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Exploring HR Differentiation from Co-Workers' Perspective

A Deontic Justice Theory Perspective

Abstract

Providing employees with individualized HR practices has become an important component of HR strategies. Despite the growing prevalence of individualization of HRM, research has overlooked the downside of such practices, in particular from co-workers' perspective. This is an important omission because research to date has built on the assumption that the impact of HR differentiation on employees not entitled to such practices is either trivial or non-existent. Taking a first step, this research offers a conceptual model that explains how and under which conditions co-workers of a focal employee who is entitled to HR differentiation are likely to support and withdraw their support from the focal employee. Integrating deontic justice theory with research on perceived motivational climate (i.e., performance oriented versus mastery oriented unit climate), the proposed conceptual model underlines that differentiating HR practices is like a double-edged sword and caution is needed when implementing them in a team setting.

Key Words: HR differentiation, co-worker support, co-worker withdrawal, deontic justice, approach behaviors, avoidance behaviors.

'The harsh reality of managing people is that differentiation must occur, with some employees more equal than others' (Ulrich, 2005; 11).

In rapidly growing, competitive work environments; organizations stress the need for differentiation in their human resource practices (i.e., HRM) for managing people (Marescaux, Winne & Sels, 2013). Developments such as the transition to an information economy, the democratization of workplaces and the declining trend for collective bargaining all point to the rise of individualism within and across organizations (Kaufman & Miller, 2011). Coupled with a changing workforce who (a) are diverse in terms of age, gender and ethnicity, resulting in different needs and preferences in the workplace, (b) seek to be treated as individuals, and (c) care about their individual needs and preferences (Gubler, Arnold & Coombs, 2014), individualizing and differentiating HR practices is becoming a strategic priority for organizations (Bal & Dorenbosch, 2015). These developments and trends culminate in differentiation in the implementation of certain HR practices, which is referred to as HR differentiation (Marescaux et al., 2013) or variation in HR practices (Clinton & Guest, 2013).

HR differentiation can be in the form of offering unique training, development opportunities (Arthur & Boyles, 2007), or flexibilities regarding where, how and when tasks can be carried out (Hornung, Rousseau, & Glaser, 2008). HR differentiation is expected to attract and retain talented employees by addressing their unique work needs and preferences (Rousseau, 2005). Moreover, a key component of talent management, HR differentiation enables organizations to fill the strategic positions with competent employees and subsequently creates competitive advantage (Collins & Mellahi, 2009).

HR differentiation involves the investment of scarce HR related resources of an organization for a select group of employees, either before their recruitment (e.g., negotiating individualized financial package) or following their recruitment (e.g., working under flexi-

time work schedules; Becker, Huselid, & Beatty, 2009). Because HR differentiation involves the distribution of scarce resources only for a select group of employees and most often go beyond standard HR policies, they are likely to raise perceptions of (un) fairness among co-workers who are not entitled to such practices (Bal & Dorenbosch, 2015). Co-workers are likely to react to such discrepancies, for example out of fairness concerns, which, by consequence, might hamper relational dynamics in a team. This suggests that the intended benefits of HR differentiation might not be sustainable for everyone. Despite its relevance, fairness has been neglected in individualized HR research.

The purpose of this study is to explore whether and when focal employee's obtained individualized HR practices (i.e., HR differentiation) is sustainable. We build on deontic theory of justice to explore the sustainability of HR differentiation. The central tenet of this theory is that third parties can be motivated to respond to perceived (un) fairness of others out of duty to maintain a social order (Folger, 1998; 2001). Accordingly, standards of fair treatment should be upheld even if third parties are not directly affected by such treatments (Turillo, Folger, Lavelle, Umphress, & Gee, 2002) because it is the right thing to do. Deontic theory of justice assumes that third parties show deontic reactions to others' treatment out of widely held norms and beliefs (O'Reilly & Aquino, 2011). An untested question that follows from this moral perspective is that whether under certain conditions, widely held moral beliefs dictate different types of deontic reactions or not. Folger and colleagues (2013) argued that organizational context is likely to be a crucial element shaping third parties' deontic reactions because context defines which norms and behaviors are appropriate and thus can inform third parties' deontic reactions in a given situation. We address this by delineating how perceived motivational climate (i.e., performance and mastery climate) influences co-workers' fairness perceptions and their subsequent deontic reactions in response to one's HR differentiation. Perceived motivational climate refers to employees' shared perceptions regarding of the

extant criteria for success and failure defined by norms, policies and practices in a team (Nerstad, Roberts, & Richardsen, 2013).

