



High performance work system and HCN performance [☆]

Hsi-An Shih ^a, Yun-Hwa Chiang ^{b,*}, Chu-Chun Hsu ^c

^a Institute of International Business, National Cheng Kung University, 1 University Road, Tainan 70148, Taiwan

^b Department of Business Administration, Ming-Chuan University, 250 Chung-Shan North Road, Section 5, Taipei 10452, Taiwan

^c Department of International Business, Southern Taiwan University, No.1, Nantai St., Yongkang City, Tainan County 71005, Taiwan

ARTICLE INFO

Article history:

Received 1 April 2010

Received in revised form 1 January 2011

Accepted 1 January 2011

Available online 29 January 2012

Keywords:

High performance work system

Host country nationals

Relational psychological contract

Job performance

ABSTRACT

This study argues that multinational corporations (MNCs) which implement high performance work system in their host country nationals may help their workers form relational psychological contracts with the MNC. Such practices can increase host country national work involvement and enhance their job performance. With survey data from 1084 host country nationals in 49 Taiwanese MNCs operating in China, this study uses structural equation modeling to examine the interdependent and simultaneous relationships between MNC implementation of high performance work system with host-country nationals, the formation of a relational psychological contract, work involvement, and host-country national job performance. Findings demonstrate that the relational psychological contract and work involvement are partial mediators in the relationship between high performance work system and job performance. The results show that MNCs can expect better job performance from host country nationals when implementing high performance work systems with these workers.

© 2012 Elsevier Inc. All rights reserved.

1. Introduction

To implement global strategies, multinational corporations (MNCs) need to operate in many countries (Gomez & Ranftb, 2003; Perez & Pla-Barberb, 2005). Effective management of host country personnel to help MNCs attain strategic goals has become an important issue for MNC managers as well as for scholars (Gomez & Werner, 2004; Lavie & Fiegenbaum, 2003). However, extant research on the management of host-country nationals (HCNs) tends to focus on HCN's relationship with expatriate adjustment (e.g., Shaffer, Harrison, Gregersen, Black, & Ferzandi, 2006; Toh & Denisi, 2007). These studies cannot tell MNC managers how they can effectively manage their host country nationals to enhance HCN job performance.

Another strain of research about HCN management discusses whether the MNC should adopt HR practices that are convergent with or divergent from those exercised in the MNC's headquarters

(Jain, Lawler, & Morishima, 1998). Few extant studies have specifically examined the effect of MNC HR practices on HCNs. Responding to previous authors who have argued that MNCs should develop HCN abilities through various HR activities to replace the use of expensive expatriate personnel (Bartlett, Lawler, Bae, Chen, & Wan, 2002), this study explores the effect of MNC implementation of high performance work system (HPWS) with HCNs in China.

This study follows the assertions of strategic human resource management (HRM) scholars (Huselid, 1995) and argues that the MNC can expect better work performance from HCNs if the MNC implements an HPWS with its HCNs. While the behavioral scholars of strategic HRM argue that employees respond to company policy based on their perceived, rather than managers' alleged, HR practices (Wright & Boswell, 2002), this study proposes that, if the HCN employee perceives that the employer practices an HPWS, such a perception can lead the HCN to form a relational psychological contract with the MNC. This relational psychological contract, in turn, can elevate HCN work involvement and enhance HCN job performance. This study thus argues that the relational psychological contract HCNs form with the MNC, and HCN work involvement, are mediators in the relationship between the HCN's perceived HPWS and better HCN job performance (See Fig. 1 for the research model of this study).

To examine the proposed relationships, this study collects data from multiple respondents in 49 Taiwanese MNCs operating in China. Effective responses were collected from 1084 HCNs and their corresponding supervisors. Structural equation modeling was used to examine the interdependent and simultaneous relationships between perceived HPWS, relational psychological contract, work involvement, and job performance.

[☆] This study is supported by the National Council of Science, Taiwan, under grant NSC 95-2416-H-006-002. The interpretations, conclusions, and recommendations, however, are those of the author(s), and do not necessarily represent that of the organization. The authors appreciate the very helpful comments from the reviewers and the editor. Their opinions have immensely enhanced the quality of this research. The authors wish to thank Jason Shaw for helpful comments on earlier versions. The authors also appreciate the assistance in data collection offered by Master Jian-Lai Shih in Chung Tai Chan Monastery and Miss Pei-Fen Lin.

* Corresponding author.

E-mail addresses: hashih1224@gmail.com (H.-A. Shih), hui3789@yahoo.com.tw (Y.-H. Chiang), hsuchuchun@ntu.edu.tw (C.-C. Hsu).

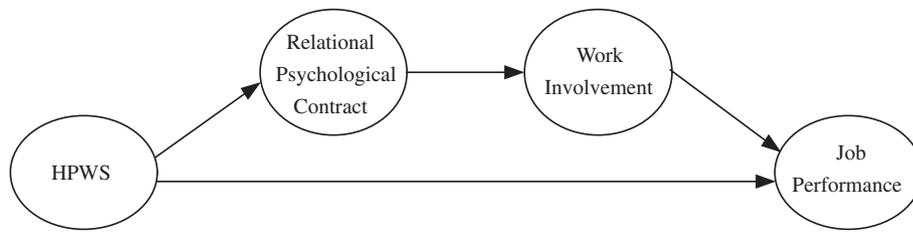


Fig. 1. Research model.

