costly for me to leave here right now	+2	+1	0	-1	-2
4. I enjoy discussing the company with people outside it	+2	+1	0	-1	-2
5. One of the few serious consequences of leaving here would be the scarcity of available alternatives	+2	+1	0	-1	-2
6. I think that people these days move from one company to another too often	+2	+1	0	-1	-2
7. I am not afraid of what might happen if I quit my job without having another one lined up	+2	+1	0	-1	-2

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
8. I do not feel like "part of the family" at the company	+2	+1	0	-1	-2
9. I feel that I have too few options to consider leaving here	+2	+1	0	-1	-2
10. One of the major reasons I continue to work here is that leaving would require considerable personal sacrifice - another company may not match the overall benefits I have here	+2	+1	0	-1	-2
11. I really feel as if the company's problems are my own	+2	+1	0	-1	-2
12. I do not believe that a person must always be loyal to one organisation	+2	+1	0	-1	-2
13. I do not think that wanting to be a "company man" or "company woman" is sensible anymore	+2	+1	0	-1	-2
14. I do not feel a strong sense of "belonging" to the company	+2	+1	0	-1	-2
15. It would be very hard for me to leave here right now, even if I wanted to	+2	+1	0	-1	-2
16. I think that I could easily become as attached to another company as I am to this one	+2	+1	0	-1	-2
17. Jumping from one organisation to another does not seem at all unethical to me	+2	+1	0	-1	-2
18. I was taught to believe in the value of remaining loyal to one organisation	+2	+1	0	-1	-2
19. Right now, staying with the company is a matter of necessity as much as desire	+2	+1	0	-1	-2
20. The company has a great deal of personal meaning to me	+2	+1	0	-1	-2
21. Things were better in the days when people stayed with one organisation for most of their careers	+2	+1	0	-1	-2
22. I do not feel "emotionally attached" to this company	+2	+1	0	-1	-2
23. Too much of my life would be disrupted if I decided I wanted to leave the company now	+2	+1	0	-1	-2
24. One of the major reasons I continue to work for the company is that I believe that loyalty is important and therefore feel a sense of moral obligation to remain	+2	+1	0	-1	-2
<b>The following questions examine how likely it is that you will stay with or leave the company in the future. Please circle the number that corresponds to your answer.</b>	<b>Very Likely</b>	<b>Likely</b>	<b>Neither Likely nor Unlikely</b>	<b>Unlikely</b>	<b>Very Unlikely</b>
25. If you happened to learn that a good job was open in another company, how likely is it that you would actively pursue it?	+2	+1	0	-1	-2
26. How likely is it that you will be with your organisation five years from now?	+2	+1	0	-1	-2
27. All in all, what is the likelihood that you could find an acceptable alternative with another company?	+2	+1	0	-1	-2



	Very Actively	Actively	Somewhat Actively	Inactively	Not at All
28. How actively have you searched for a job with another company in the last 5 yrs.?	+2	+1	0	-1	-2

29. How many jobs have you applied for outside the company in the last year. Indicate number: \_\_\_\_\_

30. Regarding promises made to you by the company when you first joined, to what extent have these been kept with respect to:	Always	To a Large Extent	To some Extent	Not at all	Did not make any
a. Your opportunities for promotion?	+2	+1	0	-1	-2
b. Your Pay?	+2	+1	0	-1	-2
c. The demands of the job and the amount of influence you have in company decisions that affect your job or work life?	+2	+1	0	-1	-2

### SECTION 3

The statements below examine your attitudes towards existing personnel practices within the company. Please indicate the extent to which you agree or disagree with them by circling the appropriate number.

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1. The overall "mission" of the company is well communicated to employees	+2	+1	0	-1	-2
2. Employees are given sufficient opportunities to participate in decisions which affect them	+2	+1	0	-1	-2
3. All important information about the company is communicated to employees	+2	+1	0	-1	-2
4. Any suggestions made by employees are taken seriously	+2	+1	0	-1	-2
5. Senior management are well informed about what people at lower levels do and think	+2	+1	0	-1	-2
6. More attitude surveys should be administered to let management know about how employees feel	+2	+1	0	-1	-2
7. Any disputes/grievances which employees have are dealt with satisfactorily	+2	+1	0	-1	-2
8. My job is designed in a way which enables me to make full use of my skills and abilities	+2	+1	0	-1	-2
9. My work goals are clearly defined	+2	+1	0	-1	-2
10. I am given sufficient freedom in deciding how I carry out my work	+2	+1	0	-1	-2
11. I am given sufficient opportunities to decide when I carry out my work (e.g. flexible working arrangements)	+2	+1	0	-1	-2
12. I have good opportunities to use my own ideas in my work	+2	+1	0	-1	-2
13. The work I perform is sufficiently varied and interesting	+2	+1	0	-1	-2