This research contributes to research on individualized HR practices in certain ways. First, this study underlines that HR differentiation might have both negative and positive effects on co-workers. By investing scarce HR resources to a certain group of employees, organizations might reap intended benefits in terms of positive attitudes and performance but the reverse could be true among the rest (Ryan & Wessel, 2015), leading to unfairness perceptions and unfavorable reactions among co-coworkers in response to one's HR differentiation. However, co-workers might also react positively, if they believe that individualized HR practices are provided to a focal employee in a fair way and that such practices comply with the morally held norms and behaviors of their work contexts. By integrating and exploring co-workers' justice perspective, this study underlines that HR differentiation could be a double-edge sword as its positive effects could be attenuated or outbalanced by co-workers' reactions under certain conditions. Given a recent growth of interest in investigating fairness in relation to HR differentiation (e.g., employees' fairness perception of talent management practices, Gelens et al., 2013; co-workers' equity perceptions regarding employees' individualized HR practices; Marescaux et al., 2013), this research provide a broad and integrated framework of whether and under which conditions co-workers perceive and react to one's entitlement of HR differentiation.

Second, this research extends the deontic theory of justice by arguing that context, conceptualized as perceived motivational climate, shapes how third parties react to others' treatment in the way they do, i.e., the way they restore the social order (Folger et al., 2013). This is important because, going beyond personality traits and predispositions that dominated deontic justice research to date (i.e., moral identity; O'Reilly, Aquino, & Skarlicki, 2015); different forms of deontic reactions to others' treatment might indeed be morally acceptable to

maintain social order in a certain climate. For example, social undermining behaviors towards co-workers might be acceptable norms in a work climate driven by competition and performance. Our integration of perceived motivational climate as a context variable also addresses recent calls to integrate and contrast third parties' different forms of deontic reactions that might move beyond an eye-to-eye punishment or reward reaction (Skarlicki & Rupp, 2010). In what follows, we develop our propositions. Figure 1 depicts the conceptual model.

Insert Figure 1 and 2 about here

Theoretical Background

The Downside of HR Differentiation

In contemporary organizational settings, individualization of work conditions is becoming increasingly pervasive. In contrast to HR practices that apply to everyone in standard ways, individualization of work practices is a trend in which employees seek to secure working arrangements that meet their unique work needs and preferences (Call, Nyberg & Thatcher, 2015). As such, due to diversity in age, gender and ethnicity, today's employees are characterized by individualized work needs and preferences (Lepak, Takeuchi, & Swart, 2011). These employees are also outspoken about their individualized needs (Bal & Lub. 2015). In response to these trends, organizations increasingly adopt and implement individualized HR practices (Hill et al., 2008) such as idiosyncratic deals (i-deals) which are special work arrangements negotiated between an employee and a manager, differentiated from what all other employees have and yet provide mutual benefits to all parties involved in this process (Bal & Rousseau, 2015; Rousseau, 2005).

Inspired by the growth of HR differentiation, a growing body of research has explored the concept of HR differentiation which may take the form of providing training, development

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and career growth opportunities or flexibility regarding when and where work is carried out (schedule flexibilities) or personalized financial package deals (Rosen et al., 2013). Studies have started demonstrating that individualized HR practices are beneficial, for example in terms of driving employees' career success (Bal, Van Kleef, & Jansen, 2015), or predicting greater affective commitment and citizenship behaviors (Allen et al., 2013). However, with few exceptions, all of these studies focused on employees benefiting from HR differentiation, thus neglecting the potential negative effects that such individualized HR practices might have on co-workers. Among the few exceptions, one is the study by Marescaux and colleagues (2013) which have revealed that employees, who were not entitled to individualized HR practices, were not committed to their organization. Another exception is the study by Gelens et al., (2013) showed that employees who were not identified as talents (conceptualized as a form of individualized HR practice) were less satisfied and showed less work effort compared to employees who were identified as talents. Altogether, a growing body of research has started to demonstrate that individualized HR practices could be a double-edge sword, as the presumed positive effects might only be confined to employees benefiting from such arrangements.

<div align="center">**Proposition Development**</div>

Deontic Justice Theory Perspective

Individualized HR practices involve allocation of valuable and limited resources among a group of employees and are thus likely to evoke perceptions of (un) fairness among these who are not entitled to them (Baltes et al., 1999). To investigate how co-workers react to one's entitlement of individualized HR practices and hence sustain the benefits of such practices in a team, we build on the deontic theory of justice as an over-arching framework. The key tenet of this theory is that third parties often believe that the standards of fair treatment should be upheld and justice violators should be punished, even when they are not

the direct victims of the injustice (Folger et al., 2013). Accordingly, third party reactions arise mostly out of moral intuitions of how human beings should or ought to be treated. As such, third parties seek fairness simply because it is the right thing to do. However, third party motivation to others' (un)fair treatment might also be out of self-interest, above and beyond a sense of moral obligation, duty and moral virtue. In a recent conceptual study, Folger and colleagues (2013) argued that there is need to delineate contextual conditions under which one's deontic reactions might be driven by self-orientation and other-orientation. They proposed that the appropriateness of behaving in certain ways as an obligation is heavily shaped by contextual elements in an organization. To explore this untested tenet of deontic theory of justice and to relate it to the effects of individualized HR practices, we integrate the role of perceived motivational climate in setting the norms and thus shaping co-workers' reactions to focal employee's HR differentiation.