Most studies on HR practices and psychological contracts are based on theoretical discussions developed in western countries. Only limited research has explored topics related to the psychological contract in developing countries (Hui, Lee, & Rousseau, 2004). Since this study provides data from China, it offers a good opportunity to empirically examine whether theoretical arguments developed in western countries can be generalized to areas with different cultural backgrounds. This study thus explores an area of importance to scholars of HR and international business.

While authors report positive relationships between HPWS and performance (Huselid, 1995), recent scholars attempt to explain such mechanisms by finding mediating variables between HPWS and performance (Collins & Smith, 2006). This study complements the relevant literature by identifying other mediators: the employee psychological contract and work involvement. Hence it is important for both HR scholars and for MNCs in their management of HCNs.

The following sections discuss the relevant theoretical background and develop hypotheses concerning HPWS, relational psychological contract, work involvement, and HCN job performance. Research methods and findings then follow, while the significance of the results is discussed in the final section.

2. Literature and hypotheses

This section first defines the various variables involved in this study: perceived high performance work system, relational psychological contract, work involvement, and job performance. A brief review of the relevant literature follows while the hypotheses are derived subsequently.

2.1. Managing host-country nationals

Extant studies on the management of host-country nationals (HCNs) explore the effect of individual HR practices (Bartlett et al., 2002). For instance, Vance, Wholihan, and Paderon (1993) argue that well-trained HCNs can assist the work of expatriates. Harry (2007) proposes that MNCs should devote more attention to the training of HCNs to promote their skills and abilities. Tarique, Schuler, and Gong (2006) recommend that MNCs should use various HR practices, such as training and mentoring, to develop HCN abilities (Bartlett et al., 2002; Jain et al., 1998). Rather than looking at individual HR practices, this study proposes that MNC implementation of a set of related HR practices (HPWS) for their HCNs can enhance HCN job performance.

2.2. High performance work system

Strategic HRM scholars argue that a set of related HR practices can improve performance through increasing employee involvement (Guthrie, Spell, & Nyamori, 2002), commitment (Guest, 1997), and empowerment (Kochan & Osterman, 1994). This set of HRM system has been called a variety of names, including high involvement work system (HIWS) (Edwards & Wright, 2001), high commitment work system (HCWS) (Arthur, 1992), or high performance work

system (HPWS) (Huselid, 1995). This study refers this set of HR practices as the high performance work system (HPWS).

Scholars do not have consistent agreement on the constituents of HPWS (Becker & Gerhart, 1996). However, some commonly recurring themes include: selective recruiting, providing comprehensive training, decentralized decision-making, and employee participation (Guthrie et al., 2002; MacDuffie, 1995; Youndt, Snell, Dean, & Lepak, 1996). Since this study examines HCNs in China, the authors adopt the definition developed by Bae, Chen, Wan, Lawler, and Walumbwa (2003) and Chen, Lawler, and Bae (2005), who have developed measurements of HPWS especially suited to Asian settings.

This study follows Chen et al. (2005) and argues that HPWS should involve four components: HR flow, work systems, reward systems, and employee influence. The HR flow component of HPWS, which involves employee recruitment, selection, training, and development, refers to selecting the best qualified person for a given position, offering systematic and multiple-skilled training, and emphasizing employees' long-term development (Arthur, 1992). The work systems component of HPWS, which involves control, teamwork, and job specificity, refers to long term employment, defining jobs broadly, and coordinating works based on shared goals and values (Pfeffer, 1994). The reward systems component of HPWS, which involves wages and performance assessment, refers to providing higher pay level than industry average and appraisals emphasizing workers' long term development (Walton, 1985). Finally, the employee influence component of HPWS, which involves employee participation and ownership, refers to employees' extensive participation in decisions such as work team management and profit sharing programs (Beer, Spector, Lawrence, Mills, & Walton, 1985).

Since these four above-mentioned components of HPWS derive from HR theories and practices originated in western nations, Bae et al. (2003) examines the effect of these HR practices on firm performance in four Asian countries: Korea, Taiwan, Thailand, and Singapore. The authors find that, despite differences in cultural context, these components of HPWS are still positively related to company performance, strengthening the generalizability of this set of scales in measuring the high-performance work system. As such, this study adopts the scale developed by Bae et al. (2003) in measuring HCN's perceived HPWS practices in China.

2.3. Psychological contract

This study follows previous authors and define psychological contract as an individual's belief regarding the terms and conditions of a reciprocal exchange relationship between the focal person and another party (Coyle-Shapiro & Conway, 2005; Raja, Johns, & Ntalianis, 2004; Robinson & Rousseau, 1994; Rousseau, 1990, 1995). Thus, psychological contract is based on an exchange relationship between incentives and corresponding contributions. In the context of employment relationship, the employer provides the incentives that are valued by the workers while workers perceive their corresponding responsibilities to the employer (Aggarwal, Datta, & Bhargava, 2007; Robinson, 1996).

Relational contract refers to a long-term employment relationship based on social exchange and trust, with broader, open-ended, and

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات