TOWARD AN UNDERSTANDING OF THE IMPACT OF DISCRETION UPON THE HR-PERFORMANCE LINK

A Dissertation

by

CARRIE ANNE BELSITO

Submitted to the Office of Graduate Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

May 2008

Major Subject: Management

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ABSTRACT

Toward an Understanding of the Impact of Discretion Upon the HR-Performance Link.

(May 2008)

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The field of strategic human resource management attempts to investigate the role and contribution that human resources may provide to organizations. Although various theoretical perspectives have been applied to the field of strategic human resource management, some scholars still label this field as atheoretical. I apply discretion theory to this atheoretical discussion with the expectation that discretion theory will allow a better examination of what may be occurring in the "black box" between human resource practices (i.e. high performance work practices) and organizational outcomes. Specifically, my intent was to determine under what conditions human resource managers might influence the high performance work practices/organizational outcomes relationship. I surveyed dyads consisting of one senior human resource manager and one other human resource employee within various organizations to assess 1) the nature of the human resource practices that each organization employs, 2) the intensity of the senior human resource manager's individual discretion, and 3) the intensity of the organization's contextual discretion. Moderated regression analysis was utilized to test each hypothesis.

Upon testing each hypothesis, partial support was found for the following hypotheses: Hypothesis 1a: The use of high performance work practices will be negatively related to absenteeism, Hypothesis 1b: The use of high performance work practices will be negatively related to turnover, Hypothesis 2a: The use of high performance work practices will be positively related to ROA, Hypothesis 3b: Individual discretion will moderate the relationship between HPWPs and turnover: specifically, HPWPs will be more strongly related to turnover (i.e. less turnover) when individual discretion is high than when individual discretion is low, and Hypothesis 4a: Individual discretion will moderate the relationship between HPWPs and ROA; specifically, HPWPs will be more strongly related to ROA (i.e. higher levels of ROA) when individual discretion is high than when individual discretion is low. No support was found for Hypotheses 2b, 3a, and 4b. With respect to each of the three-way interaction hypotheses, slope difference tests revealed that none of the slopes for were significantly different from one another, hence no support was provided for Hypotheses 5a-5c, 6a-6c, 7a-7c, and 8a-8c.

DEDICATION

There is no one I would rather dedicate this to than you Madden… I'm still not sure which was harder – my labor of love with you or my labor of love with this dissertation! You are the twinkle in my eye and the only one that has really been able to teach me what perspective is all about. I love you baby girl – this much, more than all the stars up in the sky, a bushel and a peck and a hug around the neck!

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This may be one of the only times that I'll ever be able to utter these words: I'd like to thank… So I better make it good! The process of completing a Ph.D. has been one of the most peculiar experiences I have yet gone through in life. There have been so many good (and yes, even bad!) memories from this process, but a few people along my journey have truly stood out and I'd like to take just a minute to thank them here. If you don't spend any time thumbing through my dissertation, please take just a moment to read through these acknowledgements, as these are the people and the memories that truly matter when all is said and done.

Of course, I'd like to thank those on my committee. Angelo was instrumental in getting me through this entire process. He stayed in for the long haul… several years and even several states later, he still was able to get me to the finish line. Thanks for getting me there Angelo! Ricky was also a lifesaver – or should I say dissertation saver? Ricky stepped up to become my co-chair just when it looked like another obstacle might prevent me from reaching that finish line. Thank you Ricky. Cindy was very helpful as well. She spent plenty of time in the beginning stages of this dissertation to help me figure out exactly what it was I was trying to say. A favorite saying I have of Cindy's is: How do you define that? ☺ Thanks for all of your help Cindy! Lastly, I need to thank Stephanie. Stephanie seems to be one of those rare people who actually combine intelligence with tact. She had the uncanny ability to provide advice and guidance without making me feel "dumb" while doing it. Also, Stephanie's attention to detail

made fixing the errors in this dissertation so very painless. Thank you for all of your hard work with this dissertation Stephanie – I really appreciate it!

As I mentioned before, many memories were made while engaged in the Ph.D. process. Some of my favorite memories stem from the friends that I gained while at A&M. My first friends were those from my cohort: Celile, Luis, Race, and John. These four ate and drank with me, studied with me, and most importantly, laughed with me! They were an easy bunch to love and I appreciate all of their help in getting me through the difficult times. Of course, Celile deserves the most thanks ☺ She and I had more than our share of late nights, but the one I'll never forget was the night that we stayed ALL NIGHT! Coffee pots were going, fingers were typing, stress was rising… It was awful. But at the same time, it made a memory that I will never forget. And it made a friend that I will always have.

Other friends from my A&M experience must also be thanked. There were special people in cohorts both before and after mine that provided much needed advice along the way. Thanks for being there for me. In addition to special people, there were people who did special things with me too. Those who played poker with me, played soccer with me, played softball with me, came to my rescue during my hospital stay, came to the birth and baptism of my daughter… You are the ones that I think of often.

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your help, I just don't think this would have been as doable a task. Thank you so much for your friendship and for all of your help.

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CHAPTER I

INTRODUCTION

Human resource management (HRM) has traditionally been thought of as strictly an administrative function within organizations. The sole purpose of this functional area has been relegated toward the notion of "pushing paper" and following the rules and regulations set forth by various city, state, and federal governing bodies. For decades, most human resource (HR) departments were caught in bureaucratic systems where HR managers were forced to focus on paperwork rather than being able to venture forth and focus on the creative implementation of their daily tasks. However, nearly 20 years ago the idea of what an HR department was and what it meant strategically in terms of the overall growth, productivity, and stability of an organization began to metamorphize (Boxall & Purcell, 2000). HR practitioners began arguing that the HR function should be considered an integral part of the organization, and that without thinking HR is a key organizational component, organizations would not realize their full potential. As often happens in the academic world, management researchers began to heed the call of HR practitioners and so began the shift in HR research streams from a purely HR focus, toward a more *strategic* focus on human resource management.

The strategic human resource management (SHRM) literature stream has

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This dissertation follows the style of the *Academy of Management Journal*.

attempted to explain just how important HR is to an organization. Anecdotally, we can see many examples of just how important HR is to the overall operations of organizations. For example, in times of mergers and acquisitions, HR plays a key role in restructuring efforts and aligning the cultures and activities of the newly formed organization (Ahmad & Schroeder, 2003). However, theoretically, we are continuously being challenged to provide stronger evidence of HR as a strategic advantage for organizations and for the HR function to have a place at the proverbial table, we must continue to show its importance to the organization (as well as to its shareholders).

While there has continued to be some debate in the literature surrounding the atheoretical nature of the SHRM research stream, many scholars have begun the process of grounding SHRM with various theoretical lenses such as resource-based theory (Barney, 1991; Schuler & MacMillan, 1984; Ulrich, 1991; Wright, McMahan, & McWilliams, 1994), the behavioral perspective (Jackson, Schuler, & Rivero, 1989; Schuler & Jackson, 1987), and the institutional perspective (Jackson & Schuler, 1995; Jackson, Schuler, & Rivero, 1989; Meyer & Rowan, 1977), to name a few. Despite these attempts at grounding SHRM in theory, an overall theory of SHRM has yet to be developed accurately conveying a true picture of how the HR function makes a beneficial difference to organizations.

To further combat this atheoretical accusation, researchers have attempted to link HR practices with organizational outcomes via three different approaches. The first approach, a universalistic or "best practices" approach, posits that individual HR practices lead to desired organizational outcomes. It is assumed that *any* organization

utilizing a specific HR “best practice” will tend to find a connection between that practice and valuable organizational outcomes.

The second and third approaches are the contingency and configurational approaches. The contingency approach hypothesizes that when an organization’s HR practices are aligned with other key variables within the organization, positive organizational outcomes will result. Stemming from the contingency approach, the configurational approach posits that for HR practices to impact organizational outcomes, the practices must be set within a uniform configuration or pattern of practices and that these patterns of practices must demonstrate not only external (i.e., vertical) fit, but internal (i.e., horizontal) fit as well (Delery, 1998; Delery & Doty, 1996; MacDuffie, 1995). The central premise behind the idea of “fit” is that when HR practices are not aligned with each other within an organization and when those sets (or systems) of practices are not aligned with the organization's overall strategy, it is harder to link practices directly to organizational outcomes.

An additional critical aspect of the configurational perspective is that of equifinality. The basic premise of equifinality is that outcomes are the most important part of the equation. So for instance, if the outcomes are the “same”, it does not matter what configuration of practices you used to achieve the outcome, only that the intended outcome arose. This is a basic means-ends dilemma. These arguments are the impetus of one key premise of this dissertation, namely that we know that different sets of practices may lead to similar outcomes, and we also know that similar sets of practices may lead to dissimilar outcomes. But we do not know why. What is missing from the

literature that may help us uncover these inconsistent findings? Is there a way to better predict when/why/how HR practices or sets of practices may lead to improved organizational outcomes? What theoretical lens can be applied to help address these questions?

This dissertation attempts to uncover the missing pieces that may help to explain these inconsistencies within the SHRM field. It is suggested that a possible moderating variable missing from previous SHRM research is the HR manager, or more specifically, the HR manager's discretion. By examining these inconsistencies through a discretion-colored lens, the idea that the HR manager (i.e., managerial discretion) is the missing link in the practices-outcomes relationship could potentially be substantiated.

Throughout this dissertation, managerial discretion will be used as a theoretical construct to specifically examine HR's contribution to organizational outcomes. All too often questions arise concerning HR's overall contribution to the organization. For example, questions surface such as: "Does HR 'matter'?" "Can HR be better utilized to impact the overall outcomes of an organization?" Even more specifically, questions arise such as: "Does the HR manager matter?" or more explicitly "Under what conditions does the manager in charge of the HR function create circumstances such that HR can 'matter' in terms of bottom-line results?" To tackle these questions, the theoretical lens of managerial discretion will be applied to help tease out some of the key issues at play that could potentially provide answers

What Is Managerial Discretion?

The concept of managerial discretion was established by Hambrick and

Finkelstein (1987) as a way to unify a longstanding debate in the strategic management literature that had to do with the importance of mangers to organizational outcomes. Scholars on one side of the debate emphasize the significance of determinism while scholars on the other side emphasize the significance of strategic choice. Hambrick and Finkelstein (1987) attempted to bridge the debate by highlighting the value of managerial discretion, or latitude of action, and its potential impact on important organizational outcomes. These authors hoped to demonstrate when top executives (i.e., chief executive officers) could either completely control, somewhat control, or incompletely control their organization's fate (and form) depending upon the level of managerial discretion that they possessed (Finkelstein & Hambrick, 1996).

In an attempt to explain where managerial discretion came from, Hambrick and Finkelstein (1987) posited three forces that would impact a manager's discretion: the task environment, the internal organization, and the manager's characteristics. The first of these two forces have been examined in the literature (Finkelstein & Hambrick, 1996; Haleblian & Finkelstein, 1993; Hambrick & Abrahamson, 1995; Hambrick & Finkelstein, 1987), but the third force, the manager's characteristics, has not been examined to the same extent.

So, what is managerial discretion? Discretion is a phenomenon of interest, a theoretical lens with which to better explore (and more importantly predict) how and when managers might have an impact upon their organizations and why managers can be especially important actors upon the stages so carefully designed by their organizations. The context usually associated with managerial discretion is that of chief executive

officer (CEO) and whether or not the CEO matters or impacts organizational outcomes. Yet, I contend that by applying managerial discretion to the role of the HR manager, we can utilize this same logic to provide a framework that will allow us to gain a better understanding of the conditions under which HR, through the function of the HR manager, impacts organizational outcomes.

Contributions to Scholarly Research and Practitioners

Managerial discretion, although an important theoretical concept, has yet to be fully examined and has yet to be applied to the SHRM landscape. By explicating the boundary conditions of discretion and by casting attributes of discretion onto various theoretical arguments outlined in the SHRM literature, it is hoped that some of the arguments that SHRM cynics circulate can be dispelled. One such anecdotal argument is that HR is not a functional business unit important enough to have earned a seat at the proverbial table. Contrary to this belief, HR is an extremely important function in the overall success of an organization and only when this position is realized and when the "right" people are put in the "right" places, will HR truly gain the respect as a major function of the organization. It is hoped that SHRM scholars will be able to utilize possible findings from this dissertation to extend our thinking about SHRM theory as well as to extend our thinking about what is truly necessary in terms of valuing HR.

HR practitioners have touted the importance of the HR function and what this function can do for the organization's overall sustained success for quite some time. It is further hoped that by applying discretion to the HR arena, and by specifically showing how the HR manager's discretion might matter to the overall functioning of the

organization, that HR practitioners will be able to use these findings to demonstrate that organizational outcomes are not just something that randomly occur, but rather can be achieved by careful attention to HR directives.

CHAPTER II

REVIEW OF RELEVANT LITERATURE

Establishing SHRM

Strategic human resource management (SHRM), defined as "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals" (Wright & McMahan, 1992: 298), has attempted to demonstrate how HR can have a substantial (and dramatic) impact upon an organization's overall performance (Batt, 2002; Delery & Doty, 1996; Huselid, 1995). This attempt at taking a more "macro-organizational approach to viewing the role and function of HRM in the larger organization" (Wright & McMahan, 1992: 298) evolved from a number of initial and somewhat unsuccessful attempts at maintaining functional differentiation within the overall field of HRM.

For the most part, the field of HRM is made up of an assortment of practices that are used to manage people in organizations. These practices include such functions as selection (staffing), training (development), appraisal, and compensation. As the field of HRM has continued to evolve, it has continued to exist of these very distinct and identifiable entities with little integration among the functions (Wright & McMahan, 1992). As organizations and researchers became more captivated by the idea of strategic management, HR scholars attempted to take their research specialties within the field of HRM and tie them to distinct areas of the firm's strategy, thereby creating new areas of research such as "strategic selection", "strategic appraisal", and "strategic development"

(Wright & McMahan, 1992). While these attempts acknowledge the importance of tying each functional area in the field of HRM to an organization's overall strategy and goals (Wright & McMahan, 1992), the continued separation of each of the newer specialty strategic areas was still hindering the overall potential of the field.