The achievement context (i.e., work environment) in which employees conduct their usual tasks plays an important role in their relationships with co-workers (Connelly et al., 2012). The motivational climate represents such a work context in which criteria for success and failure are defined by policies, practices and procedures of employees' proximal work contexts (Nerstad et al., 2013). These perceptions relating to employees' work contexts help them understand what is expected of them for goal achievement and team cohesion (Schulte, Ostroff, Shmulyian, & Kinicki, 2009). In other words, perceived motivational climate sets the grounds for morally right and wrong behaviors in a team.

Building on prior research, Nerstad et al., (2013) argued and empirically validated that the motivational climate consists of two aspects: a mastery climate and a performance climate. In a mastery climate, support and collaboration among co-workers are key tenets that define goal achievement and team cohesion (Kiefer & Barclay, 2012). For example, co-workers are expected to share their knowledge, help each other and contribute to team

cohesion by engaging in behaviors that are mutually beneficial (Roberts, 2012). Such a climate emphasizes learning, skill development and capability enhancement for each employee (Cerne et al., 2014). In such a climate, addressing employees' unique work needs is considered priority because it is expected that employees benefiting from individualized HR practices are likely to share the benefits of their entitlement to HR practices with their co-workers (Rofcanin, Kiefer, & Strauss, 2014).

On the other hand, a performance climate emphasizes normative criteria for success. In such a climate, normative ability, intra team competition and social comparison are criteria for effective performance (Ames, 1984). For this reason, employees working in these work contexts are likely to show maladaptive behaviors such as hiding knowledge and withdrawing support to co-workers when needed (Abrahamsen, Roberts, & Pensgaard, 2008; Cerne et al., 2014). Due to the norm of competition and social comparison, employees in such climates are overwhelmed with comparative information. Because performing better than co-workers is the key goal, a negative interdependence is likely to develop among co-workers, hampering the sense of team cohesion and togetherness. In a recently emerging research, studies have started showing that perceived performance climate predicts employees' mal-adaptive behaviors while perceived mastery climate leads to employees' adaptive behaviors (Cerne et al., 2014). In this research, we propose that employees' perceptions of mastery or performance climate are likely to be important contextual conditions influencing co-workers' (un) supportive reactions to focal employee's obtained individualized HR practices.

Co-Workers' Reactions to Focal Employee's Obtained Individualized HR Practices: The Moderating Role of Perceived Motivational Climate

Granting someone individualized HR practices is a significant work event. Such practices involve the provision of valuable resources to certain employees and they are likely to deviate from standard HR practices (Allen et al., 2013). Moreover, due to fears of

resistance and reactions of co-workers, managers or HR departments might be reluctant to openly communicate these practices to all team members who are not entitled to them (Farndale & Kelliher, 2013). Hence, managing co-workers' perceptions of fairness is a crucial component to achieve sustainable and effective individualized HR practices.

Deontic theory of justice argues that third-party reactions are relatively rapid processes, meaning that people need not to engage in complex cognitive analyses to conclude that a moral violation has occurred (Folger et al., 2005). The theory suggests that deontic reactions can be conceptualized in the form of moral intuitions, which refers to a judgment of moral right or wrong, that is formed swiftly. Built on this reasoning, we propose that employees' perceived unit climates engender feeling of what is morally right and wrong, guiding appropriate behaviors.

An element of moral intuition is the perceptions of adherence to (v.s., violation of) justice rules as reactions to others' treatment (Folger et al., 2005). Justice rule adherence refers to the extent to which the decision makers follow key rules of justice (Scott, Colquitt, Paddock, & Layne, 2009). For distributive justice, adherence refers to allocating outcomes based on one's input (Adams, 1965). Regarding procedural justice, it means providing employees with an opportunity to express their views in a decision making process, using procedures consistently for all employees and upholding moral standards in executing decisions (Colquitt & Rodell, 2015). Regarding interactional justice, adherence refers to providing adequate explanations for decision making outcomes (i.e., informational justice; Bies & Moag, 1986) and treating everyone with dignity and respect (i.e., interpersonal justice; Greenberg, 1993). On the other hand, the perceptions of violation of justice rules refers to the extent to which decision makers do not follow key principles of justice. It should be noted that we use the terms justice rule adherence and justice rule violation, instead of fairness or unfairness, for three reasons. First, fairness and unfairness are likely to be more descriptive

terms and they are morally charged than many of the words that represent the specific justice rule adherence and violation principles (Colquitt & Shaw 2005). For this reason, fairness and unfairness are likely to be emotionally contaminated to the targets of perceptions. Second, decision makers do not necessarily set out to be fair or unfair. However, the behaviors of decision makers might be inconsistent, biased, untruthful or insincere and such behaviors are likely to be justified by decision makers on the grounds of their goals. Thus, focusing on the way decision makers follow or violate specific rules of justice provides a more accurate and consistent way of understanding justice phenomena than focusing on the fairness per se (Scott et al., 2014).

We propose that in a high mastery climate, co-workers will react positively to others' obtainment of individualized HR practices; i.e., they will perceive that decision makers adhere to principles of justice. In a mastery climate, decision makers (i.e., managers) are likely to invest for the unique work needs of employees (Nerstad et al., 2013). Maintaining collaboration and sharing information among co-workers define the criteria for success in such climates. Managers are thus likely to avoid favoritism and make decisions based on objective criteria because due to knowledge sharing among co-workers, favoritism oriented behaviors will be in the spotlights of others and hamper team collaboration instantly. Thus, co-workers are likely to perceive that principles of distributive justice have been followed regarding others' obtained individualized HR practices.

In a climate climate characterized by high mastery orientation, collaboration is an emphasized norm (Roberts, 2012). Rules, policies and procedures are not imposed in a top-down manner by managers but they co-evolve through the input of everyone (Ames, 1992). In the context of implementing individualized HR practices, all team members are likely to be involved in the process and be encouraged to speak up to prevent possible inconsistencies or any unethical conducts, for instance when it comes to deciding who is entitled to specific

work arrangements. Thus, co-workers are likely to perceive that the principles of procedural justice have been adhered to following others' obtained individualized HR practices in a high master climate.

In a climate characterized by high mastery orientation, social exchange patterns among co-workers are shaped positively (Swift, Balkin, & Matusik, 2010). Since sharing is a common norm, co-workers treat each other with respect and dignity (Beersma et al., 2003). Trust is also a strongly held norm, preventing negative actions such as hiding information from others. Employees in a mastery climate are not likely to consider knowledge hiding a beneficial option because such a behavior will not be helpful in developing their capabilities and work related knowledge (Swift et al., 2010). In the context of individualized HR practices, co-workers are likely to perceive that the principles of interactional justice have been adhered to. For instance, think of an example where an employee is given an opportunity to participate a specific conference related to his or her current task. If this focal employee feels that he or she is superior to co-workers and treats them in disrespectful ways, a negative interdependence is likely to develop among co-workers, ultimately influencing team performance. Since team goals are prioritized compared to individual goals in a mastery climate, such avoidance oriented behaviors by the focal employee are naturally punished, leading to eventual exclusion from the team. The first proposition of this study is:

Proposition 1: In a work climate characterized by high mastery orientation, there is a positive association between focal employee's entitlement to individualized HR practices and co-workers' perceptions of decision makers' justice rule adherence in the form of distributive, procedural justice and co-workers' perceptions of focal employee's adherence to interactional justice.

In a climate characterized by high performance orientation, individual success necessitates an inherent focus on outperforming others (Pensgaard & Roberts, 2002).

Employees are expected to hide knowledge from others, which is a norm defining performance climate (Poortvliet & Giebels, 2012). This is most likely due to the fact employees' behaviors are driven by the motive to maximize their self-interests relative to their co-workers' and one way for this is hiding knowledge. Since hiding knowledge is the norm, co-workers are likely to perceive that managers have not adhered to principles of distributive justice. This might arise either out of employees' goals or managers' goals. Since individualized HR practices involve valuable economic (e.g., bonues) and social (e.g., skill development) opportunities, employees in a high performance climate might misinform decision makers regarding their input to the team. For instance, consider a performance driven sales team. Motivated to obtain extra bonuses or training, it is possible that some employees might hide some information from managers such as complaints from customers. The motivation to gain personal benefits to the costs of co-workers might lead to unethical behaviors and research in related areas has supported this argument. Managers might also decide to reward certain employees more compared to others even if their input do not justify for such decisions. Such decisions might be driven out of certain goals of managers or out of power conflicts that managers might have with others in this team or across teams (Maxwell & Watson, 2006). The main point is that since knowledge hiding and performing better than others are key characteristics of performance climates, co-workers are likely to perceive that decision makers violated the principles of distributive justice following others' obtainment of individualized HR practices.

In a high performance oriented work climate, a strong emphasis on knowledge hiding leads to a form of reciprocity that strengthens low concern for co-workers (Cumming et al., 2007). Due to seeking competitive advantage via knowledge hiding, the progress of co-workers and overall team is likely to be hampered (Beersma et al., 2003). In such a climate, collaboration is not supported and observed. Managers, alongside the co-workers, are also

likely to hold, internalize and engender such norms in their teams. Therefore, in the process of granting someone individualized HR practices, co-workers are not likely to be involved in this process to voice their opinions. In a related vein, co-workers are likely to perceive that such individualized HR practices are provided in a way that violates the standard and transparent HR practices. For example, consider a performance driven climate where an employee is promoted to a senior position in a team where there were co-workers who held the same position and responsibilities. If all of a sudden, this employee is promoted to a new role without following the appropriate recruitment procedures (e.g., opening an open advertisement for everyone), then co-workers are likely to believe that there was a hidden agenda behind the recruitment of this person, leading to perceptions of violation of procedural justice.

In a high performance oriented climate, employees' goals emphasize interpersonal standards of competence (Abrahemsen et al., 2008). That is, people tend to compare their own performance with those of others in order to outperform them. Therefore, in a performance climate, employees might impair the progress of co-workers by withholding knowledge from them and by avoiding social interactions. Because a performance climate strengthens the reciprocity norms in response to knowledge hiding, trust and constructive communication among co-workers are likely to be damaged (Nerstad et al., 2013). Therefore, employees who are entitled to individualized HR practices will likely keep the benefits of such practices to themselves to gain competitive advantage and to ultimately be better than others. Withholding information, avoiding justification to others are examples of avoidance oriented behaviors that are likely to shape co-workers' perceptions of violation of interactional justice rules (e.g., being treated with respect and dignity).

Proposition 2: In a work climate characterized by high performance orientation, there is a positive association between focal employee's entitlement to individualized HR practices

and co-workers' perceptions of decision makers' justice rule violation in the form of distributive, procedural justice and co-workers' perceptions of focal employee's violation of interactional justice.

A key tenet of deontic justice theory is that people respond to how others are treated in order to maintain the social order (Folger, 2001). When there is mistreatment, people respond unfavorably because the norms of morality that dictate how others should treat to each other are violated (Folger, 1998, 2001). When others are treated fairly, people respond favorably to maintain the social order. Deontic justice theory argues that third parties show deontic reactions that are primarily focused on retributive justice, redressing the wrong-doing or appraising the right-doing. Punishment in return for justice violation or reward for compliance with justice serves to restore justice (Darley et al., 2000; Okimoto et al., 2010).

When an individual fails to abide by the widely held principles of morality, the observer responds with moral outrage even though he or she is not directly affected. The observer's moral arousal (i.e., perceptions of justice violation) leads to subsequent deontic reactions whereby people experience a sense of tension in response to observed injustices (Folger et al., 2013). Third parties are motivated to reduce this discrepancy by restoring justice. We propose that in a high performance climate, because one's obtained individualized HR practices will be perceived as violation of justice principles, co-workers will respond unfavorably to create a fair work environment for everyone (Greenbaum et al., 2013). Widely held principles of morality are value-based systems that might emanate from social expectations, norms and beliefs (Folger et al., 2005). In a work context, values are heavily shaped by one's climate. In a high performance climate, one's success is defined by normative criteria. Only those who are best achievers are considered as successful and one way and since such behaviors are signaled to be expected, employees are inclined to hide knowledge reciprocally (Janssen & Van Yperen, 2004). Since performing better than co-

workers is the widely held norm, co-workers will be tempted to respond the others' unfair treatment by redressing this injustice. Coworkers are likely to engage in aggressive behaviors (negative acts that harm the target of the wrong doing) directed at the focal employee (recipient).

We propose that in a work context characterized by high performance orientation, co-workers are likely to show social undermining behaviors towards the focal employee who is entitled to individualized HR practices. In a high performance climate, since over-performing others is a main concern, co-workers are likely to engage in aggressive behaviors that will hamper the focal employees' performance and success at work (Goodstein & Acquino, 2010). Social undermining is a relevant behavior as it is defined as ''behavior intended to hinder, over time, the ability to establish and maintain positive interpersonal relationships, work-related success, and favorable reputation'' (Duffy et al., 2002: p. 332). Perceiving that the principles of justice have been violated, co-workers are likely to engage in intentional behaviors that will hamper the work related success, relationships and reputation of the focal employee (Hershcovis, 2011). Social undermining will send signals that the focal employee is not trusted and valued (Vinokur & Van Ryn, 1993). In support of this, research has shown that undermining influences one's self-efficacy (e.g., Chiaburu & Harrison, 2008) and performance negatively (Herschcovis & Barling, 2010). Accordingly, co-workers will use social undermining as means of justice retribution – punish the focal employee in terms of hampering their success, reputation and relationships which are key criteria of success in a performance climate. These retributive reactions are morally acceptable in a high performance culture. Integrating social undermining also responds to calls for research to study aggressive behaviors with focus on relational and social context (Hershcovis & Reich, 2013).

Proposition 3: In a work climate characterized by high performance orientation, there is a positive association between co-workers' perceptions of decision makers' justice rule violation and co-workers' social undermining behaviors directed towards the focal employee.

Deontic theory of justice suggests that third parties can also be motivated to react favorably to others' fair treatments (Folger et al., 2005). Morally held norms dictate how people should treat to each other in order to maintain a social order (Haidt, 2001). In the context of work settings, similar to above arguments, perceived climate serves to instill and maintain widely accepted norms regarding what behaviors and beliefs are appropriate (e.g., Kahneman & Frederick, 2005). Similar norms and behaviors are accepted among members of a team with a shared climate. In a high mastery climate, emphasis is on leaning, mastery and skill development for each team member (Poortvliet & Giebels, 2012). This means that unique needs of employees are valued and addressed. Perceiving focal employees' obtained individualized HR practices fair, co-workers are likely to engage in constructive and approach oriented behaviors towards these focal employees. Engaging in social support is in line with the norms of a mastery climate. As such, via providing the focal employee with instrumental and affective support, functionality of the team is enhanced (Herschcovis & Barling, 2010). The recipients of individualized HR practices may be particularly in need of social support because of the anxiety and possible uncertainty that accompanies obtaining individualized HR deals. Co-workers are in an ideal position to provide focal employees with assistance in adjusting to their new experiences, tasks, roles or new work conditions (Chiaburu & Harrison, 2008). Support might also help the focal employee utilize his or her obtained HR practices more effectively, for instance via adjusting to one's flexible work or location agreements or agreeing to share work due to focal employee's specific work conditions (Liu, Lee, Hui et al., 2013).

Proposition 4: In a work climate characterized by high mastery orientation, there is a positive association between co-workers' perceptions of decision makers' justice rule adherence and co-workers' social support behaviors towards the focal employee.

The above propositions imply a moderated mediation process where perceived motivational climates moderate the variance in the proposed associations.

Proposition 5: Perceived motivational climate moderates the mediation of workers' perceptions of decision makers' justice rule adherence between focal employee's obtainment of individualized HR practices and co-workers' deontic reactions towards the focal employee.

Discussion

Theoretical Contributions

This study offers several insights for theory and research on individualized HR management and organizational behavior. A first contribution relates to our focus on the context in discussing the effects of individualized HR practices. The proposed model can be considered an initial step to respond to calls for research to explore contingent factors in the effects of HR differentiation on employee outcomes. For example, research to date has focused on age (Bal & Dorenbosch, 2015), job level (Clinton & Guest, 2013), climate (Bal et al., 2012) and the nature of HR practices, such as economic versus social resources (Marescaux et al., 2013), to explore the effects of differentiated HR practices on employee outcomes. Focusing on the perspective of co-workers, we discussed that only under certain conditions, provision of individualized HR practices relates to support from co-workers. Understanding the contextual conditions is important because an increasing number of organizations have introduced career customization negotiations with their employees (Bal et al., 2012). The focus of strategic HRM has been on team or organizational levels (Datta, Guthrie & Wright 2005), and few recent studies have adopted a cross-level approach to explore the effects of macro-level (e.g. team or organizational) HR practices on employee

outcomes (e.g. Kehoe & Wright, 2013; Snape & Redman, 2010). Therefore, the essence of differentiated HR practices, which is the focal employee, has been overlooked. From this angle, the conceptual model proposed in this research contributes to research on HR differentiation by highlighting its effects and by exploring the role of co-workers and perceived unit climate in understanding the circumstances under which these deals are most effective.

Recent research on HR differentiation has begun to show that differentiated HR practices contribute to organizational performance and growth (Bal & Dorenbosch, 2015) and drive employees' affective commitment to organizations (Marescaux et al., 2013). However, research is still missing with respect to whether and when co-workers are likely to react negatively or positively to a focal employee's HR differentiation (e.g., Marescaux et al., 2013). Examining co-worker reactions is significant given that most of today's work is carried out in teams where there is interdependence. More importantly, understanding co-worker reactions is crucial as the provision of individualized HR practices puts the recipient in an advantageous position and automatically triggers the formation of fairness perceptions among co-workers (Greenberg et al., 2004).

The third contribution of the proposed conceptual model relates to our focus on fairness in implementing differentiated HR practices. In a recently growing field of research, studies in HR management have started to emphasize the benefits of providing individualized work arrangements to employees in the form of training, development opportunities (Anand et al., 2010) or in the form of flexible location and work schedules (Allen et al., 2013). A common thread in this research has been that the benefits of HR differentiation accrue to the recipient, but co-workers who are deprived of such opportunities may perceive such treatments unfair and react unfavorably. Thus, fairness is which is part and parcel of HR differentiation needs to be integrated into individualized HRM literature (Casper & Harris,

2008) to explore whether and when the presumed benefits are likely to sustain. Few recent studies have started arguing the importance of fairness, for instance, in the context of employee's perceptions of their managers' fairness in performance appraisal (Crawshaw et al., 2012) or the differences between talents and non-talents with regards to how they perceive their managers' decisions in fairness terms (Gelens et al., 2013). Responding to a recent call for research on the challenges of HR practices, this research integrates a deontic justice theory perspective to explore when co-workers perceive a focal employee's individualized HR practices as fair or unfair. This perspective thus moves career customization (Hill et al., 2008) and strategic HR literature forward by introducing a contingency perspective.

This research also expands deontic theory of justice. Folger and colleagues (2013) proposed that context is a crucial determinant of what is a morally right or wrong behavior in a situation. They further proposed that context shapes what is a morally desirable and appropriate behavior, beyond moral identity. Responding to this call, we highlighted the role of perceived motivational climate shaping how co-workers form their fairness perceptions regarding others' HR differentiation and consequently their deontic reactions in the forms of helps and undermining (Cerne et al., 2014). Moreover, deontic justice theory proposes that third parties are also motivated to respond to others' treatment favorably. However no research has examined or discussed this proposition. Understanding how and when co-workers' form favorable justice judgments and engage in approach oriented behaviors is important to breed team cohesion. The conceptual model of this research, therefore, expands the propositions of deontic justice theory by discussing the effects of HR differentiation as double-edged sword, hence pointing out to how co-workers are likely to form both favorable and unfavorable justice judgements and react to focal employees' entitlement to individualized HR practices favorably or unfavorably.

Practical Implications

Organizations are increasingly using differentiated HR practices to attract and retain employees (Call, Nyberg & Thatcher, 2015), and employees are becoming more concerned about their unique work needs (Michaels, Handfield-Jones & Axelrod, 2001). The findings therefore offer important practical guidelines for managers and HR departments. First, this study raises the possibility that, despite its presumed benefits, HR differentiation might not always be sustainable. By shedding lights on the potential unfavorable reactions of co-workers, our model guides HR managers in making HR investment decisions carefully, with short term and long term costs in mind. The costs of co-worker reactions might outweigh the benefits of HR differentiation coming from a select group of employees. An important way to tackle this undesirable result is to provide explicit guidelines and conduct open communications with employees regarding why they are not entitled to individualized HR practices while others in the same workplace are. Related research (Den Hartog et al., 2013) has found that managers' communication is crucial in this process, and procedures, guidelines and open communications by managers may help reduce grievances among employees who are unentitled to similar individualized HR practices.

Particularly, in a mastery climate, providing individualized deals pays off for everyone because in such a climate; facilitating one's career progress via HR differentiation is a priority and co-workers are likely to show supportive behaviors to those who receive individualized HR practices. On the contrary, in a performance climate, providing HR differentiation is a risky attempt as co-workers are likely to voice and resist to such practices. It is therefore crucial in such climates that HR managers provide general principles for the use of individualized HR practices which is especially important in cases where information to others cannot be provided. Our model emphasizes that fairness perceptions of co-workers is crucial in sustaining the effectiveness of HR differentiation in a team. Accordingly, HR managers need to be trained on how to describe and communicate HR differentiation practices

not only to its recipients but also to co-workers to emphasize the ways in which they are just or unjust. Explaining why others are not entitled to such practices might diminish co-workers' potentially negative consequences.

Future Agenda

Sample: By definition, HR differentiation is not likely to be observed at a large scale within an organization. Indeed, research from talent management supports this argument and reveals that at most 10 % of all employees are subject to preferential treatments in the forms of high potentials or talents (Gelens et al., 2013). To increase the chances of observing a wide range of HR differentiation practices, recruiting employees from across industries is a suggested procedure and used in related research such as job crafting (Bakker & Petrou, 2015) and I-deals (Ng & Lucianetti, 2016).

Full-time employees across organizations constitute appropriate participants for research aiming to explore the effects of HR differentiation. To form dyads, employees who decide to participate in the study might be requested to ask a co-worker to participate in the same study. Participants need to be informed of the confidentiality of their responses and specific coding procedures need to be carried out to match dyad members.

