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## ILR Impact Brief - Employee Attributions about HR Practices Lead to Customer Satisfaction

Lisa Hisae Nishii  
*Cornell University, lhn5@cornell.edu*

David P. Lepak  
*University of Bath*

Benjamin Schneider  
*University of Maryland*

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## ILR Impact Brief - Employee Attributions about HR Practices Lead to Customer Satisfaction

### Abstract

[Excerpt] The perceived reasons why management chooses a set of HR practices are linked to employee satisfaction, commitment, and on-the-job behavior. Employees individually make their own attributions about the purposes behind the practices, which are, in turn, associated with employees' attitudes: a perception that management cares about service (or product) quality and employee well-being is associated with positive attitudes, but a sense that management is intent on cost cutting or employee exploitation is associated with negative attitudes. Furthermore, individual attitudes are shared within work units and in their aggregate are associated with "organizational citizenship behaviors;" i.e., group-level satisfaction and commitment are associated with intra-unit helping behaviors, which are linked to enhanced unit performance and customer satisfaction.

### Keywords

human resource management, HR practices, customer satisfaction, performance, customer service

### Disciplines

Human Resources Management

### Comments

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For a more in-depth analysis, please see: Nishii, L. N., Lepak, D. P. & Schneider, B. (2008). "Employee attributions of the 'why' of HR practices: Their effects on employee attitudes and behaviors, and customer satisfaction". *Personnel Psychology* (forthcoming).

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# IMPACT BRIEF

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## Employee Attributions about HR Practices Lead to Customer Satisfaction

**Research question:** Do employees' perceptions of the motivations underlying workplace human resource (HR) practices affect their attitudes and behaviors, and ultimately, the performance of their work unit?

**Conclusion:** The perceived reasons why management chooses a set of HR practices are linked to employee satisfaction, commitment, and on-the-job behavior. Employees individually make their own attributions about the purposes behind the practices, which are, in turn, associated with employees' attitudes: a perception that management cares about service (or product) quality and employee well-being is associated with positive attitudes, but a sense that management is intent on cost cutting or employee exploitation is associated with negative attitudes. Furthermore, individual attitudes are shared within work units and in their aggregate are associated with "organizational citizenship behaviors;" i.e., group-level satisfaction and commitment are associated with intra-unit helping behaviors, which are linked to enhanced unit performance and customer satisfaction.

**Workplace implications:** Attributions made by employees about HR practices matter as much as the practices themselves in affecting organizational performance. Because employees impose their own meaning on management's choices, supervisor or HR manager reports about the impact of HR practices may be less revealing than carefully crafted employee surveys. Em-

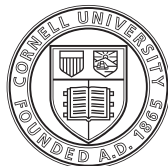
ployers can use this information to assess the contribution of particular practices to organizational goals and then modify those that may be less effectual. Clear communication about the purposes underlying the practices is important, especially for new hires.

**Abstract:** Scholars generally agree that appropriately-designed HR practices can enhance organizational performance. Although questions persist about the causal chain, the supporting assumption holds that the practices influence employees' attitudes and behaviors. Related theories suggest that employee perceptions about, and interpretations of, the practices lead to the attitudes and behaviors; however, workers within the same organization or work unit invariably perceive the practices differently. The bottom line: the effect of HR practices depends on the meanings employees attach to them.

To better understand the process through which HR practices affect performance, this study focuses on employees' attributions (subjective explanations) about the reasons for management's choice of systems and procedures. The authors' model builds on existing literature that suggests managers adopt HR practices to further strategic business goals, such as service quality or cost reduction, and to reflect their employee-oriented philosophy, such as concern about worker well-being or worker efficiency. The model defines these factors as the internal (management is the controlling force) attributions employees attach to HR practices. It also introduces an external (management has no choice but to adopt certain practices) attribution, which here reflects the need to comply with union requirements.

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Theoretically, internal and external attributions can have positive or negative implications for employee attitudes and behaviors. Prior research findings suggest that employees' response to an HR practice will depend on their assessment of its positive or negative implications. In this model, the researchers expect the attributions of service quality and/or employee well-being connote positive consequences for employees and thereby engender commitment and satisfaction; on the other hand, lower levels of satisfaction and commitment are the likely result when employees attribute cost reduction and/or exploitation as motivations for the practice. Employees' attributions about the impact of a union on HR practices are not expected to affect commitment or satisfaction; indeed, other research has yielded no consistent evidence about the relationship between union membership and employee satisfaction.

Moving beyond the effect of attributions made by individuals, the researchers were interested in unit-level attitudes and their impact on behavior and unit performance. Existing research indicates that individuals' feelings of commitment and satisfaction become shared within work units and that these individual attitudes predict "organizational citizenship behaviors." Research further suggests that customer satisfaction is affected by employees' attitudes and behaviors. Given this backdrop, the model expects that aggregate unit-level commitment and satisfaction is positively related to unit-level citizenship behaviors, such as conscientiousness and helping co-workers, and that these behaviors enhance the unit's performance, and thus, customer satisfaction.

A test of the model with employees of a supermarket chain confirmed nearly all the research hypotheses. Employees' individual perceptions that HR practices in the areas of staffing, training, benefits, pay, and performance appraisal were motivated by management's concern about service quality and employee well-being

were positively associated with their attitudes; attributions about cost reduction and employee exploitation, on the other hand, were negatively associated with attitudes; attributions about the union factor were unrelated to attitudes. At the unit level, the organizational citizenship behaviors of helping co-workers and conscientiousness were positively related to overall commitment and satisfaction, although only helping behaviors were significantly associated with customer satisfaction.

The researchers caution that uniform HR practices within an organization may be perceived differently, and be associated with different outcomes, by different work units. And they suggest that the variability in attributions may decrease when communication about the reasons underlying the HR practice is unambiguous.

Suggestions for future research include exploring the influence of managers' attributions of HR practices on employees' attributions and the interaction between the two, and exploring the process by which employees share attributions of HR practices within the work unit.

**Methodology:** The researchers relied on focus groups to test the validity of the attributions they specified for each of five HR practice areas. They then surveyed 4,500 employees and 1,100 managers; responses were supplied by 4,208 employees and 1,010 managers from 362 departments in 95 stores belonging to one supermarket chain.

**Source publication:** "Employee Attributions of the 'Why' of HR Practices: Their Effects on Employee Attitudes and Behaviors, and Customer Satisfaction" is forthcoming in *Personnel Psychology*.

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by LISA H. NISHII  
Professor of Human Resource Studies (ILR)

DAVID P. LEPAK  
Professor, University of Bath

BENJAMIN SCHNEIDER  
Professor, University of Maryland