As the field of SHRM continued to emerge, researchers moved to define the newly developed field as an approach concerned with integrating human resource management with aspects of strategic planning (Guest, 1989). More importantly, researchers worked to ensure that SHRM was largely about integration and adaptation, with a concern to make certain that "human resources management is fully integrated with the strategy and the strategic needs of the firm" (Schuler, 1992: 18). This overall focus of SHRM aimed to capture all of the specialty areas of HRM that might impact an organization's employee behavior as well as to assist both in the formulation and implementation of the overall strategic needs of organizations (Wright & McMahan, 1992).

Theoretical Development of SHRM

Historically, HR researchers, most notably selection researchers, had been interested in examining the relationship between HR practices (i.e., selection practices) and an organization's performance. In assessing the financial impact that a particular HR selection practice would have upon an organization's bottom line, Brogden (1949) created a manner with which to estimate how much dollar value a particular HR practice might provide through his development of the utility estimation equation. This concept of utility has been used to estimate the dollar value of employee performance based upon

a particular practice being utilized (e.g., weighing the cost/benefit of implementation of a training program) (Law, 1995).

Another historical topic of interest to HR researchers was that of the implementation of HR accounting systems. The premise behind HR accounting was that the value of an organization's human resources could be quantified and that the quantification of that value could actually be placed on an organization's financial statements (Likert & Pyle, 1971). By placing a value on an organization's human capital and placing that value on the books, the thought was that both internal assessments by managers and external assessments by investors could help both parties to capitalize on that human capital value (Craft & Birnberg, 1976; Toulson & Dewe, 2004). Although practically HR accounting systems never progressed as originally proposed, the ideas that comprised the initial development of HR accounting systems metamorphosed into what we generally think of as the HR metrics we use today.

Taylor Russell tables were yet another historical attempt at providing a useful way to actually measure the value of human resources, specifically through a selection context. Taylor and Russell (1939) developed an approach that allowed managers to determine the percentage of employees that would be successful (i.e., perform well on the job) based upon several indices such as what selection tool was employed, what percentage of employees were successful on the job prior to the implementation of the selection tool, the selection ratio, and the correlation between the selection tool and employee success on the job (performance). Again, the idea with Taylor Russell tables, as with Brogden's utility and Likert and Pyle's HR accounting systems, is that

researchers were trying to establish a means with which to measure the value of HR (again, through a selection context).

As previously mentioned, HR practitioners' claims of being integral functions within organizations that allow organizations to realize their full potentials, seemed to pique the interests of management researchers. These management researchers moved to further develop theoretical aspects of SHRM by attempting to explain the importance of HR to organizations. Researchers began to build theoretical support to provide evidence of HR as a strategic advantage for organizations. These theoretical perspectives took the view that just focusing on individual HR practices and their effects on organizational outcomes did not quite capture the entire picture of what was occurring between practices and outcomes. As an alternative, researchers began to consider more synergistic approaches such as creating bundles, sets, or systems of high performance work practices to better explain the practices-outcomes relationship.

Bundles. One of the first perspectives adopted by SHRM researchers was that of a bundles (MacDuffie, 1995) approach to viewing HR practices. Essentially, bundles are combinations of HR practices that when put together amount to a much greater impact than when viewed independently. That is, bundles of practices, rather than single practices, will tend to show a greater impact on firm-level outcomes such as financial performance, productivity, and market value of the firm (Arthur, 1992; Arthur, 1994; Becker & Gerhart, 1996; Huselid, 1995; MacDuffie, 1995; Youndt, Snell, Dean, & Lepak, 1996), because of the additive effects that combinations of bundles provide as well as synergies that occur when the practices in a bundle reinforce each other (Combs,

Liu, Hall, & Ketchen, 2006).

The effect of placing human resource practices into systems, or bundles, is realized when these bundles are aligned with the culture and business strategy of the organization (MacDuffie, 1995). Hence, results of this effect should be attributed to the combination of practices that make up the bundle, rather than to each individual practice, which could potentially mislead an audience into thinking that one particular practice was the cause of performance results (MacDuffie, 1995). In determining what combination of practices make up the bundles, researchers have not agreed with respect to what those combinations of bundles actually "look like".

In fact, as the SHRM literature has continued to evolve, not only has there been disagreement with respect to what bundles "look like', but also the term bundles has even been replaced with other related terminology such as high-performance work practices, high-performance work systems, HRM innovations, alternate work practices, flexible work practices (Delaney & Godard, 2001), and high involvement work practices. These terms, although still used in the same spirit as the original conceptualization of bundles, have become more embedded in the literature with high performance work practices becoming a more dominant term.

High Performance Work Practices. High performance work practices (HPWPs) include systems of practices comprised of comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training (Huselid, 1995). These HPWPs serve as a "way to make organizations more flexible and effective" (Richard & Johnson,

2004:133). HPWPs are intended to improve the skills, commitment, and productivity of employees (Datta, Guthrie, & Wright, 2005) and progressive organizations strive to use HPWPs as a way to aid in the adaptability of organizations' changing environments (Richard & Johnson, 2004).

In terms of how HPWPs impact organizational outcomes, these complex systems of practices operate to improve the knowledge, skills, and abilities (KSAs) of the firm's existing and potential employees, as well as to influence levels of motivation, tendencies to shirk, and tendencies to retain quality employees and lose nonperformers (Huselid, 1995). It is through these improvements in KSAs and increases in motivational levels that the use of HPWPs leads to advantageous outcomes such as lower employee turnover and improved organizational performance among other outcomes (Becker, Hueslid, Pickus, & Spratt, 1997).

As the concept of HPWPs has continued to evolve, an increasing body of work has begun to emerge that addresses critical concerns surrounding the development of HPWPs. The first concern stems from the variety of approaches that researchers have used to measure HPWPs (Cappelli & Neumark, 2001; Datta et al., 2005). Although researchers have attempted to provide a comprehensive evaluation of specific HPWPs and these practices' link to firm performance, researchers have yet to rely upon a consistent set of practices that can always be identified as "the set" when the term HPWPs is used. A related concern has to do with the movement from single practices to systems of practices. Issues have arisen because researchers examining HPWPs do not necessarily consider the same sets of HR practices when composing systems of high

performance work practices (Becker & Gerhart, 1996). These difficulties stem from the fact that even when researchers utilize the same practices to create a system, more often than not they use different measures to evaluate these determinants (Becker & Gerhart, 1996). In fact, Huselid's seminal 1995 study addresses this concern by attempting to establish a more methodologically sound system of classifying and measuring HPWPs. Huselid (1995) points out how this concern presents not just methodological concerns but theoretical dilemmas as well. These inconsistencies across studies have created difficulties in attempting to cumulate findings.

In spite of these concerns, research demonstrates that systems of HPWPs are beneficial for organizational outcomes, such as performance (Combs et al., 2006). These beneficial effects could be the result of human resource management practices (i.e., HPWPs) creating a significant source of sustained competitive advantage for a firm, especially when the practices or the system of practices is aligned with a firm's competitive strategy (Cappelli & Singh, 1992; Huselid, 1995; Jackson & Schuler, 1995; Porter, 1985; Schuler, 1992; Wright & McMahan, 1992). A resource-based theory of the firm addresses these links and helps to provide support for these ideas.

Resource Based View. Resource-based theory of the firm (Barney, 1991) indicates that human resources can provide a source of sustained competitive advantage when they add value to the production of the organization, provide rare skills, provide human capital not easily imitated, and provide resources that are not substitutable by other means. Given these requirements of the resource-based view, attention has been drawn to how human resource management practices can help to create this type of

organization-specific competitive advantage in order to help organizations capitalize on this potential source of profitability (Huselid, 1995; Wright & McMahan, 1992).

Support for the potential implications of human resource management policies and practices on sustained competitive advantage has continued to emerge with a common underlying assumption that if human resource management practices are configured just right, leading to more effective systems of human resource management practices, such as HPWPs, then the potential for creating complementary practices, or better yet, synergistic tendencies, that are in accordance to the firm's strategy, can lead to sources of sustained competitive advantage (Huselid, 1995). While support has continued to evolve for the potential positive implications of human resource management policies and practices on sustained competitive advantage in both the theoretical and professional domains of human resource management, this support has been stimulated mainly in terms of conceptual and theoretical applications, with unfortunately little empirical evidence. What little empirical evidence that does exist is in the form of examining individual human resource management practices, or single HR practices such as compensation (Gerhart & Milkovich, 1990) or selection (Terpstra & Rozell, 1993) and firm performance, excluding *systems* of human resource management practices (Huselid, 1995).

Additional modes of theorizing are proffered by Delery and Doty (1996) who attempt to further explain the HPWPs influence on performance. There are three general approaches that Delery and Doty offer when trying to discern how SHRM most impacts an organization: the universalistic, the contingency, and the configurational approaches.

Furthermore, there are additional perspectives, the institutional perspective and the behavioral perspective, that share common assumptions embedded within Delery and Doty's modes of theorizing.

***Universalistic Approach*.** The first approach for explaining how SHRM impacts an organization is the universalistic approach. The universalistic approach is the simplest approach and basically asserts that when organizations implement certain HR practices (i.e., "best practices"), these organizations will realize a positive relationship between those best HR practices and organizational outcomes (Delery & Doty, 1996). The idea is that certain HR "best practices" can generalize to all organizations so that all organizations will find that firm performance is positively impacted (i.e., universally effective) when implementing these "best practices" (Delery & Doty, 1996).

In trying to define a set of "best practices" that translates well to all organizations, much difficulty has arisen as researchers have not been able to agree upon a set of practices that all organizations can benefit from. Although there are issues with identifying HR "best practices", certain HR practices have been found to translate well among different organizations. Among HR practices that seem to universalistically apply across organizations, training and employee participation in decision-making have been found to translate well (Tzafrir, 2006). Other findings in the literature have also supported the notion of universalistic predictions (see Abowd, 1990; Gerhart & Milkovich, 1990; Huselid, 1995; Leonard, 1990; Terpstra & Rozell, 1993).

Institutional Perspective. Another approach taken by HR scholars attempting to explain how SHRM impacts organizations and seeking to theoretically ground SHRM is

the institutional perspective. This perspective is similar to the universalistic approach in that it assumes that any organization can use any HR practice when trying to enhance organizational outcomes. However, the institutional perspective lays out two specific, basic contentions. First, because institutional norms, here HR practices, are embedded in the history of the organization, organizations are often resistant to change them (Jackson & Schuler, 1995). The idea is that no matter what HR practices organizations may be engaging in, organizations are less likely to change their HR practices because of the pressure to conform to established norms. Second, organizations are likely to adopt various HR practices just because other organizations are adopting them (Jackson & Schuler, 1995). This pressure to "be like the others" by adopting similar HR practices as other organizations do (e.g., benchmarking), stems from the need that organizations have to feel legitimized among their peers (Jackson & Schuler, 1995; Jackson, Schuler, & Rivero, 1989; Meyer & Rowan, 1977).

Behavioral Perspective. A theoretical perspective that uses a different assumption for the explanation for SHRM than either the universalistic approach or the institutional perspective is the behavioral perspective. The behavioral perspective assumes that there is no one best way to develop and engage in organizational HR practices and attempts to explain how organizations can draw out employee attitudes and behaviors through the use of specific (rather than universal) HR practices geared toward the organization (Jackson, Schuler, & Rivero, 1989). According to the behavioral perspective, organizations have differing characteristics and depending upon the various needs of the organization, different HR practices can be utilized to extract key attitudes

and behaviors from existing employees to help organizations achieve their overall objectives (Jackson, Schuler, & Rivero, 1989).

Contingency Approach. Related to the assumptions embedded in the behavioral perspective is the contingency approach. The contingency approach takes a slightly more complex position and continues the assumption that not *all* HR best practices are beneficial to *all* organizations. Contingency theorists stipulate that individual HR practices are more likely to benefit an organization when the practice is in line with important contingency factors such as the organization's strategy, structure, and/or processes (Delery & Doty, 1996). Further, contingency theorists conjecture that it is not necessary for an organization to duplicate other organizations' HR practices (i.e., benchmarking), unless of course the strategy, structure, and/or processes of other organizations align well with the focal organization's strategy, structure, and/or processes.

A question that arises when discussing the contingency approach has to do with the nature of fit. That is, do various HR practices fit well with various organizational contexts such as unionization, industry sector, size, structure (Jackson, Schuler, & Rivero, 1989)? Jackson, Schuler, and Rivero (1989) imply that taking a contingency approach in aligning HR practices with various organizational contexts allows the organization to achieve higher levels of effectiveness. Findings in the literature have provided some support for contingency predictions (Delery & Doty, 1996; Jackson et al., 1989).

Configurational Approach. Related to the contingency approach is the

configurational approach. Configurational approaches to SHRM stipulate that configurations or patterns of unique practices, in combination with polices and strategies (Martin-Alcazar, Romero-Fernandez, & Sanchez-Gardey, 2005), will work with one another in a nonlinear, synergistic fashion so as to produce a maximum organizational effectiveness (Delery & Doty, 1996). A condition of this effectiveness is that the pattern of HR practices must achieve both horizontal (internal) and vertical (external) fit (Ericksen & Dyer, 2005). Horizontal fit refers to the idea of consistency among all HR practices. For example, an organization's recruiting practices, selection practices, compensation practices, etc. are all aligned with and complement one another. Vertical fit refers to how the entire HR system (all practices in combination) is aligned with organizational characteristics, such as, the strategy of the firm.

The configurational approach has been purported to help explain the basis behind how various HR practices impact organizational outcomes (Ericksen & Dyer, 2005). Research has attempted to demonstrate that through systems (i.e., configurations, patterns of unique practices) of HR practices rather than through single HR practices, a better explanation of how HPWPs contribute to performance can be explained (Chan, Shaffer, & Snape, 2004). Additional findings in the literature have also provided some support for the configurational perspective (Delery & Doty, 1996).