Analyses strategy: The proposed conceptual model includes two members of a dyad (focal employee and co-worker) whose tasks are interdependent and therefore analysis of this model requires nesting of data. The actor-partner interdependence model (i.e., APIM) is an appropriate strategy of analysis as it deals with the violations of statistical independence and investigates the dyadic effects. Specifically, APIM allows examining how an individual's predictor variable simultaneously and independently relates to his or her own criterion variable (actor effect), and to his or her partner's criterion variable (partner effect). In APIM models, the partner effect allows to test the mutual (i.e., reciprocal) influence between the members of the dyad (Kenny et al., 2006).

Conclusion

This study has proposed a conceptual model to explore the effects of HR differentiation from non-recipients' perspectives. In terms of unique theoretical contributions, the concept of HR differentiation and how they unfold in a social context have been discussed and supported. A finer-grained understanding of the role of co-workers fairness perceptions and perceived unit climate are is emphasized. With regard to the effects of HR differentiation on non-recipients, the role of overall fairness perceptions and the unit climate – whether the work context is perceived to be high on performance orientation or mastery orientation- have been introduced and discussed, which constitute unique theoretical contributions to the literature on the downside of HR differentiation. Caution is needed in differentiating these practices for certain employees, as perceptions of overall fairness among non-entitled employees and the degree of differentiation of such practices in the workplace may negatively influence employees' reactions to co-workers and thus might hamper the potential benefits that emanate from implementing such practices for a select group of employees.

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Figure 1. A Model Depicting When and How Co-Workers Show Supporting Behaviours to Focal Employee's HR Differentiation

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                    ┌─────────────┐
                    │  Perceived  │
                    │   Mastery   │
                    │   Climate   │
                    └──────┬──────┘
                           │
                           ▼
┌──────────────┐    ┌──────────────┐    ┌──────────────┐
│Focal Employees'│  │ Co-Workers'  │    │ Co-Workers'  │
│ Entitlement to │→ │Perspective of│ →  │Social Support to│
│      HR        │  │Decision Makers'│  │  the Focal   │
│ Differentiation│  │ Justice Rule │    │   Employee   │
│                │  │  Adherence   │    │              │
└──────────────┘    └──────────────┘    └──────────────┘
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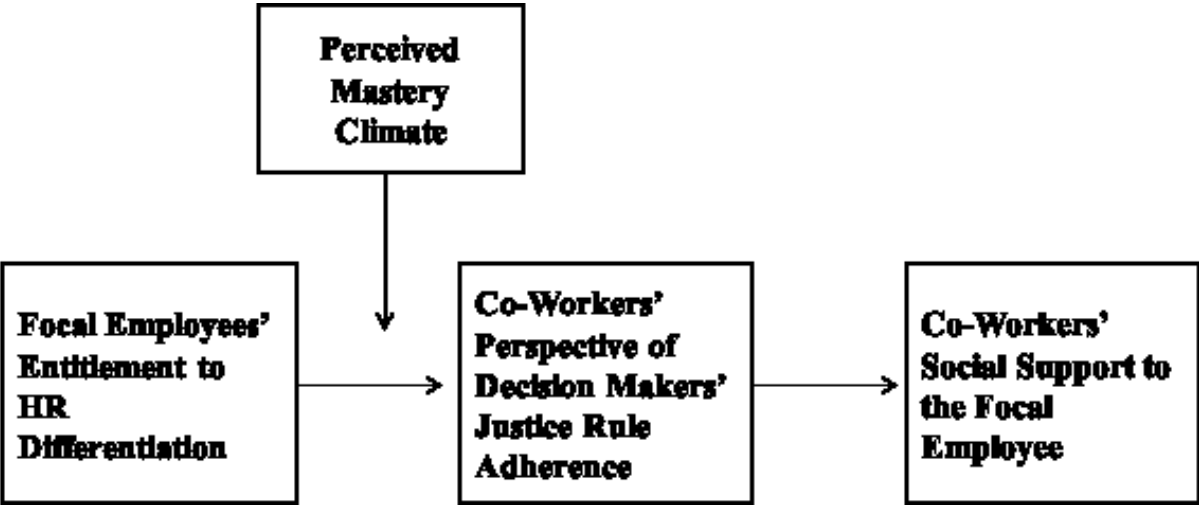
Figure 2. A Model Depicting When and How Co-Workers Show Undermining Behaviours to Focal Employee's HR Differentiation

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                    ┌─────────────┐
                    │  Perceived  │
                    │ Performance │
                    │   Climate   │
                    └──────┬──────┘
                           │
                           ▼
┌──────────────┐    ┌──────────────┐    ┌──────────────┐
│Focal Employees'│  │ Co-Workers'  │    │ Co-Workers'  │
│ Entitlement to │→ │Perspective of│ →  │    Social    │
│      HR        │  │Decision Makers'│  │ Undermining to│
│ Differentiation│  │ Justice Rule │    │  the Focal   │
│                │  │  Adherence   │    │   Employee   │
└──────────────┘    └──────────────┘    └──────────────┘
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