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
14. There is not enough emphasis on team-working within the company	+2	+1	0	-1	-2
15. The company makes every effort to attract and hire the most highly skilled people in the industry	+2	+1	0	-1	-2
16. Job seekers are more attracted to work for this Bank than similar ones in the industry	+2	+1	0	-1	-2
17. The selection procedures used here (e.g. psychological tests, interviews) are effective in selecting the "right" people	+2	+1	0	-1	-2
18. The people who join this company "fit in" well with those already employed here	+2	+1	0	-1	-2
19. The company takes sufficient steps to ensure that new employees are aware of "how things are done around here"	+2	+1	0	-1	-2
20. Programmes organised by the company for new employees "settling in" are worthwhile	+2	+1	0	-1	-2
21. Employees receive sufficient training when they first join the company to help them understand their jobs	+2	+1	0	-1	-2
22. As a matter of policy, training and retraining opportunities are provided to all employees	+2	+1	0	-1	-2
23. There are many opportunities to develop skills and/or qualifications whilst on-the-job	+2	+1	0	-1	-2
24. I am given the opportunity to develop a wide range of skills which can be used in other parts of the company	+2	+1	0	-1	-2
25. The skills which I have developed here, would be useful for a similar job in another organisation	+2	+1	0	-1	-2
26. Overall, I feel that the training I receive at present enables me to do my job efficiently	+2	+1	0	-1	-2
27. There are good opportunities for work groups or teams to meet and discuss aspects of their performance/work	+2	+1	0	-1	-2
28. There are good opportunities for employees to meet with their immediate managers to discuss aspects of their performance	+2	+1	0	-1	-2
29. I understand the basis upon which my performance is assessed	+2	+1	0	-1	-2
30. I am given regular feedback concerning my performance	+2	+1	0	-1	-2
31. I receive sufficient guidance on how aspects of my performance can be improved	+2	+1	0	-1	-2
32. I think that performance assessments rely too much on how much you achieve rather than how you achieve it (i.e. quantity v.'s quality)	+2	+1	0	-1	-2
33. I think that my overall performance assessment relies too much on how my team/department performs	+2	+1	0	-1	-2
34. I think that performance appraisals are just a form-filling exercise for supervisors	+2	+1	0	-1	-2

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
35. There are good opportunities to transfer to other areas/departments within the company	+2	+1	0	-1	-2
36. I feel I have all the opportunities I need to get promoted	+2	+1	0	-1	-2
37. Too many vacancies are filled by "external" candidates rather than those already employed here	+2	+1	0	-1	-2
38. I receive sufficient information regarding existing career paths and the ways in which a position can be reached	+2	+1	0	-1	-2
39. Being employed here for a long time will get you a promotion sooner than having good skills and performing well	+2	+1	0	-1	-2
40. In this company employees have to take responsibility for their own careers	+2	+1	0	-1	-2
41. I feel that the pay I receive accurately reflects the contribution I make here	+2	+1	0	-1	-2
42. My pay is fair compared to others doing a similar job in this organisation	+2	+1	0	-1	-2
43. My pay is fair compared to others doing a similar job in other similar organisations	+2	+1	0	-1	-2
44. I think that a greater proportion of the pay I receive should be linked to my performance	+2	+1	0	-1	-2
45. I am aware of the value of the benefits provided to me by the company	+2	+1	0	-1	-2
46. My benefits package compares favourably with what I would receive in other similar organisations	+2	+1	0	-1	-2
47. I have sufficient opportunities to decide on the type of benefits that I receive	+2	+1	0	-1	-2
48. The company provides its employees with adequate "life-style" benefits (e.g. childcare facilities, gymnasium)	+2	+1	0	-1	-2
49. I think that employees should be given more opportunity to share in the company's profits	+2	+1	0	-1	-2
50. I think that employees who have been here for many years should receive recognition for being loyal to the company	+2	+1	0	-1	-2
51. I feel I have a high degree of job security here	+2	+1	0	-1	-2
52. Even if my job security were not high here, the skills which I have developed here would enable me to get a job elsewhere	+2	+1	0	-1	-2

#### SECTION 4

**Finally, this section lists factors associated with work in general. Please think about each one carefully and rate the extent to which each is important to you.**

	Not important	Important	Fairly important	Very important	Critically important
1. To feel a sense of achievement from your work	1	2	3	4	5
2. Advancement, to be promoted	1	2	3	4	5
3. Benefits, vacation, sick leave, pension, insurance, etc.	1	2	3	4	5
4. To be employed by a company for which you are proud to work	1	2	3	4	5

	1	2	3	4	5
	Not Important	Important	Fairly Important	Very Important	Critically Important
5. Contribution to society	1	2	3	4	5
6. Convenient hours of work	1	2	3	4	5
7. Fellow workers who are pleasant and agreeable	1	2	3	4	5
8. Esteem, that you are valued as a person	1	2	3	4	5
9. Feedback concerning the results of your work	1	2	3	4	5
10. Independence in work	1	2	3	4	5
11. Influence in the organisation	1	2	3	4	5
12. Influence in work	1	2	3	4	5
13. To do work which is interesting to you	1	2	3	4	5
14. Job security, a permanent job	1	2	3	4	5
15. Job status	1	2	3	4	5
16. Meaningful work	1	2	3	4	5
17. Opportunities for personal growth	1	2	3	4	5
18. Opportunities to meet people and interact with them	1	2	3	4	5
19. The amount of money you receive	1	2	3	4	5
20. Recognition for doing a good job	1	2	3	4	5
21. Responsibility	1	2	3	4	5
22. A fair and considerate boss	1	2	3	4	5
23. Use of ability and knowledge in your work	1	2	3	4	5
24. Work conditions which are comfortable and clean	1	2	3	4	5

**Please use this space if you have any comments you wish to add on issues raised in the questionnaire, or on other issues that perhaps were not addressed here. (You may use the reverse of this page if necessary).**

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**Thank you for taking time to complete this questionnaire.**

**APPENDIX B**

## INTERVIEWS WITH HR MANAGERS

**Table B.1 HR Practices Questionnaire**

HR Practice Areas	YES / NO	Proportion of the Workforce (%)	If not 100% of workforce, the level(s) to which practice is applied (e.g. management levels only)
<b><u>Communication</u></b> Regular Attitude Surveys Newsletter: - Corporate - Local Team Briefings Staff Handbook E-mail Noticeboards			
<b><u>Participation</u></b> Formal Suggestion Schemes Problem Solving Groups/ Quality Circles Employee/ Mgt Committees			
<b><u>Conflict Resolution</u></b> Formal Grievance Procedures			
<b><u>Teams/ Job Design</u></b> Formal Work Teams Self-managed Teams Teamwork predominant Job Rotation Flexible Working Flexible Job Descriptions			
<b><u>Recruitment/Selection</u></b> Employment Testing Assessment Centres Use of Agencies			
<b><u>Socialisation</u></b> Formal Socialisation Programme			
<b><u>Training</u></b> Formal Induction Training On-the-job Training Formal Training Courses - Internal - External			
<b><u>Career Development</u></b> Promotion from within Promotion on Merit Promotion on Seniority Promotion on Merit & Seniority Internal Transfers Lateral Opportunities			

<b>HR Practice Areas</b>	<b>YES / NO</b>	<b>Proportion of the Workforce (%)</b>	<b>If not 100% of workforce, the level(s) to which practice is applied (e.g. management levels only)</b>
<b><u>Performance Management</u></b> Formal Appraisals (annual) Results-Based Appraisals Behaviour-Based Appraisals Behaviour & Results Based 360 Degree			
<b><u>Employment Security/ Employability</u></b> Permanent Employment Policy Policy of no redundancy Transferable Skills Use of temporary staff (to protect core workforce)			
<b><u>Rewards</u></b> Salaried Incentive Pay Group Incentives Profit Sharing Stock Purchase Plans Rewards based on Perf. Appraisal			
<b><u>Benefits</u></b> Health Insurance Pension Flexible Benefits Child-care Leisure Facilities			

## Interview Questions

The following questions are designed to provide a broad indication of the way in which the three organisations typically manage HR issues. A number of HR practice areas are addressed in the survey. These are: communication, involvement, recruitment, socialisation, training, career development, performance management, job security, employability, rewards and autonomy.

### HR Practices

1. What is your perception of the work environment in [the organisation]?
2. Describe the way in which communication is managed within the organisation. Are employees' views sought on important issues? If so, how?
3. How does the organisation typically recruit and select new staff? Has the organisation experienced difficulties in this area in recent years? What specific steps, if any, have been taken to address recruitment difficulties in recent years?
4. What steps are taken to ensure that new employees become socially integrated when they first join the organisation?
5. In your opinion, do you feel that the training provided to employees is adequate? Why? Has financial investment in training increased in recent years? Has time investment (e.g. manager's time) in training increased in recent years?
6. In your opinion, how is career development perceived within the organisation from an employee's perspective? To what extent have career management practices within the Bank changed in recent years? Do you think that existing career opportunities are adequate for retaining employees?
7. How is staff performance managed within the Bank? Do you regard existing performance management practices as effective?
8. In what way does the organisation manage the issue of job security? How do you think employees perceive their level of job security here?
9. To what extent do you think the organisation offers employability as opposed to long term employment security? Give examples.



10. Can you describe the elements that comprise a typical incentive/ benefits package for a new member of staff? To what extent is seniority/ tenure rewarded? Do you have specific reward practices that bind employees to the organisation? Do you feel that your reward package is internally equitable? In your opinion, is it externally comparable/ competitive?
11. What levels of autonomy are employees afforded? Are there flexible working practices available to all employees? Would you say the organisation exercises a high degree of control over employees' work? Would you think that there are variations in autonomy according to level or position occupied in the organisation?
12. In your opinion, what HR practice areas are most important to people early in their careers?
13. In your opinion, what HR practice areas are most important for people later in their careers?

#### **The Psychological Contract**

1. From the time employees first join [organisation name], to what extent are expectations created concerning (a) promotion opportunities? (b) pay? (c) the demands of the job?
2. To what extent do you think the organisation delivers upon employee expectations regarding (a) promotion opportunities? (b) pay? (c) the demands of the job?
3. To what extent do you believe employee expectations regarding (a) promotion opportunities? (b) pay? (c) the demands of the job are being met?

#### **Commitment & Turnover**

1. In your opinion, are younger or older employees more committed to the organisation?
2. Overall, is staff turnover higher among younger staff or older staff? Why?
3. In your opinion, are shorter or longer serving employees more committed to the organisation? Why?
4. Overall, is staff turnover higher among employees with shorter or longer service? Why do you think this is so?

5. What do you think the main reasons are for people leaving?
6. Can you pinpoint any HR-related factors that would influence an employee's decision to leave?
7. Can you identify a trend in turnover regarding position occupied within the organisation? For example, does the organisation lose more from one functional area or employee level than from others? Why do you think these employees leave?

**APPENDIX C**

**Means: Individual Variables (not significant)**

**Table C.1 HR practices and Education**

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Employee Involvement:</b>				<b>1.13</b>
None	1	0.00	-	
Junior Certificate	8	-0.42	0.86	
Leaving Certificate	73	-0.07	0.91	
Certificate/ Diploma	72	-0.15	0.82	
Degree	75	-0.22	0.84	
Post-Graduate Degree	50	0.10	0.93	
Total	279	-0.11	0.87	
<b>Resourcing &amp; Integration:</b>			<b>-</b>	<b>0.61</b>
None	1	-0.20	0.87	
Junior Certificate	8	-0.32	0.75	
Leaving Certificate	72	0.00	0.72	
Certificate/ Diploma	73	0.02	0.69	
Degree	74	0.00	0.72	
Post-Graduate Degree	50	0.13	0.72	
Total	278	0.02		
<b>Performance Management:</b>				<b>0.84</b>
None	1	0.00	-	
Junior Certificate	8	-0.20	0.93	
Leaving Certificate	72	0.21	0.79	
Certificate/ Diploma	72	0.32	0.70	
Degree	73	0.17	0.86	
Post-Graduate Degree	50	0.30	0.85	
Total	276	0.23	0.80	

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Reward:</b>				0.25
None	0	-	-	
Junior Certificate	8	-0.20	0.75	
Leaving Certificate	71	-0.06	0.84	
Certificate/ Diploma	71	-0.03	0.93	
Degree	73	-0.17	0.83	
Post-Graduate Degree	48	-0.04	0.87	
Total	271	-0.08	0.86	
<b>Teams:</b>				1.19
None	0	-	-	
Junior Certificate	8	-0.12	0.88	
Leaving Certificate	72	0.28	0.96	
Certificate/ Diploma	71	0.04	0.91	
Degree	74	-0.03	1.01	
Post-Graduate Degree	50	0.26	0.93	
Total	275	0.12	0.96	

**Table C.2 Job Security and Education**

	<b>N</b>	<b>Mean Rank</b>
<b>Job Security:</b>		
Junior Certificate	8	97.69
Leaving Certificate	72	144.02
Certificate/ Diploma	73	144.91
Degree	76	144.99
Post-Graduate Degree	51	133.53
Total	280	