Issues Surrounding SHRM

Despite all of the work that has been carried out within the field of SHRM there are certain issues that still exist and must be addressed in order to continue moving the field forward. One of these issues is the equivocality of findings that seems to plague

the SHRM literature. Specifically, it has been demonstrated that different sets of HRM practices can potentially lead to the achievement of identical outcomes (Way & Johnson, 2005), as well as similar sets of HRM practices leading to dissimilar outcomes. This alludes to the possibility that there are other factors at play that are not yet being taken into consideration. Although SHRM scholars have begun to look at various mediating factors (i.e., practices impacting KSAs and motivation as mentioned above) that address some of this equivocality, there are other explanations that can be applied to this area that may also help address this issue. This dissertation attempts to introduce key contributing factors (i.e., types of discretion) that may help address this equivocality of findings.

Yet a second issue that exists within the SHRM literature that must also be taken into consideration deals with the atheoretical nature or the underdevelopment of theory (Batt, 2002; Delery & Doty, 1996) that surrounds this body of research. Although scholars have applied various lenses (e.g., bundles, resource based view, universalistic, configurational, contingent) in attempts to provide more theoretical support for the SHRM field, there is still a significant need to apply additional theory that will help to ground the field of SHRM. This dissertation introduces a new theoretical perspective to address this atheoretical/underdeveloped issue.

What's Missing? When looking at the SHRM literature, the typical relationships examined are how practices/sets of practices lead to various intermediate-level or organizational-level outcomes. Whether this relationship is viewed in light of a bundles approach, a HPWPs approach, through a resource based view lens, a universalistic

approach, the institutional perspective, the behavioral perspective, a contingency approach, or a configurational approach, there is still a vital element missing. Each of these theoretical approaches/perspectives has at one point or another dominated the SHRM field. Yet at no point in time did any of these approaches/perspectives take into consideration the role that the HR practitioner plays (Murphy & Southey, 2003) in the relationship between practices-outcomes. One of the reasons that HR practitioners can be such a vital link in this practices-outcome relationship stems from their creativity in implementing existing HR practices. In fact, the effectiveness of human resource management practices in organizations is determined by how successfully the difficult task of implementing HR practices is conducted (Richard & Johnson, 2004), and considering human resource management's strategic role in organizations, implementation should therefore be a major focus of study in the SHRM area (Tichy, Fombrun, & Devanna, 1982).

Assuming human resource management practices are implemented by the HR manager, examining the role of the HR manager merits further attention. Specifically, HR managers must be examined in terms of both the context they operate in as well as the tool sets that they bring to the job, whether in the form of experiences, skills, or individual differences. A theory that allows for the examination of this type of person-situation interaction, managerial discretion theory (Hambrick & Finkelstein, 1987), is culled from the strategic management literature and provides us with the ability to specifically examine both the individual (HR manager) as well as the context that the individual operates in. Applying managerial discretion theory to the practices-outcome

relationship provides an opportunity for advancement of the SHRM field. Specifically, managerial discretion theory provides a vital link in exploring the "black box" that exists between the practices-outcomes relationship. Applying managerial discretion theory will also provide an opportunity to address the atheoretical nature of the existing SHRM literature as well as the equivocality of findings issue.

CHAPTER III

THEORY

As the previous review of relevant literature demonstrates (see Chapter II), the strategic emphasis placed upon human resource management has been shown to have beneficial consequences for organizations. Although this strategic emphasis has had beneficial consequences, there are still concerns with respect to strategic human resource management (SHRM) and its growing body of research. These concerns stem from the atheoretical and underdeveloped nature of SHRM as well as the equivocality of findings demonstrated in the literature and may serve to continue to impair the growth of a theoretically strong body of research. This dissertation addresses these concerns in an attempt to provide definitional and theoretical soundness with respect to these issues.

The purpose of this chapter is to develop a novel theoretical model of SHRM by borrowing from the strategic management literature with a specific grounding based in discretion theory. In particular, a theoretical model will be developed that allows for the introduction of the HR manager to the practices-outcome relationship embedded in the SHRM literature. Specifically, this theoretical model will begin to clarify under what conditions the HR manager will matter to organizational outcomes. Before examining this theory of discretion, a review of the underlying theoretical framework offered by the upper echelons perspective and Porter's (1991) dynamic theory of strategy will be carried out. Both frameworks begin to help shift the focus of this dissertation by applying discretion theory to the study of SHRM.

Underlying Theoretical Framework

Upper Echelons Perspective. Although this dissertation does not take a strict upper echelons perspective, it is still important to examine the upper echelons perspective as it helps to ground some of the logic applied within. The upper echelons perspective, a viewpoint which seeks to identify those managerial background characteristics (i.e., managers' cognitive bases and values) that predict organizational outcomes (i.e., strategic choices and performance levels) (Hambrick & Mason, 1984), attempted to provide answers to questions such as "Are organizations and, more importantly, organizational outcomes, reflections of their managers?" and operated under the precept that managers do in fact matter and have a significant impact upon organizations.

Hambrick and Mason (1984) first theorized about the upper echelons perspective as a way to predict organizational outcomes through managerial characteristics. Specifically, these authors outlined a linear process whereby external and internal situational characteristics impact the psychological (i.e., cognitive bases and values) and observable characteristics (i.e., age, functional tracks, education, socioeconomic roots, financial position, group characteristics) of the upper echelons of an organization, which in turn impact the strategic choices that these upper echelons make, which further impact organizational performance outcomes.

The upper echelons perspective speculates that the upper level executives of an organization will make certain strategic choices based solely upon their cognitions and values (Hambrick & Mason, 1984). Hambrick and Mason's (1984) logic is central to

this dissertation as characteristics like values and cognitions impact not just strategic choices (referred to here as HR strategic choices, or, those HR practices in place within an organization) themselves, but also the *implementation* of those HR practices and how the implementation of such practices may impact important intermediate and organizational- outcomes.

***Porter's Dynamic Theory of Strategy*.** The theory of discretion helps to answer the question of "what HR practices organizations should engage in to begin/continue sustaining competitive advantages". I contend that perhaps we, as SHRM researchers, should expand our focus to concentrate not just on conventional research that emphasizes which HR practices correlate with desirable organizational outcomes, but rather to novel research that emphasizes the executives in charge of implementing those HR practices that are currently in place. The importance of this expansion in focus is alluded to in Porter's (1991) appeal for a dynamic theory of strategy.

Porter (1991) calls for a dynamic theory that provides latitude for organizations in both choosing and creating options. It is this issue that is especially salient to the topic proposed in this dissertation. In terms of latitude, Porter (1991) cites the need for the ability to both optimize within a framework of constraint, as well as the ability to be creative and innovative within that constraining framework. Porter (1991) also poses an important question about how the environment, in contrast with decision-makers ("decision-making process within the firm" 110), might shape initial choices that a firm makes with respect to strategy. This is an especially relevant question as I am attempting to show how discretion, as two distinct factors (contextual discretion and

managerial discretion), influences the implementation of an organization's HR strategic choices (i.e., its practices) such that the resulting intermediate and organizational-level outcomes will be differentially impacted.

Porter (1991) conveys an important line of reasoning about the need to recognize that organizations often inherit the positions that they are in. This inheritance of position is central to the ideas contained within this dissertation, because I am assuming a set of inherited, that is existing, HR practices that are hypothesized to have effects on intermediate and organizational-level outcomes. The interesting question about these inherited HR practices is why some organizations will see a set of HR practices translate into beneficial outcomes and why other organizations will not realize those beneficial outcomes from the same set of HR practices. As Porter (1991) theorizes, the more latitude with which an organization has to reconfigure their inherited positions, the more likely they are to realize beneficial outcomes (although Porter emphasizes latitude at the firm level, in this dissertation, latitude is discussed at the HR manager level).

Along the lines of Porter's (1991) thoughts about latitude are the differences that he discusses between 'initial conditions' and 'managerial choice'. The crux of his discussion is that no matter what initial conditions were inherited or are currently in place within an organization, the managerial choices made subsequent to those initial conditions are the essential ingredient in determining what or when or how an organization will have enhanced outcomes, particularly competitive advantage. Porter (1991) states that no matter what initial condition organizations are in, the most successful organizations have managers that apply their understanding, their creativity

and innovation, and their imagination to defining and finding new value, again, irrespective of their initial condition. Porter (1991) stresses the need to create flexible organizations that can continually adapt even when strategy does not often change. What is particularly interesting about this idea is that Porter (1991) asks the question of why some organizations are better at implementation than others. I attempt to examine this question in this dissertation by applying the concept of discretion and examining under what conditions discretion will play a role in the implementation of an organization's HR practices.

Discretion Theory

The model developed for this dissertation expands on the logic of both the upper echelons perspective and Porter's dynamic theory of strategy and hinges on a construct drawn from the strategic management literature: discretion. Discretion is an important theoretical concept that serves to frame the ideas developed in this dissertation. Originally, the discretion construct (Hambrick & Finkelstein, 1987) was introduced to bridge a debate between two opposing camps of researchers: population ecologist and strategic choice theorists (Hambrick & Finkelstein, 1987) regarding whether or not managers (i.e., chief executive officers) mattered to the outcomes of organizations.

Population ecologist theorists and strategic choice theorists can be said to fall on opposite ends of the same continuum. On one end of the continuum are the population ecologist theorists who tend to believe that there are numerous limitations impeding the ability of organizations to adapt and that organizations tend to be much more structurally inert rather than adaptive (Hannan & Freeman, 1987). These theorists believe that due

to this type of inertia, organizations have a difficult time adapting when changes in the environment occur and that these difficulties can lead to organizational ruin (Hannan & Freeman, 1987). On the other end of the continuum are strategic choice theorists who argue that organizations have much more say and deliberate control over what happens to their fates (Child, 1972). In fact, these theorists believe that a dominant coalition (i.e., the key decision-makers in an organization) has the capacity to make decisions that may ultimately help an organization adapt to its environment (Child, 1972). In effect, population ecologist theorists argue that because organizations are such inertial entities and are so set in their ways, managers are not able to influence organizational affairs. That is, from a population ecologist perspective, managers do NOT matter. On the other hand, strategic choice theorists counter this argument with the idea that managers are the driving force behind key organizational decisions and do influence organizational affairs. That is, from a strategic choice perspective, managers DO matter.

As indicated above, discretion was the concept that was introduced to help bridge the debate between the population ecologist and strategic choice theorists and was posited as a way for either group of theorists to accurately predict when the manager would matter: on the one hand, if a large amount of discretion was granted by organizational or by environmental characteristics (or created by managers themselves) then managers would have a definite impact in the shaping of their organization. On the other hand, if not much discretion was granted (or created), managers would not have as much impact in the shaping of their organization.

Understanding Discretion Theory

Hambrick and Finkelstein (1987) originally developed the construct of discretion to aid in this debate between population ecologist and strategic choice theorists and defined discretion as: latitude of action. "Latitude of action" by itself is an ambiguous concept. But, in terms of original conceptualizations of discretion, this is its purest definition. These authors proposed that the latitude of action of an organization's chief executive officer would help to answer the question: Do managers matter? Hambrick and Finkelstein (1987) proposed that managers would in fact matter when chief executive officers had discretion (i.e., a strategic choice perspective) and that managers would NOT matter when they did not have discretion (i.e., a population ecology perspective). These authors went on to develop a framework that detailed both the determinants and effects of the chief executive's discretion.

Hambrick and Finkelstein's Framework. Hambrick and Finkelstein (1987) first conceive of two components of discretion: managerial action and latitude. Managerial actions include the array of *possible* actions that executives are able to undertake. Managerial action is classified as both the number of discretionary domains, as well as the significance of discretionary domains, that a chief executive operates in (Hambrick & Finkelstein, 1987). For example, does the chief executive's domain include such areas as "resource allocation, product market selection, securing resources, competitive initiatives, administrative choices (e.g., reward systems and structure), and staffing" (Hambrick and Finkelstein, 1987: 371-372)? Other domains include more symbolic areas such as the "language, demeanor, and personal action" (Hambrick & Finkelstein,

1987: 372) that chief executives may employ. Hambrick and Finkelstein (1987) explain that some discretionary domains will have more significance and that others will have less (i.e., actions undertaken in these domains will potentially impact organizational effectiveness more so than in non-significant domains).

Hambrick and Finkelstein's (1987) second component of discretion is termed latitude and is made up of yet two more distinct factors: discretion that is determined by the context and discretion that is determined by the manager. Both of these factors pull from three different determinants: the task environment, the internal organization, and managerial characteristics. According to Hambrick and Finkelstein (1987) and Finkelstein and Hambrick (1996), forces within the task environment include product differentiability, market growth, industry structure, demand instability, quasi-legal constraints, powerful outside forces (Hambrick & Finkelstein, 1987), and capital intensity (Finkelstein & Hambrick, 1996). Forces within the internal organization include inertial forces (size, age, culture, and capital intensity), resource availability, and powerful inside forces (Hambrick & Finkelstein 1987). Lastly, the forces that comprise the managerial characteristics include aspiration level, commitment, tolerance for ambiguity, cognitive complexity, internal locus of control, power base, and political acumen (Hambrick & Finkelstein, 1987).

While this second component of discretion (latitude) is made up of the preceding three determinants (task environment, internal organization, managerial characteristics), we cannot lose site of the fact that these three determinants are actually encompassed within two major factors: discretion determined by the context and discretion determined

by the manager. In effect, although managers have a specific context that they operate in (be it their environment and/or their organization), they also possess varying levels of certain individual characteristics that, above and beyond the context, allow them to be aware of and to possibly carry out various courses of action.

Discretion Determined by the Context. Hambrick and Finkelstein (1987) discuss the circumstances that surround a manager's discretion. They assert that the context that managers operate in plays an important role in either granting or constraining discretion. For example, one critical component of this context has to do with powerful stakeholders who reside either within or outside of an organization. These powerful stakeholders influence managerial actions by causing managers to alter not only their strategic choices but also the options that they consider. Regardless of whether or not eventual outcomes are positive or negative for the organization, the influence of these powerful stakeholders stems from what managers think the stakeholders will perceive of their choices' eventual outcomes (Hambrick & Finkelstein, 1987). When a stakeholder's influence restricts either the strategic options that managers consider or the strategic choices that managers make, this leads to constraint of discretion.

Other critical components that also affect either the granting or constraining of discretion lie at the task environment and the organizational levels. As mentioned above, these factors can include at the task environment level: product differentiability, market growth, industry structure, demand instability, quasi-legal constraints, powerful outside forces, capital intensity, and at the organizational level: inertial forces (size, age,

culture, and capital intensity), resource availability, and powerful inside forces (Finkelstein & Hambrick, 1996; Hambrick & Finkelstein, 1987).

Discretion Determined by the Manager. In addition to discretion stemming from a manager's context, Hambrick and Finkelstein (1987) also make claims about discretion stemming directly from the manager. These authors assert that whereas the context can serve to either *grant* or constrain discretion, discretion stemming from the manager serves to either *create* or constrain discretion. Aspects of discretion at this level include such ideas as experience, scanning, insight, the ability to sell ideas and actions, personal repertoires, perception, vision, and creativity (Hambrick and Finkelstein, 1987). The basic premise with discretion determined by the manager is that the more of these "tools" that managers have at their disposal, the more they will be able to create discretion, that is, the less likely that their individual differences will constrain them.

Constraints

Whether discussing discretion determined by the context or discretion determined by the manager, there is a common element that plays into both concepts that must be taken into consideration. This element of *constraint* is crucial in that it may affect performance at varying levels.

Situational Constraints. One form of constraint that can help to further clarify the idea behind discretion determined by the context is situational strength. Situational strength (Mischel, 1977) addresses the question of under what situational conditions will person variables, such as individual differences, determine behaviors. According to

Mischel (1977), situations can be categorized by the amount of structure that is provided by the environment in which an individual is operating. So, for example, if the environment is very powerful with well-recognized rules that constrain events such that all participants construe events in the same way (Mischel, 1977; Weiss & Adler, 1984), strong situations are said to occur. On the other hand, if the environment is very weak with ambiguous rules that allow for alternative meanings and behaviors to be interpreted (Mischel, 1977; Weiss & Adler, 1984), weak situations are said to occur.

Although strong and weak situations were originally conceptualized to facilitate explanation of when (under what conditions) individual differences would have an impact upon behavioral outcomes in experimental settings, Weiss and Adler (1984) raise an interesting issue about strong and weak situations in organizational settings. Weiss and Adler (1984) point out that even though organizational settings can't be characterized with the exact same strong and weak situations that an experimenter could induce in laboratory settings, organizational settings *do* differ situationally in their strengths and weaknesses. We can extend this line of reasoning of strong versus weak situations in organizational contexts to this discussion of discretion determined by the context.

Analogous with the strong situation concept offered by Mischel, is Herman's (1973) conception of situational contingencies. Herman (1973) defines situational contingencies as both the "physical characteristics of the performance setting…as well as the context in which performance of the job occurs" (211). Herman uses situational contingencies to explain how individual differences impact job performance when the

situation is not constraining, that is, it is free of situational contingencies. On the other hand, individual differences are expected to have a limited impact upon job performance when the context is highly structured or constrained by situational contingencies (Herman, 1973).

Related to Herman's situational contingencies is the concept of situational constraints (Peters & O'Connor, 1980). Peters and O'Connor (1980) developed a taxonomy of situational constraints which attempt to explain, relevant to performance, both the nature of situational constraints, as well as the severity of situational constraints. Peters and O'Connor's (1980) taxonomy is comprised of the following eight resource variables: job-related information, tools and equipment, materials and supplies, budgetary support, required services and help from others, task preparation, time availability, and work environment. The authors speculate that these resource variables are important in that they can hinder individual performance by affecting different people differentially (Peters & O'Connor, 1980). This is a critical point because it draws attention to the fact that there are individual differences within people and that varying levels of constraints can impact people differently depending on those individual differences. So, in effect, while situational constraints are important, they are only partial determinants of performance (Peters & O'Connor, 1980). This highlights the need to try to understand what additional components affect performance.

Discretion Applied to SHRM

One of the key relationships examined in the SHRM literature is that of HPWPs and their relationship to performance. Although intuitively it seems that this relationship

should always work, in that when HPWPs are in place within an organization, organizations should see beneficial outcomes in terms of performance, this relationship is likely moderated by a third variable as sometimes organizations realize beneficial outcomes and sometimes they do not. This is reflective of the findings in the SHRM literature which demonstrate that various approaches proposed by SHRM researchers lead to differing results. Given these equivocal findings, there must be missing factors that are unaccounted for when attempting to understand the relationship between HPWPs and any number of outcome variables, including performance. Even Peters and O'Connor (1980) state that there is more than just the situation that impacts performance. By taking discretion theory and applying it to the area of SHRM, we see that in addition to the situational components, there are managerial components that can come into play.

As Hambrick and Finkelstein (1987) originally assert, discretion is a function of three factors: the environment, the organization, and the executive him or herself. I propose that these factors are indicative of both the situational and managerial components mentioned above. In order to better assess how discretion theory in general, and these components specifically, impact the relationships between HPWPs and intermediate and organizational-level outcomes, it is important to first define each of these components.

Defining the Constructs

Contextual Discretion. Discretion determined by the context, contextual discretion, can be thought of as how the situation either grants or constrains latitude of

action. In this dissertation, contextual discretion will lie on a continuum ranging from high to low. In terms of *high* contextual discretion, the context can be said to *grant* discretion. That is, the context provides an unstructured environment where situational constraints are weak and the critical components that make up the environmental and the organizational situation remain flexible and amenable to any number of choices. In terms of *low* contextual discretion, the context can be said to *constrain* discretion. That is, the context provides a structured environment where situational constraints are strong and the critical components that make up the environmental and the organizational situation become rigid and averse to allowing various choices to be made.

Here, contextual discretion is made up of specific characteristics of Hambrick and Finkelstein's (1987) original environmental and organizational forces as well as additional characteristics drawn from the SHRM literature. The combination of these characteristics helps to create the component of contextual discretion for application to a SHRM setting. These characteristics include: the industry an organization operates in, organizational size, organizational age, the annual operating budget for HR, the amount of money that a HR manager is allowed to spend without prior authorization, and the amount of union involvement experienced by the organization.

The first characteristic, the *industry an organization operates in,* has a certain amount of discretion associated with it. Hambrick and Abrahamson (1995) developed a measure to determine how much discretion exists within industries. Their measure consists of product differentiability, market growth, industry structure, demand instability, quasi-legal constraints, and capital intensity. Hambrick and Abrahamson

(1995) combine these six factors into one discretion score that can be classified on a continuum ranging from low levels of discretion to high levels of discretion for a given industry.

A second characteristic*, organizational size*, is also representative of contextual discretion. Large organizations are thought to have entrenched cultures that inhibit discretion by making situations more constraining (Finkelstein & Hambrick, 1996). Jackson and Schuler (1995) and Fields, Chan, and Akhtar (2000) point out that large organizations are more likely to have extensive HPWPs in place. Having these practices in place tends to create a more bureaucratic environment that is associated with maintaining the status quo (Welbourne & Cyr, 1999). All of which serves to constrain contextual discretion. Hence larger organizations are more likely to have low levels of contextual discretion whereas smaller organizations are more likely to have high levels of contextual discretion.

A third characteristic, *organizational age*, is also representative of contextual discretion. Similar to the logic used in discussing organizational size, Finkelstein and Hambrick (1996) indicate that older organizations will also have entrenched cultures that will serve to inhibit discretion by constraining situations. Additionally, Baird and Meshoulam (1988) adapt organizational life cycle models to a HR context and conjecture that as organizations "age" they move through different stages that correspond with the needs for different types of HR practices. In essence, as organizations become older, they are more likely to have lower levels of contextual discretion due to the increased entrenchment of structure that forms whereas younger

organizations are more likely to have higher levels of contextual discretion due to the fact they are still developing and are trying to determine what practices to incorporate.

The fourth characteristic, *annual operating budget for HR*, and the fifth characteristic, *amount of money that a HR manager is allowed to spend without prior authorization,* are also representative of contextual discretion. Both of these characteristics serve similar roles in terms of creating contextual discretion and the examination of these terms stem from the idea of organizational slack (Cyert & March, 1963). In order to implement strategic choices, slack resources must be available (Finkelstein & Hambrick, 1990). When slack resources are deficient or scarce, the range of options available to managers is reduced (Finkelstein & Hambrick, 1990) which makes implementation of tasks difficult (De Alencar & Bruno-Faria, 1997). Here, when slack resources are abundant, that is, either when the annual operating budget for HR is high *or* when the amount of money that a HR manager is allowed to spend without prior authorization is high, high contextual discretion is said to exist. On the other hand, when slack resources are scarce, that is, either when the annual operating budget for HR is low *or* when the amount of money that a HR manager is allowed to spend without prior authorization is low, low contextual discretion is said to exist.

A sixth characteristic, *amount of union involvement experienced by the organization* is also representative of contextual discretion. Even though there has been somewhat of a decline in the unionization of organizations in recent years (Jackson & Schuler, 1995), in situations where organizations are unionized, policies and procedures are thought to be more rigid and restrictive. Unionized organizations often operate

under conditions of high limitations and restrictions as the policies and procedures are not determined solely by the organization, but instead are determined by a union agent who develops policies and procedures that benefit the workers of an organization and serve to lessen the flexibility with which managers may operate. Hence, when organizations are unionized, they are more likely to have lower levels of contextual discretion and when organizations are not unionized, they are more likely to have higher levels of contextual discretion.

Individual Discretion. Discretion determined by the manager, individual discretion, is said to exist when the manager in charge of HR strategic choices has the fortitude to create (design, enact) novel ways of accomplishing and implementing those strategic choices. In this dissertation, individual discretion will lie on a continuum ranging from high to low. In terms of *high* individual discretion, the individual can be said to have the capability to *create* discretion. That is, the individual possesses sets of tools which they can use to notice, attend to, and be aware of multiple courses of action. When individuals possess these tool sets, personal constraints are said to be low, making it more likely that individuals can utilize their ability to implement any number of choices. In terms of *low* individual discretion, personal constraints are said to be high. Here, the individual lacks the sets of tools needed to adequately notice, attend to, and be aware of multiple courses of action which reduces their ability to implement varying choices. When individuals lack these tool sets, their individual discretion is said to be *constrained*.

Here, individual discretion is made up of specific characteristics of Hambrick

and Finkelstein's (1987) original managerial characteristics as well as additional characteristics drawn from literature on individual differences. The combination of these characteristics helps to create the component of individual discretion for application to a SHRM setting. These characteristics include: functional background, tenure in current position, certificates attained, memberships enrolled in, tenure with the organization, title and level within organization, aspiration level, commitment, tolerance for ambiguity, locus of control, and power base.

The first through fourth characteristics, the individual's *functional background, tenure in the current position*, *certificates attained,* and *memberships enrolled in* are representative of individual discretion. These four characteristics position managers in such a way that they are able to apply the knowledge, skills, and expertise gained from each of these characteristics toward how they conduct their work. In terms of how managers implement various HR practices, being able to apply one's knowledge, skills, and expertise is critical in that they affect how creatively managers can implement. Amabile's (1983; 1988) model of creativity assumes a set of three components, domain-relevant skills, creativity-relevant skills, and task motivation that are necessary for creative performance. Of these three components, it is the domain-relevant skills that are most salient here as domain-relevant skills include such aspects as knowledge about the domain (this refers to how much general knowledge managers have about HR), technical skills required (this refers to the more specific skill sets that managers may have gleaned from their background in HR, their tenure in a HR position, any specific HR certification, and any professional HR organizations to which they belong), and

special domain-relevant “talent”.

Here, in terms of functional background, an individual with a HR background is deemed to have higher levels of individual discretion whereas an individual without a HR background is deemed to have lower levels of individual discretion. In terms of position tenure, the longer one’s tenure in their current position the higher the level of individual discretion one is deemed to have; whereas the shorter one’s tenure in their current position, the lower the level of individual discretion. In terms of certificates attained, the more HR-specific certificates one has attained, the higher the level of individual discretion one is deemed to have; whereas the less HR-specific certificates one has attained, the lower the level of individual discretion one is deemed to have. In terms of memberships enrolled in, the more HR-specific memberships one is enrolled in, the higher the level of individual discretion one is deemed to have; whereas the less HR-specific memberships one is enrolled in, the lower the level of individual discretion one is deemed to have.

A fifth characteristic, the individual’s *tenure with the organization*, is also representative of individual discretion. Finkelstein and Hambrick (1990) discuss how organizational tenure impacts senior executives and state that the longer an executive resides within a particular organization, the more likely they are to become committed to the status-quo and avoid risk taking. Katz (1982) states that the longer the organizational tenure the more likely organizational members are to become complacent and overly comfortable with routine work patterns which serve to reduce the implementation of unique strategies. Here, an individual with more organizational

tenure is deemed to have lower levels of individual discretion; whereas an individual with less organizational tenure is deemed to have higher levels of individual discretion.

A sixth characteristic, the individual's *aspiration level*, is also representative of individual discretion. A HR manager's aspiration level represents the drive and persistence for wealth and recognition that the manager exhibits during their tenure (Hambrick & Finkelstein, 1987). Because the HR manager is continuously aspiring to be more and to be better than they currently are, they will tend to be more cognizant of possible options. Here, an individual with a high aspiration level is deemed to have higher levels of individual discretion: whereas an individual with a low aspiration level is deemed to have lower levels of individual discretion.

A seventh characteristic, the individual's *commitment*, is also representative of individual discretion. Commitment is described as the HR manager's commitment to ideas, policies, and procedures that have become the status quo. An escalation of commitment (Staw, 1981) to the status quo hinders the HR manager's ability to formulate or pursue multiple courses of action that could result in potentially advantageous outcomes (Hambrick & Finkelstein, 1987). Here, an individual with high commitment is deemed to have lower levels of individual discretion whereas an individual with low commitment is deemed to have higher levels of individual discretion.

An eighth characteristic, the individual's *tolerance for ambiguity*, is also representative of individual discretion. Tolerance for ambiguity denotes a HR manager's tolerance and acceptance of vague and uncertain situations and events

(Norton, 1975). The more a manager tolerates and accepts ambiguous situations, the less likely they are to automatically formulate a decision based on the status quo (Hambrick & Finkelstein, 1976, 1987) and the more likely they are to formulate novel decisions. Here, an individual with a high tolerance for ambiguity is deemed to have higher levels of individual discretion: whereas an individual with a low tolerance for ambiguity is deemed to have lower levels of individual discretion.

A ninth characteristic, the individual's *locus of control*, is also representative of individual discretion. Locus of control (Rotter, 1966) can be categorized into two main traits (external, internal) that describe an aspect of an individual's personality. Individuals with an external locus of control believe that the environment plays a more important role in determining their behavior; whereas individuals with an internal locus of control believe that they themselves can control or guide their own behavior. Hambrick and Finkelstein (1987) also acknowledge this trait's influence on individual discretion and state that external individuals believe that events are beyond their control; whereas internal individuals believe that events are subject to their control. Here, an individual with an internal locus of control is deemed to have higher levels of individual discretion; whereas an individual with an external locus of control is deemed to have lower levels of individual discretion.

A tenth characteristic, the individual's *power base*, is also representative of individual discretion. An individual's power base is defined as the degree to which a HR manager possesses both institutionally based (stems from the manager's position within the organization) and personality based (i.e., referent power) forms of influence

(Hambrick & Finkelstein (1987). HR managers with strong power bases allow managers to both consider and act upon options that managers with weak power bases could not. Here, an individual with a high power base is deemed to have higher levels of individual discretion; whereas an individual with a low power base is deemed to have lower levels of individual discretion.

An eleventh characteristic, the individual's *title and level within the organization*, is also representative of individual discretion. Title and level within the organization is related to the institutionally based power aspect just described. As with the institutional power base, the manager's position within the organization is associated with both the manager's title and level within the organization such that the higher the manager's title/level, the more likely they are to be able to consider and act upon various options. Here, an individual with a higher title/level within the organization is deemed to have higher levels of individual discretion; whereas an individual with a lower title/level within the organization is deemed to have lower levels of individual discretion.

Developing the Model

Based upon these two conceptualizations of discretion, contextual discretion and individual discretion, we must now reexamine the main research question of this dissertation to understand how all of these pieces fit together. As indicated earlier, the main research question asks: Under what conditions do HR managers matter? The model developed here (see Figure 1) attempts to address this question by using discretion theory and the resulting discretion components to show that when contextual discretion and individual discretion interact, they can influence the HPWPs-outcome

relationship.

By examining the interaction between contextual discretion and individual discretion, we can begin to understand under what conditions HR managers matter such that a manager will have either a stronger or weaker influence on the HPWPs-outcome relationship depending on whether contextual discretion is high/low and whether individual discretion is high/low. This interaction can result in four different scenarios:

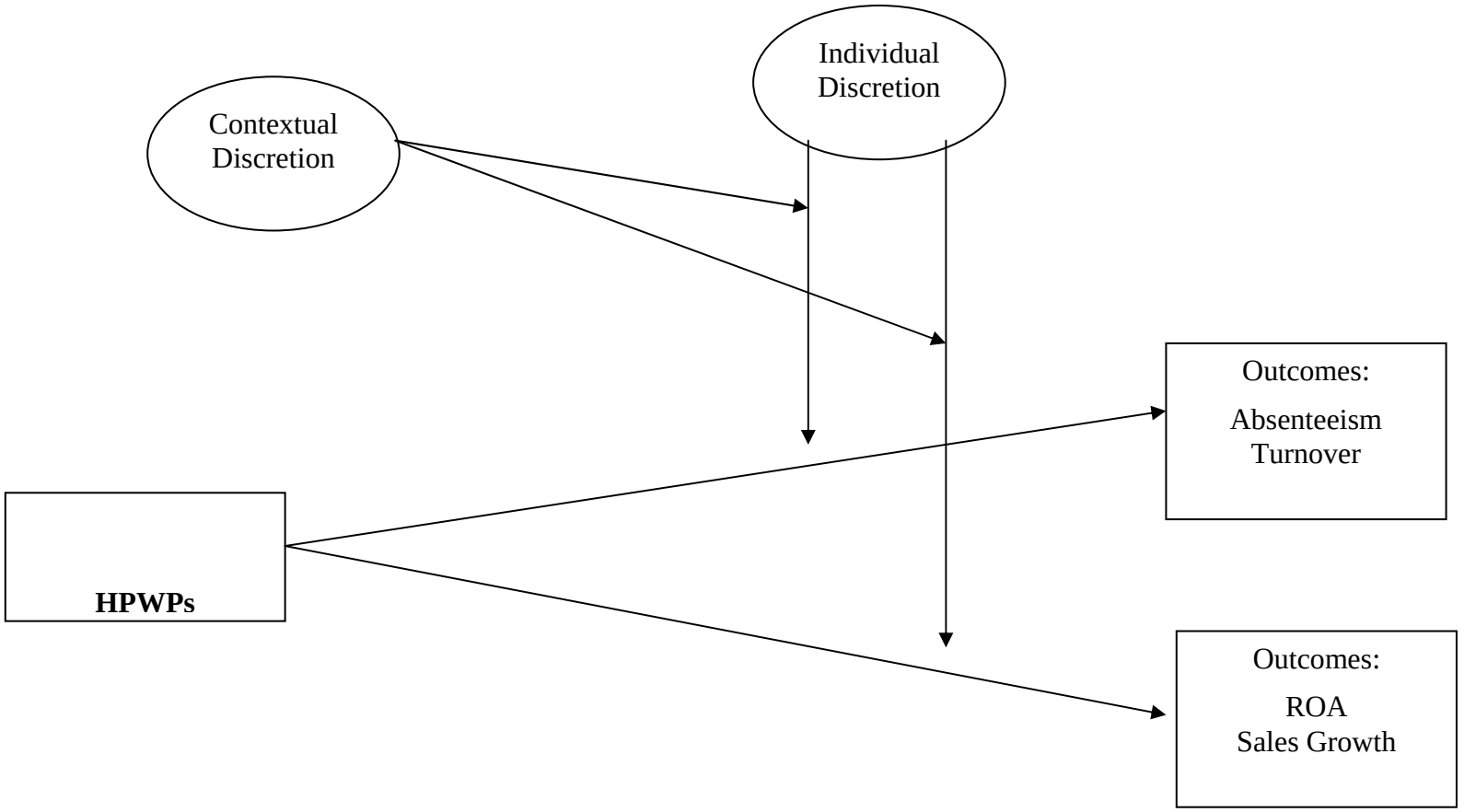
Scenario 1. Scenario 1 is hypothesized to have the strongest impact on the HPWPs-outcome relationship. This scenario is comprised of high contextual discretion and high individual discretion. In this scenario, high contextual discretion grants the HR manager a more unstructured situation to operate in. Operating in this unstructured situation, the HR manager with high individual discretion is able to create novel approaches in the implementation of HPWPs.

Scenario 2. Scenario 2 is hypothesized to have the weakest impact on the HPWPs-outcome relationship. This scenario is comprised of low contextual discretion and low individual discretion. In this scenario, the situation is very structured which serves to constrain the HR manager. Because the HR manager has low individual discretion, the HR manager's ability to create novel approaches in the implementation of HPWPs is inhibited.

Scenarios 3 & 4. Scenario 3 is hypothesized to have a stronger impact on the HPWPs-outcome relationship than scenario 4. Scenario 3 is comprised of low contextual discretion and high individual discretion, whereas scenario 4 is comprised of high contextual discretion and low individual discretion. Scenario 3 is hypothesized to

Figure 1

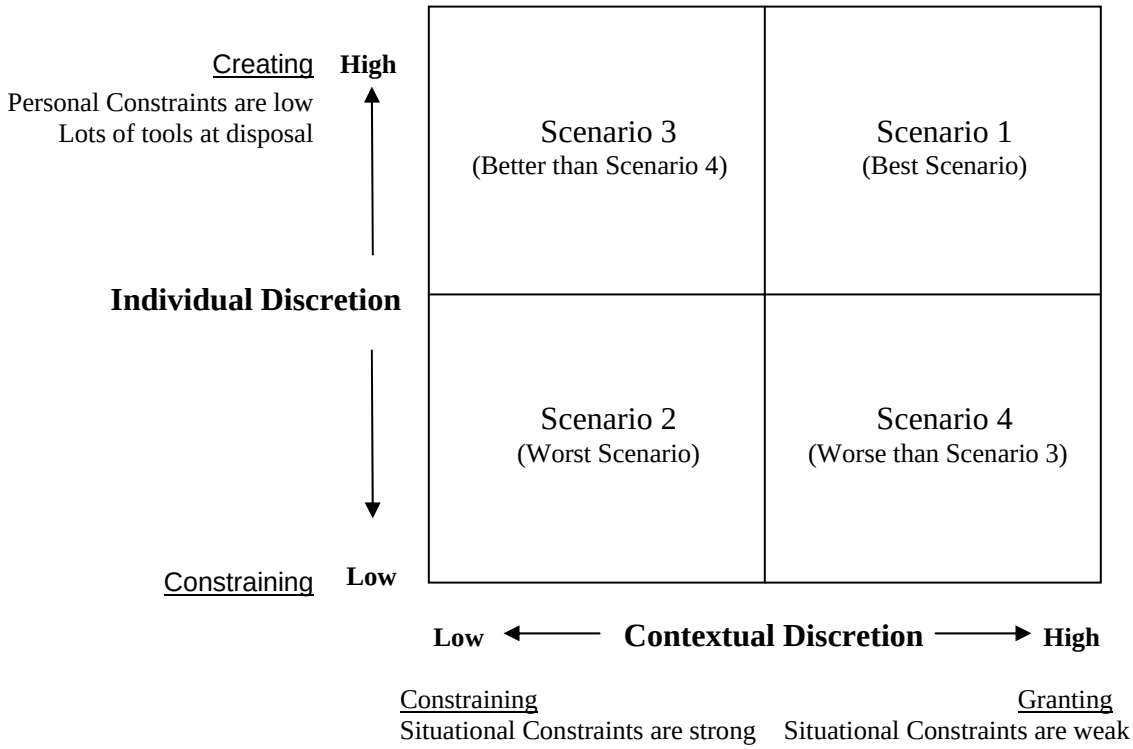
Proposed Model



have a stronger impact than scenario 4 because of the high individual discretion component. Here, it is hypothesized that the HR manager with high individual discretion will be able to create novel approaches in the implementation of HPWPs better than the HR manager with low individual discretion irrespective of the amount of discretion that the situation is either granting or constraining. See Figure 2 below.

Figure 2

Contextual Discretion/Individual Discretion Matrix



Given the pieces of the model, its supporting logic, and each of the resulting scenarios, I now propose the following hypotheses that serve to support these ideas.

Hypotheses and Additional Rationale

Traditional SHRM Perspective. A conventional approach to studying SHRM is that HR practices and strategies (i.e., HR strategic choices) can have an impact on outcomes of interest to organizations. One of the main relationships studied in traditional SHRM research is the association between HPWPs and outcomes. These outcomes occur at both intermediate and organizational-levels and include such dependent variables as absenteeism (Den Hartog & Verburg, 2004), turnover (Den Hartog & Verburg, 2004; Huselid, 1995), and performance, (Collins & Clark, 2003; Delaney & Huselid, 1996; Delery & Doty, 1996; Den Hartog & Verburg, 2004; Huselid, 1995) among others.

Dyer and his colleagues (1985; Dyer & Reeves, 1995) suggest that when examining how HR strategic choices may impact outcomes, three different levels should be assessed. The first level includes how HR strategic choices impact goals of organizational human resource strategies. The second level includes how HR strategic choices impact organizational strategy outcomes. The third level includes how HR strategic choices impact bottom-line organizational results (Dyer, 1985; Dyer & Reeves, 1995). Dyer and his colleagues (1985; Dyer & Reeves, 1995) also suggest that examining separate sets of outcome variables is essential because certain outcome variables lack face validity (bottom-line organizational results) while others are contaminated (human resource outcomes). To reduce validity and contamination issues, it is imperative to examine both intermediate and organizational-level outcomes. Dyer and Dyer and Reeve's second level of analysis, how HR strategic choices impact

organizational *strategy* outcomes, is not relevant to this study and will not be hypothesized about here. However, the way that HR strategic choices impact both intermediate and organizational-level outcomes will be discussed.

Before moving ahead in examining the major contribution of this study, discretion's impact on the traditional relationship between HPWPs and outcomes, it is important to first verify the existence of the traditional relationship between HPWPs and outcomes. After establishing this relationship, we can then move away from the traditional SHRM perspective to a more contemporary approach. The proposed contemporary approach uses a discretionary lens to provide additional theoretical development to the SHRM area and is proposed to address the equivocality of findings issue in the SHRM literature. This contemporary approach will be discussed following the examination of the traditional SHRM perspective.

A***bsenteeism and Turnover***. Traditionally, human resource management research examines how human resource practices impact various types of employee behaviors. While the research on various types of employee behaviors examines certain positive behaviors, it assesses negative and costly behaviors as well. Examples of such costly behaviors include the withdrawal behaviors of absenteeism and turnover. Because absenteeism and turnover are so costly to organizations, human resource management scholars attempt to highlight ways in which organizations can better manage these withdrawal behaviors.

Den Hartog and Verburg (2004) examined the relationship between high performance work systems and absenteeism and found that high performance work

systems were negatively correlated with absenteeism. Batt (2002) and Huselid (1995) examined high-involvement practices (i.e., HPWPs) and how the use of these practices in an organization correlated with lower quit rates (turnover). Each found that a greater use of high-involvement practices (i.e., HPWPs) was associated with lower quit rates (turnover) (Batt, 2002; Huselid, 1995). Given the importance of reducing the withdrawal behaviors of absenteeism and turnover and with the addition of the previous finding of Den Hartog and Verburg (2004), Batt (2002), and Huselid (1995), I hypothesize:

Hypothesis 1a. The use of high performance work practices will be negatively related to absenteeism.

Hypothesis 1b. The use of high performance work practices will be negatively related to turnover.

Performance: ROA and Sales Growth. In addition to these intermediate-level human resource outcomes, human resource management scholars have also examined organizational-level outcomes such as return on assets (ROA) and sales growth. These two outcome measures are representative of typical measures of performance used in the human resource management literature (e.g., Batt, 2002; Delery & Doty, 1996; Snell & Youndt, 1995). As such, it is important to continue this assessment so that future comparisons across studies can be made in terms of effects on performance.

In further support for examining sales growth, Batt (2002) takes an interesting approach and discusses how high-involvement practices (HPWPs) contribute to the development of a workforce that over time becomes very knowledgeable about their

organization's products (tacit knowledge). With this tacit knowledge, the workforce is able to tailor services directly toward the needs of their customers creating a valuable, rare, non-imitable resource for organizations which Batt grounds in the resource base view (Barney, 1991). This ability to cater to customers results in a customer loyalty that directly impacts sales growth (Batt, 2002). Therefore, I hypothesize:

Hypothesis 2a. The use of high performance work practices will be positively related to ROA.

Hypothesis 2b. The use of high performance work practices will be positively related to sales growth.

Contemporary SHRM Perspective

The SHRM literature is plagued with various criticisms and this dissertation attempts to address two of them. First, the SHRM area has been criticized as being atheoretical and underdeveloped (Batt, 2002; Delery & Doty, 1996) and second, when reviewing this literature stream, it is evident that equivocal findings abound. In rectifying these criticisms, a more contemporary approach needs to be introduced. This contemporary approach also needs to take into consideration suggestions by the following notable researchers. Jackson and Schuler (1995) have suggested that the effects of key *contextual* variables have been omitted from studies of SHRM and Snell and Youndt (1995) have suggested that it is important to examine the effects of *managers* on performance. Even Hambrick (1989) states that examining people at the top is important in explaining performance.

Given these criticisms and suggestions, discretion theory and the resulting

components of contextual discretion and individual discretion provide a contemporary perspective towards examining the traditional relationship between HPWPs and outcomes as proposed in this dissertation. As both contextual discretion and individual discretion are discussed, it is important to note that these relationships are being examined as a snapshot in time, that is, both components are being observed in a static state. Also, contextual discretion does not determine the types of HR practices that get put into place, rather contextual discretion is merely a description of the setting for which a manager's individual discretion operates in. So again, the focus is not on how a particular practice gets put into place or whether or not a situation allows for certain practices to be enacted. The focus is: given the HR practices already in place within an organization, does the HR manager matter with respect to the context they implement practices in? It is proposed that the following hypotheses will help us to answer such a question.

As indicated above, individual discretion is comprised of several characteristics that are hypothesized to impact the relationship between HPWPs and intermediate-level outcomes (i.e., absenteeism and turnover). It is hypothesized that a HR manager with a higher combination (as compared with a lower combination) of the following traits will have a stronger impact on the relationship between HPWPs and intermediate-level outcomes. Specifically, a HR manager with experience in HR, who has a long tenure in his/her current position, who has attained certificates relating to the HR field, who is a member of HR-related associations, who has a strong drive toward wealth and recognition, who is not committed to the status quo, who is able to tolerate ambiguous

situations, who believes that he/she can control his/her own behavior, who has both position power and referent power, and who occupies a high level within the organization possesses the tool sets needed to detect multiple courses of action allowing the HR manager to be more creative in how he/she implements HPWPs thus impacting intermediate-level outcomes.

Hypothesis 3a. Individual discretion will moderate the relationship between HPWPs and absenteeism; specifically, HPWPs will have a stronger negative relationship with absenteeism (i.e., less absenteeism) when individual discretion is high than when individual discretion is low.

Hypothesis 3b. Individual discretion will moderate the relationship between HPWPs and turnover; specifically, HPWPs will have a stronger negative relationship with turnover (i.e., less turnover) when individual discretion is high than when individual discretion is low.

As also indicated above, individual discretion is comprised of several characteristics that are hypothesized to impact the relationship between HPWPs and organizational-level outcomes (i.e., ROA and sales growth). Again, it is hypothesized that a HR manager with a higher combination (as compared with a lower combination) of the following traits will have a stronger impact on the relationship between HPWPs and organizational-level outcomes. Specifically, a HR manager with experience in HR, who has a long tenure in his/her current position, who has attained certificates relating to the HR field, who is a member of HR-related associations, who has a strong drive toward wealth and recognition, who is not committed to the status quo, who is able to

tolerate ambiguous situations, who believes that he/she can control his/her own behavior, who has both position power and referent power, and who occupies a high level within the organization possesses the tool sets needed to detect multiple courses of action allowing the HR manager to be more creative in how he/she implements HPWPs thus impacting organizational-level outcomes.

Hypothesis 4a. Individual discretion will moderate the relationship between HPWPs and ROA; specifically, HPWPs will have a stronger positive relationship with ROA (i.e., higher levels of ROA) when individual discretion is high than when individual discretion is low.

Hypothesis 4b. Individual discretion will moderate the relationship between HPWPs and sales growth; specifically, HPWPs will have a stronger positive relationship with sales growth (i.e., positive sales growth) when individual discretion is high than when individual discretion is low.

When examining the influence that a HR manager has on HPWPs and intermediate-level outcomes (i.e., absenteeism), the context that the HR manager is operating in must be taken into consideration. In unstructured situations, that is where the context grants high levels of discretion to the HR manager, and where the HR manager has high levels of individual discretion, the HR manager is able to more creatively implement HPWPs thus impacting absenteeism.

Hypothesis 5a. The interaction of HPWPs, contextual discretion, and individual discretion has a negative effect on absenteeism such that when contextual discretion is high and individual discretion is high, the strongest effect on

absenteeism will be realized (Scenario 1).

In structured situations, that is where the context constrains discretion to the HR manager, and where the HR manager has low levels of individual discretion, the HR manager is least likely to be able to creatively implement HPWPs that serve to impact absenteeism.

Hypothesis 5b. The interaction of HPWPs, contextual discretion, and individual discretion has a negative effect on absenteeism such that when contextual discretion is low and individual discretion is low, the weakest effect on absenteeism will be realized (Scenario 2).

Irrespective of amount of discretion that the situation is either granting or constraining, it is hypothesized that the HR manager with high individual discretion will be able to creatively implement HPWPs that impact absenteeism more so than the HR manager with low individual discretion.

Hypothesis 5c. The interaction of HPWPs, contextual discretion, and individual discretion has a negative effect on absenteeism such that when contextual discretion is low and individual discretion is high, a stronger effect on absenteeism will be realized than when contextual discretion is high and individual discretion is low (Scenarios 3 & 4).

When examining the influence that a HR manager has on HPWPs and intermediate-level outcomes (i.e., turnover), the context that the HR manager is operating in must be taken into consideration. In unstructured situations, that is where the context grants high levels of discretion to the HR manager, and where the HR

manager has high levels of individual discretion, the HR manager is able to more creatively implement HPWPs thus impacting turnover.

Hypothesis 6a. The interaction of HPWPs, contextual discretion, and individual discretion has a negative effect on turnover such that when contextual discretion is high and individual discretion is high, the strongest effect on turnover will be realized (Scenario 1).

In structured situations, that is where the context constrains discretion to the HR manager, and where the HR manager has low levels of individual discretion, the HR manager is least likely to be able to creatively implement HPWPs that serve to impact turnover.

Hypothesis 6b. The interaction of HPWPs, contextual discretion, and individual discretion has a negative effect on turnover such that when contextual discretion is low and individual discretion is low, the weakest effect on turnover will be realized (Scenario 2).

Irrespective of amount of discretion that the situation is either granting or constraining, it is hypothesized that the HR manager with high individual discretion will be able to creatively implement HPWPs that impact turnover more so than the HR manager with low individual discretion.

Hypothesis 6c. The interaction of HPWPs, contextual discretion, and individual discretion has a negative effect on turnover such that when contextual discretion is low and individual discretion is high, a stronger effect on turnover will be realized than when contextual discretion is high and individual discretion is low

(Scenarios 3 & 4).

When examining the influence that a HR manager has on HPWPs and organizational-level outcomes (i.e., ROA), the context that the HR manager is operating in must be taken into consideration. In unstructured situations, that is where the context grants high levels of discretion to the HR manager, and where the HR manager has high levels of individual discretion, the HR manager is able to more creatively implement HPWPs thus impacting ROA.

Hypothesis 7a. The interaction of HPWPs, contextual discretion, and individual discretion has a positive effect on ROA such that when contextual discretion is high and individual discretion is high, the strongest effect on ROA will be realized (Scenario 1).

In structured situations, that is where the context constrains discretion to the HR manager, and where the HR manager has low levels of individual discretion, the HR manager is least likely to be able to creatively implement HPWPs that serve to impact ROA.

Hypothesis 7b. The interaction of HPWPs, contextual discretion, and individual discretion has a positive effect on ROA such that when contextual discretion is low and individual discretion is low, the weakest effect on ROA will be realized (Scenario 2).

Irrespective of amount of discretion that the situation is either granting or constraining, it is hypothesized that the HR manager with high individual discretion will be able to creatively implement HPWPs that impact ROA more so than the HR manager

with low individual discretion.

Hypothesis 7c. The interaction of HPWPs, contextual discretion, and individual discretion has a positive effect on ROA such that when contextual discretion is low and individual discretion is high, a stronger effect on ROA will be realized than when contextual discretion is high and individual discretion is low (Scenarios 3 & 4).

When examining the influence that a HR manager has on HPWPs and organizational-level outcomes (i.e., sales growth), the context that the HR manager is operating in must be taken into consideration. In unstructured situations, that is where the context grants high levels of discretion to the HR manager, and where the HR manager has high levels of individual discretion, the HR manager is able to more creatively implement HPWPs thus impacting sales growth.

Hypothesis 8a. The interaction of HPWPs, contextual discretion, and individual discretion has a positive effect on sales growth such that when contextual discretion is high and individual discretion is high, the strongest effect on sales growth will be realized (Scenario 1).

In structured situations, that is where the context constrains discretion to the HR manager, and where the HR manager has low levels of individual discretion, the HR manager is least likely to be able to creatively implement HPWPs that serve to impact sales growth.

Hypothesis 8b. The interaction of HPWPs, contextual discretion, and individual discretion has a positive effect on sales growth such that when contextual

discretion is low and individual discretion is low, the weakest effect on sales growth will be realized (Scenario 2).

Irrespective of amount of discretion that the situation is either granting or constraining, it is hypothesized that the HR manager with high individual discretion will be able to creatively implement HPWPs that impact sales growth more so than the HR manager with low individual discretion.

Hypothesis 8c. The interaction of HPWPs, contextual discretion, and individual discretion has a positive effect on sales growth such that when contextual discretion is low and individual discretion is high, a stronger effect on sales growth will be realized than when contextual discretion is high and individual discretion is low (Scenarios 3 & 4).

In developing a theoretical model of strategic human resource management, discretion theory was used to allow for the introduction of the HR manager to the practices-outcome relationship traditionally examined in the SHRM literature. By utilizing discretion theory, it allows for the opportunity to examine both elements of individual discretion and contextual discretion. The interaction of individual discretion and contextual discretion creates scenarios that help address the main question of: under what conditions do HR managers matter with respect to the implementation of HPWPs and their impact on both intermediate and organizational-level outcomes?

CHAPTER IV

METHODOLOGY

This chapter provides a description of the methodology I used to test the hypotheses previously generated and includes the sample, procedure, measures, and the statistical method I used to test the hypotheses.

Sample and Procedure

Dyads consisting of one senior HR executive and one other HR employee were recruited from various organizations (addresses were obtained through the Leadership Library) and were secured both through regular mail (1,412 requests mailed) as well as through email (457 requests emailed). Of those sent *regular mail* requests, only 1.06% (15) responded. Of these individual responses, only nine were usable (i.e., both parties in the dyad returned surveys). Four rounds of *email* requests were sent to potential participants with 31.07% (142) of senior HR executives responding. Of these respondents, 49.30% (70) confirmed that they were either "too busy" or were "not interested" in participating in the study while 50.70% (72) completed online surveys. Of the original 457 email requests, nearly 16% (72) Senior HR executives actually completed online surveys. Senior HR executives were asked to forward the email to a second HR employee in their HR Department so that the HR employee could access a second online survey. 64 of these second sources (i.e., other HR employees) responded. Upon matching the senior HR executive's survey response with that of the second source's survey response (both hard copy surveys as well as online surveys were

matched by asking each respondent to indicate the name of who had asked them to complete the survey), a total of 54 usable dyads were left for analysis.

Of the 54 dyads, 17 senior HR executive respondents were female (31.48%) and 37 senior HR executive respondents were male (68.52%). The mean age of senior HR executives was 49.04 years old and these respondents had a mean number of years with the organization of 12.07 years as well as a mean number of years in their current position of 4.52 years. 43 of the second source respondents were female (79.63%) compared with 8 males (14.81%) (missing data accounts for the percentages not adding up to 100%). In terms of age, the mean age of second source respondents was 42.48 years.

Both primary and secondary data were collected for this dissertation. Primary data were collected in the form of two surveys developed for this dissertation (see Appendix A). One survey was distributed to the senior most HR executive within each organization and assessed the following variables: annual operating budget for HR, amount of money permitted to spend without prior authorization, union involvement, functional background, tenure with organization, tenure with position, title/level in organization, certificates, memberships, aspiration level, commitment, tolerance for ambiguity, internal locus of control, power base (institutional), and HPWPs. A second survey was distributed to a second source within each organization so as to diminish common method bias from occurring and assessed the following variables: absenteeism rates, turnover rates, and power (referent). Secondary data sources were drawn from the following databases: WRDS, Thomson One Banker, Hoover's, Reuters, and the

Leadership Library.

Measures

Next, I summarize all variables of interest and include specifics pertaining to the measurement of each variable.

Dependent Variables

Dependent variables include both those outcomes that comprise typical variables of interest to more micro-focused HR researchers, such as absenteeism and turnover, as well as variables that are of interest to more macro-focused HR and strategy researchers, such as return on assets and sales growth. All information is reported for the 2006 fiscal year.

Absenteeism indicates the average annual absenteeism rate within each organization. Questionnaire items were developed to reflect both medical/sick leave and non-medical/annual leave absenteeism rates. Questionnaire items included: "What is your annual average rate of *medical/sick leave* absenteeism?" and "What is your annual average rate of *non-medical/annual leave* absenteeism?". Absenteeism rates were assessed on the survey being distributed to the second source within each organization. Medical/sick leave absenteeism rates ranged from 0 to 60 with a mean of 8.63. Non-medical/annual leave absenteeism rates ranged from 0 to 75 with a mean of 8.09.

Turnover indicates the average annual turnover rate within each organization. Questionnaire items were developed to reflect both voluntary and involuntary turnover rates. Questionnaire items included "What is your annual average rate of *voluntary* turnover?" and "What is your annual average rate of *involuntary* turnover?". Turnover

rates were assessed on the survey being distributed to the second source within each organization. Voluntary turnover rates ranged from 0 to 100 with a mean of 15.75. Involuntary turnover rates ranged from 0 to 55 with a mean of 8.85.

Return on assets (*ROA)* is an accounting-based performance measure that assesses operating performance (i.e., how efficiently an organization is able to make the most of its current assets (Fulmer, Gerhart, & Scott, 2003)) and is calculated by dividing an organization's annual income by its net assets. ROA data was gathered from secondary sources and ranged from -25.43 to 18.63 with a mean of 4.67.

Sales growth is a market-based performance measure that indicates the degree to which the ideas and products that a firm is pursuing are valued by its customers (Collins & Clark, 2003). This measure takes a customer-based focus. Sales growth data was gathered from secondary sources and ranged from -29.81 to 280.28 with a mean of 13.49.

Independent Variables

Contextual discretion was originally conceived of as a latent variable, conjectured to be comprised of several reflective variables: industry, organizational size, organizational age, annual operating budget for HR, amount of money allowed to spend without prior authorization, and union involvement. However, due to the nature of the small sample size obtained for this dissertation, it was not practical to consider my variables as latent variables, reflective variables, or measurement variables. I still report here some of the descriptive statistics associated with each of the originally proposed reflective variables thought to comprise *contextual discretion*, however, only *industry*

was used in the final analysis.

Industry denotes a discretion score representing the degree of discretion among 71 industries (see: Hambrick & Abrahamson, 1995). These scores range from 2.01-6.89 with a higher score indicating higher levels of discretion among all listed industries. Originally, the sample was to consist of only organizations within Hambrick and Abrahamson's (1995) specific set of 71 industrial SIC codes. This set of 71 SIC codes was previously evaluated by Hambrick and Abrahamson (1995) who determined the appropriate industry discretion classification scores for each SIC code. However, due to the nature of the small sample size recruited for this dissertation, I had to broaden my consideration of those SIC codes taken into account so as to better utilize the information that was provided by my limited sample. Because only a total of 27 industry discretion scores could be coded using Hambrick and Abrahamson's (1995) SIC classification system, and because a total of 27 could not be coded in this fashion, an alternative technique was employed to code industry discretion scores.

First, I asked an expert to organize the set of 27 industries without Hambrick and Abrahamson's SIC discretion scores into two groups: those that the expert would consider to be high-discretion industries and those that the expert would consider to be low-discretion industries. Next, I took the remaining 27 industries' discretion scores (of which I was able to use Hambrick and Abrahamson's SIC discretion scores) and dichotomized them into a high-low median split. Understandably, dichotomizing a continuous variable is not ideal (MacCallum, Zhang, Preacher, & Rucker, 2002) but under these circumstances, it was the choice utilized to allow further analysis of the data

(Tabachnick & Fidell, 2001).

Organizational size was measured the number of employees in the organization. Using this approach is typical in SHRM research (Delaney & Huselid, 1996; Huselid, Jackson, & Schuler, 1997; Panayotopoulou, Bourantas, & Papalexandris, 2003; Snell & Youndt, 1995). Organizational size was gathered from both primary and secondary sources and ranged from 1,200 to 1,900,000 employees with a mean of 105,494.80 employees.

Organizational age represents the length of time that an organization has been in business and was measured by counting the number of years that an organization has been in operation. Organizational age was gathered from both primary and secondary sources and ranged from 7 to 194 years with a mean of 70 years.

Annual operating budget for HR was measured with the following item: "What is HR's annual operating budget?". Annual operating budget for HR was assessed on the survey being distributed to the senior most HR executive within each organization and ranged from $200,000 to $10,000,000 with a mean of $2,000,000.

Amount of money allowed to spend without prior authorization was measured with the following item: "I am allowed to spend up to $_____ without prior authorization or approval." Amount of money allowed to spend without prior authorization was assessed on the survey being distributed to the senior most HR executive within each organization and ranged from $0 to $25,000,000 with a mean of $789,009.78.

Union involvement represents the total number of employees who are unionized

and the number of different unions represented within an organization. This measure is based on Jackson et al.'s (1989) union presence measure and will be assessed with the following two items: "Please indicate the total number of employees who are unionized within your organization" (the total number of employees unionized was converted into a percentage of employees unionized and ranged from 0% to 89% with a mean of 13%) and "Please indicate the number of different unions represented within your organization" (ranged from 0 to 50 with a mean of 4.92). Union involvement was assessed on the survey being distributed to the senior most HR executive within each organization.

Individual discretion was originally conceived of as a latent variable, hypothesized to be comprised of several reflective variables: functional background, tenure with the organization, tenure with current position, title and level within organization, certificates, memberships, aspiration level, commitment, tolerance for ambiguity, locus of control, and power base. Once again, due to the small sample size, it was not realistic to consider these variables in this fashion. Instead, each variable was assessed for its own unique impact on the various relationships reported. Next, I report some of the descriptive statistics associated with each variable.

Functional background represents the functional experience the HR executive has been exposed to while progressing in his or her career. This variable was assessed with the following item: "Consider your working experiences both at this organization as well as others you may have worked at in the past. Below, please list all *functional areas* that you have been a member of while working in this and other organizations.

For example, if you have been a member of the accounting and marketing departments in the past and are currently a member of the HR department, please list accounting, marketing, and HR. Please circle the functional area that you are currently a member of." Functional background was assessed on the senior HR executive survey. Senior HR executives reported having experience in the following functional areas: accounting (16.67%), communication (1.85%), finance (12.96%), international management (9.26%), investor relations (1.85%), legal/labor relations (16.67%), marketing (16.67%), management (42.59%), MIS/IT (5.56%), strategic operations/operations (5.56%), other (24.07%). In terms of HR being the current functional area for the senior HR executives, for 94.4% (51) of the senior HR executive respondents, the HR function is their current functional area. For 5.6% (3 respondents) of senior HR executives, HR is *not* their current functional area.

Tenure with organization represents how long, in months, the HR executive has been a member of the focal organization and was assessed with the following item: "How long have you been a member of this organization? Please answer in years and months." Tenure with organization was assessed on the senior HR executive survey. Organizational tenure ranged from 1 year to 38 years with a mean of 12.08 years.

Tenure with current position represents how long, in months, the HR executive has held his/her current position and was assessed with the following item: "How long have you held your current position? Please answer in years and months." Tenure with current position was assessed on the survey being distributed to the senior most HR executive within each organization. Position tenure ranged from 1 year to 18 years with

a mean of 4.52 years.

Title and level within organization is an indication of importance of the HR executive's relative status within the organization and was assessed with the following two items: "Please indicate your title." and "Please indicate your level within the organization. For level, please indicate how many levels below the CEO you are on the organizational chart. Use CEO as Level 1." Title and level within organization was assessed on the survey being distributed to the senior most HR executive within each organization. Respondents were fairly high level executives within their respective organizations. On average, respondents were two levels below the CEO. 29.6% of respondents were just one level below the CEO and 37% were two levels below the CEO

Certificates indicates any specialized HR certificates that the HR executive may hold and was measured by the following item: "Please place a check by any of the certificates listed below that you have attained: PHR, SPHR, GPHR. Please list any other relevant HR-related certificates as well." Certificates were assessed on the senior HR executive survey. The number of specialized HR certificates senior HR executives possessed ranged from zero to three with only 38.9% of respondents having one or more HR-related certificates (61.1% had no HR-related certificates).

Memberships indicate any HR-related professional organizations that the HR executive may be a member of and was assessed with the following item: "Please indicate all HR-related professional organizations of which you are a member. As an example, the national Society for Human Resource Management (SHRM) and your local SHRM affiliate would count as two professional organizations. Please list the names of

all memberships held with HR-related professional organizations here." Memberships were assessed on the senior HR executive survey. The number of HR-related professional organizations ranged from zero to six with 13% of senior HR executives belonging to no HR professional organizations (87% belonged to one or more).

Aspiration level indicates to what level HR executives desire to reach and was measured with the following items: "Compared with the position I am currently in, I am determined to reach a higher level position within this organization.", "I have attained my quest for wealth." (reverse coded), "I have attained my quest for recognition." (reverse coded), and "I have reached the pinnacle of my career and am content to remain where I currently am." (reverse coded). Respondents were asked to respond on a 5-point scale (1 = completely disagree to 5 = completely agree). I averaged the four items to create a measure of aspiration level (Cronbach's alpha = .76) with higher scores representing a higher level of senior HR executive aspiration.

Commitment indicates an HR executive's overall commitment to the organization's HR strategic choices and is measured with 10 items adapted from Meyer, Allen, and Smith's (1993) occupational commitment scales modified here to specifically refer to the organization's HR strategic choices. Two items ("There are no pressures to keep from changing HR strategic choices." and "We are under no obligation to continue with our HR strategic choices.") were dropped because they did not appropriately capture commitment relative to HR strategic choices. Only Meyer et al.'s (1993) continuance (i.e., the perceived cost associated with changing HR strategic choices) and normative (i.e., the obligation to continue engaging in the current HR strategic choices)

commitment items were included in this index. Items relating to continuance commitment included: “Too much has been put into the HR strategic choices currently in place to consider changing now.”, “Changing HR strategic choices now would be difficult to do.”, “Too much of the work environment would be disrupted if HR strategic choices were changed now.”, “It would be costly to change HR strategic choices now.”, and “Changing HR strategic choices now would require considerable sacrifice.” Items relating to normative commitment included: “Because my organization has been using specific HR strategic choices, we have a responsibility to stay with these HR strategic choices for a reasonable period of time.”, “I feel a responsibility to continue with our HR strategic choices.”, “Even if it were to my advantage, I do not feel that it would be right to change our HR strategic choices right now.”, “I would feel guilty if I changed our HR strategic choices.”, and “The HR strategic choices in use right now are employed out of a sense of loyalty to them.” Respondents were asked to respond on a 5-point scale (1 = completely disagree to 5 = completely agree). I averaged the 10 items to create a measure of commitment (Cronbach’s alpha = .82) with higher scores representing a higher level of senior HR executive commitment toward the strategic HR choices in place in their organization.

Tolerance for ambiguity indicates a respondent’s tolerance and acceptance of vague and uncertain situations and events (Norton, 1975). Four items from Gupta and Govindarajan (1984) were used to assess tolerance for ambiguity and were measured on a 5-point scale (1 = completely disagree to 5 = completely agree). The items included: “The most interesting life is to live under rapidly changing conditions.”, “Adventurous

and exploratory people go farther in this world than do systematic and orderly people.", "When planning a vacation, a person should have a schedule to follow if he or she is really going to enjoy him or herself." (reverse coded), and "Doing the same thing in the same places for a long period of time makes for a happy life." (reverse coded). Tolerance for ambiguity was assessed on the senior HR executive survey. I averaged the four items to create a measure of tolerance for ambiguity (Cronbach's alpha = .51) with higher scores representing more tolerance and acceptance of vague and uncertain situations and events. Due to the low internal consistency of the items, tolerance for ambiguity was dropped from further analysis.

Locus of control indicates the extent to which an individual believes that events affecting them can be controlled by them (Rotter, 1966). External individuals believe that events are beyond their control whereas internal individuals believe that events are subject to their control (Hambrick & Finkelstein, 1987). Eight items from Levenson's internality scale (1981) were used to assess locus of control and were measured on a 5-point scale (1 = completely disagree to 5 = completely agree). The items included: "Whether or not I get to be a leader depends mostly on my ability.", "When I make plans, I am almost certain to make them work.", "How many friends I have depends on how nice a person I am.", "I can pretty much determine what will happen in my life.", I am usually able to protect my personal interests.", "When I get what I want, it's usually because I worked hard for it.", "My life is determined by my own actions.", and "Whether or not I get into a car accident depends mostly on how good a driver I am." Locus of control was assessed on the survey being distributed to the senior most HR

executive within each organization. To create the measure of locus of control, I averaged the eight items (Cronbach's alpha = .74). Higher scores indicate the tendency that senior HR executives believe that events affecting them are subject to their control whereas lower scores indicate the tendency that senior HR executives believe that events affecting them are beyond their control.

Power base is defined as the degree to which a HR executive possesses forms of both institutionally based and personality based forms of influence (Hambrick and Finkelstein, 1987). Based upon power descriptions of both Hambrick and Finkelstein (1987) and Finkelstein (1992), an institutionally based form of power was assessed with the following information: ownership (percentage of shares owned by the HR executive). Ownership data was gathered from the senior HR executive, but proved to be difficult to collect (39 respondents provided ownership information). Percentage of shares owned by the senior HR executive ranged from 0-45% with a mean of 1.56% (97.4% owned 1% or less of shares). These data was dropped from further analysis.

A personality based form of power (i.e., referent power) was assessed with the following four items adapted from Hinkin and Schriesheim (1989): "My supervisor can make me feel valued.", "My supervisor can make me feel like he or she approves of me.", "My supervisor can make me feel personally accepted.", "My supervisor can make me feel important." and was measured on a 5-point scale (1 = completely disagree to 5 = completely agree). Referent power was assessed on the survey being distributed to the second source within each organization. I averaged the four items to create a measure of personality based, referent power (Cronbach's alpha = .96) with higher scores

representing higher levels of the HR employee's respect and admiration toward their senior HR executive. In other words, higher scores would indicate that senior HR executives hold a greater "power" over their HR employees.