**Table C.3 Human Resource Management Practices and Gender: Means**

<b>HR Practices</b>	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Employee Involvement</b>				5.37
Male	141	-0.12	0.79	
Female	143	-0.11	0.95	
Total	284			
<b>Resourcing &amp; Integration:</b>				5.46
Male	140	0.00	0.64	
Female	143	0.04	0.78	
Total	283			
<b>Training:</b>				3.08
Male	142	-0.09	0.79	
Female	140	-0.14	0.94	
Total	282			
<b>Career Development:</b>				0.10
Male	138	-0.38	0.78	
Female	139	-0.46	0.81	
Total	277			
<b>Performance Management:</b>			0.79	.265
Male	141	0.27	0.82	
Female	140	0.19		
Total	281			
<b>Employability:</b>			0.68	.668
Male	142	1.13	0.68	
Female	142	1.03		
Total	284			
<b>Reward:</b>			0.85	.006
Male	138	-0.06	0.87	
Female	137	-0.11		
Total	275			
<b>Job Design:</b>			0.87	1.17
Male	140	0.53	0.92	
Female	142	0.32		
Total	282			

<b>HR Practices</b>	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>F</b>
<b>Teams:</b>			0.92	.537
Male	139	0.11	0.10	
Female	141	0.12		
Total	280			

**Table C.4 Perceptions of Broken Promises and Position**

	<b>N</b>	<b>Mean Rank</b>
<b>Pay:</b>	128	132.51
Administration	42	135.80
Technical/ Professional	30	147.47
Junior Management	46	149.27
Middle Management	28	132.86
Senior Management	274	
Total		
<b>Job Demands:</b>	126	140.16
Administration	42	152.02
Technical/ Professional	29	143.71
Junior Management	45	117.39
Middle Management	28	110.36
Senior Management	270	
Total		

**Table C.5 Perceptions of Broken Promises and Education**

	<b>N</b>	<b>Mean Rank</b>
<b>Promotion:</b>		
Junior Certificate	8	127.00
Leaving Certificate	72	151.26
Certificate/ Diploma	70	146.15
Degree	75	133.19
Post-Graduate Degree	49	113.53
Total	274	
<b>Pay:</b>		
Junior Certificate	8	163.44
Leaving Certificate	73	136.63
Certificate/ Diploma	73	138.51
Degree	75	141.36
Post-Graduate Degree	49	138.49
Total	278	
<b>Job Demands:</b>		
Junior Certificate	8	168.88
Leaving Certificate	72	137.40
Certificate/ Diploma	71	149.57
Degree	75	135.13
Post-Graduate Degree	48	118.27
Total	274	



**Table C.6 Commitment and Education**

	<b>N</b>	<b>Mean</b>	<b>SD</b>
<b>Affective:</b>			
None	1	0.12	
Junior Certificate	8	-0.53	0.85
Leaving Certificate	70	-0.01	0.71
Certificate/ Diploma	70	-0.33	0.69
Degree	76	-0.15	0.75
Post-Graduate Degree	49	-0.25	0.71
Total	274	-0.19	0.72

**Table C.7 Commitment and Position**

	<b>N</b>	<b>Mean</b>	<b>SD</b>
<b>Affective:</b>			
Administration	125	-0.27	0.72
Technical/ Professional	42	-0.33	0.77
Junior Management	61	-0.08	0.69
Middle Management	45	-0.08	0.67
Senior Management	28	0.08	0.68
Total	271	-0.19	0.72
<b>Normative:</b>			
Administration	117	-0.38	0.59
Technical/ Professional	42	-0.44	0.62
Junior Management	29	-0.41	0.59
Middle Management	43	-0.61	0.67
Senior Management	26	-0.54	0.58
Total	257	-0.45	0.61

**Table C.8 Commitment and Gender**

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>t</b>
<b>Affective Commitment:</b>				
Male	138	-0.15	0.75	1.00
Female	141	-0.23	0.70	1.00
<b>Continuance Commitment:</b>				
Male	139	-0.47	0.71	-1.47
Female	140	-0.34	0.68	-1.47
<b>Normative Commitment:</b>				
Male	134	-0.42	0.64	0.63
Female	130	-0.47	0.57	0.63

**Table C.9 Intention to Leave and Gender**

	<b>N</b>	<b>MEAN</b>	<b>SD</b>	<b>t</b>
<b>Intention to Leave:</b>				
Male	139	0.42	1.03	1.00
Female	146	0.29	1.04	1.00

**Table C.10 Intention to Leave and Position**

	<b>N</b>	<b>Mean</b>	<b>SD</b>
<b>Intention to Leave:</b>			
Administration	128	0.39	1.08
Technical/ Professional	42	0.59	1.08
Junior Management	31	0.13	0.98
Middle Management	46	0.25	0.99
Senior Management	29	0.19	0.94
Total	276	0.35	1.04