HPWPs is an assessment of the particular HPWPs employed in each organization and was measured with the following items based on two instruments: Datta et al.'s (2005) instrument obtaining the proportion of exempt and non-exempt employees covered under each of 18 high performance work system practices and Jackson, Schuler, and Rivero's (1989) personnel practices instrument which asks for the percentage of employees covered by each of 17 practices. HPWPs were assessed on the survey being distributed to the second source within each organization. Due to the small sample size, a *system* of HPWPs could not be developed; therefore *individual* HPWPs were assessed to determine their impact on each of the DVs of interest. Below I describe both Datta et al.'s (2005) and Jackson et al.'s (1989) instruments.

Datta et al.'s (2005) items: 1) "One or more employment tests administered prior to hiring", 2) "Hold non-entry level jobs as a result of internal promotions", 3) "Promotions are primarily based upon merit or performance, as opposed to seniority", 4) "Hired following intensive/extensive recruiting", 5) "Are routinely administered attitude surveys to identify and correct employee morale problems", 6) "Are involved in programs designed to elicit participation and employee input (e.g., quality circles, problem-solving or similar groups)", 7) "Access to a formal grievance and/or complaint resolution system", 8) "Provided operating performance information", 9) "Provided financial performance information", 10) "Provided information on strategic plans", 11)

“Receive formal performance appraisal and feedback on a routine basis”, 12) “Formal performance feedback from more than one source (i.e.,, from several individuals such as supervisors, peers, etc.)”, 13) “Compensation partially contingent on group performance (e.g., gainsharing, profit sharing, etc.)”, 14) “Pay is based on a skill or knowledge-based system (versus a job-based system); i.e., pay is primarily determined by a person’s skill or knowledge level as opposed to the particular job that they hold”, 15) “Intensive/extensive training in company-specific skills (i.e., task or firm-specific training)”, 16) “Intensive/extensive training in generic skills (e.g., problem-solving, communication skills, etc.)”, 17) “Training in a variety of jobs or skills ("cross training") and/or routinely performing more than one job (are "cross utilized")”, 18) “Are organized in self-directed teams in performing a major part of their work roles.”

Jackson et al.’s (1989) items: 1) “% of employees who need a variety of diverse skills to do their job”, 2) “% of employees whose performance appraisals are formalized”, 3) “% of employees whose performance appraisal results are used to determine compensation”, 4) “% of employees whose performance appraisals focus on how job is done, not how well”, 5) “% of employees whose performance appraisals are based on objective, quantifiable results”, 6) “% of employees whose performance appraisals are used to identify their training needs”, 7) “% of employees whose performance appraisals focus on projects that take 12 months or longer”, 8) “% of input to performance appraisal that comes from supervisor, supervisor’s boss, peers, self, subordinates, clients”, 9) “% of employees who are given bonuses based on company-wide productivity or profitability”, 10) “% employees who are stakeholders”, 11) “%

employees paid whatever it takes to attract & retain them", 12) "% of pay based on incentive rather than from guaranteed wages/salary", 13) "% employees whose job/employment security is almost guaranteed", 14) "number hours training received by typical employee during past 12 months (excludes new hires)", 15) "number hours training received by typical new hire during past 12 months", 16) "% employees for whom training is given to develop skills needed for their current job or skills needed in the near future", 17) " % employees for whom training is given to develop skills needed for promotion, transfer, and/or future company needs."

Control Variables

Other factors could be related to the types of HPWPs in place in an organization. For example, larger, more mature organizations may have HR practices in place that are more highly developed (Jackson & Schuler, 1995; Youndt et al., 1996). In addition, organizational size and age may be related to firm performance and productivity (Guthrie, 2001; Jackson & Schuler, 1995). To control for size and age effects, I included *organizational size*, measured as the log of number of employees in the organization, as well as *organizational age*, measured by counting the number of years that an organization has been in operation and using the square root of that number, as control variables.

Analyses

Hypotheses 1a, 1b, 2a, and 2b were tested with regression analysis. Hypotheses 3a, 3b, 4a, and 4b were tested with Baron and Kenny's (1986) moderated regression analysis. Hypotheses 5a-5c, 6a-6c, 7a-7c, and 8a-8c were tested with hierarchical

moderated regression analysis as well. Due to the small sample size (*N*=54) obtained and the small effect size (.02) approximated, power was estimated at .31 (applying an α of .05). After transformation of selected variables, the IVs were centered so as to reduce multicollinearity and all regressions were run using the centered variables.

CHAPTER V

RESULTS

This chapter provides the results of each tested hypothesis. Table 1 presents the means, standard deviations, and correlations for each of the variables and is shown below. Due to missing data, sample size ranged from 22 to 54.

Hypothesis 1a stated that the use of HPWPs would be negatively related to absenteeism. In terms of *medical absenteeism*, correlational analyses revealed that 20 of the independent variables were negatively correlated with medical absenteeism, with three being significantly negatively correlated: Employees are hired following intensive/extensive recruiting (HPWP 4) (r = -.74, p < .01), % of employees who need a variety of diverse skills to do their job (HPWP 19) (r = -.55, p < .01), and % of employees whose performance appraisal results are based on objective, quantifiable results (HPWP 23) (r = -.57, p < .01). Multiple regression analyses revealed that the following three independent variables explained a significant amount of the variance of medical absenteeism: Employees are hired following intensive/extensive recruiting (HPWP 4) (β = -.56, t = -2.90, p < .01) (see Table 2), % of employees who need a variety of diverse skills to do their job (HPWP 19) (β = -.48, t = -3.29, p < .01) (see Table 3), and % of employees whose performance appraisal results are based on objective, quantifiable results (HPWP 23) (β = -.55, t = -4.00, p < .01) (see Table 4).

TABLE 1
Descriptive Statistics and Correlations

	Variables	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1.	Org. Size	4.16	.73	1.00																
2.	Org. Age	7.88	2.83	.06	1.00															
3.	HPWP1	.65	.48	-.08	-.17	1.00														
4.	HPWP2	.83	.38	-.05	.08	.08	1.00													
5.	HPWP3	.96	.19	-.09	.11	.27	.17	1.00												
6.	HPWP4	.87	.34	-.41**	.02	.29*	-.03	.22	1.00											
7.	HPWP5	.41	.50	.22	-.13	-.18	.18	-.04	-.02	1.00										
8.	HPWP6	.57	.50	.08	.84	.18	-.04	.03	.22	.32*	1.00									
9.	HPWP7	.89	.32	.17	-.20	.25	.18	-.07	-.14	.17	-.07	1.00								
10.	HPWP8	.94	.23	.09	-.06	-.01	-.11	-.05	-.10	.04	.28*	-.09	1.00							
11.	HPWP9	.89	.32	-.07	-.05	.11	.03	-.07	.21	.05	.29*	.06	.43**	1.00						
12.	HPWP10	.70	.46	.10	-.13	.29*	.05	.30*	.23	.37**	.67**	.02	.20	.29*	1.00					
13.	HPWP11	.96	.19	.11	-.20	.06	-.09	-.04	-.08	.16	.03	.24	-.05	-.07	.09	1.00				
14.	HPWP12	.37	.49	.08	-.04	.24	.02	.15	.18	.07	.29*	-.21	.19	.03	.25	.15	1.00			
15.	HPWP13	.70	.46	.11	-.07	.20	.16	-.13	.23	.21	.25	.15	-.16	.16	.29*	-.13	-.10	1.00		
16.	HPWP14	.44	.50	.25	.11	.27*	.09	.18	.01	.02	.26	.09	.05	-.04	.25	-.02	.09	.01	1.00	
17.	HPWP15	.59	.50	-.09	-.04	.18	.13	.04	.02	.07	.30*	-.05	.13	-.05	.29*	.04	.17	.12	.21	1.00
18.	HPWP16	.54	.50	.00	-.07	.02	-.01	.02	.20	.24	.43**	-.09	.10	.14	.62**	.02	.25	.13	.08	.36**
19.	HPWP17	.65	.48	-.00	-.01	.27*	.08	.06	-.05	.06	.50**	-.01	.16	-.01	.37**	.06	.32*	.03	.35*	.34*
20.	HPWP18	.61	.49	.21	-.25	-.03	.05	-.16	.03	.04	.34*	.21	.30*	-.04	.31*	.05	.22	.15	.18	.34*
21.	HPWP19	67.96	25.59	-.09	-.05	-.04	.15	.22	.09	.25	.22	.02	.12	-.15	-.01	.17	-.08	-.13	.11	.10
22.	HPWP20	78.63	27.68	.15	.04	-.16	.06	.14	-.14	.14	.20	-.20	.10	.19	.28	.15	-.12	-.06	.17	.01
23.	HPWP21	70.81	33.03	.10	-.18	-.02	-.10	.07	.12	.10	.38**	-.27	.17	.29*	.31*	.18	.10	.07	.13	.00

TABLE 1
Continued

	Variables	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
24.	HPWP22	29.84	34.34	.08	-.11	-.31*	.05	.03	-.06	.25	.14	-.14	.03	-.03	.11	.07	-.07	.12	-.14	.07
25.	HPWP23	7.27	2.67	-.02	-.09	.08	-.19	.31*	.41**	.06	.26	-.17	.09	-.04	.30*	.19	-.01	.03	.03	-.17
26.	HPWP24	7.61	2.64	-.05	-.15	-.02	-.30*	.03	.16	.17	.41**	-.05	.35*	.17	.30*	.22	-.00	.07	.11	.09
27.	HPWP25	4.43	2.75	.07	-.07	-.25	-.38*	-.11	.02	.05	.20	-.32*	.19	-.20	.14	.07	-.17	.04	.01	.14
28.	HPWP26	71.22	36.14	-.09	-.05	.06	.17	-.11	-.04	-.02	.25	.06	.10	-.10	.02	.23	-.02	-.03	.14	.08
29.	HPWP27	1.55	.50	-.22	-.27	.16	.31*	-.05	-.08	-.02	.01	-.07	.07	.13	.03	.23	.05	.25	-.25	-.20
30.	HPWP28	42.36	39.99	.19	-.08	.06	-.17	-.04	-.23	.13	.16	-.09	.02	-.12	.15	-.03	-.04	-.11	.02	-.13
31.	HPWP29	.78	.58	-.18	.09	-.31*	.12	-.20	.01	-.04	-.18	-.41**	-.11	-.35*	-.23	.00	-.16	-.16	-.18	.27
32.	HPWP30	2.77	2.41	-.04	.07	-.06	-.00	-.25	.21	.05	-.02	-.25	-.13	-.15	-.15	.04	.40*	.05	-.41*	-.10
33.	HPWP31	.22	.48	-.11	-.12	-.31*	-.10	-.43*	-.11	-.08	-.10	-.03	-.02	-.25	-.34*	.07	.05	-.21	-.18	-.09
34.	HPWP32	1.56	.44	.06	-.02	.02	.02	.08	.09	.31*	.30*	-.17	.21	.19	.39**	.08	.09	.15	-.14	.39**
35.	HPWP33	44	33.48	.23	.10	-.12	.09	.12	-.11	.24	.31*	-.07	.21	.05	.39**	.11	-.03	.17	.22	.25
36.	HPWP34	1.24	.42	.10	.34*	.04	-.11	.24	.17	.07	.38*	-.07	.25	.05	.37*	.00	.28	-.12	.14	.20
37.	HPWP35	1.44	.63	-.00	.29	.06	-.13	.24	.27	.08	.34*	-.09	.28	.10	.36*	.13	.31*	-.13	.10	.19
38.	Ind. Discretion	-.11	3.32	-.01	-.17	.02	-.01	.06	-.12	-.00	.15	-.03	.25	.29*	.08	-.08	.09	-.06	-.01	.14
39.	Cont. Discretion	1.46	.50	.25	-.10	-.25	.03	-.21	-.20	.21	-.05	.09	-.26	-.14	.11	.18	-.25	.11	.07	.01
40.	Med. Absent.	8.63	11.73	.58**	-.12	-.02	-.06	a	-.74**	-.08	-.28	.11	-.04	-.00	.19	a	.12	.06	.25	-.12
41.	Non-Med. Absent.	8.09	16.78	.67**	-.09	.07	.12	a	-.81**	-.08	-.17	.11	.08	-.07	.22	a	.36	-.00	.22	-.04
42.	Voluntary TO	15.75	20.07	.25	-.10	.20	-.21	a	-.18	.03	-.10	-.14	.04	.03	.16	a	.25	.26	.15	.10
43.	Involuntary TO	8.85	12.23	.33*	.08	-.06	-.08	a	-.50**	-.23	-.18	-.01	.04	.12	-.04	a	.06	.05	.30	.01
44.	ROA	4.67	7.63	.24	.11	.05	-.16	.10	-.11	.18	.27	-.10	.16	.21	.32*	.03	.26	-.01	.06	.00
45.	Sales Growth	13.49	41.65	-.02	-.25	.15	.07	.15	.11	.19	-.20	.09	-.01	.07	-.18	.06	-.09	.09	-.15	-.18

TABLE 1
Continued

	Variables	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
1.	Org. Size															
2.	Org. Age															
3.	HPWP1															
4.	HPWP2															
5.	HPWP3															
6.	HPWP4															
7.	HPWP5															
8.	HPWP6															
9.	HPWP7															
10.	HPWP8															
11.	HPWP9															
12.	HPWP10															
13.	HPWP11															
14.	HPWP12															
15.	HPWP13															
16.	HPWP14															
17.	HPWP15															
18.	HPWP16	1.00														
19.	HPWP17	.25	1.00													
20.	HPWP18	.40**	.21	1.00												
21.	HPWP19	-.11	.08	-.10	1.00											
22.	HPWP20	-.03	.19	-.13	-.07	1.00										
23.	HPWP21	.09	.19	.15	-.01	.74**	1.00									

TABLE 1
Continued

	Variables	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
24.	HPWP22	.10	-.08	.16	.03	.30*	.38*	1.00								
25.	HPWP23	.10	-.11	.14	.26	.43**	.48**	.12	1.00							
26.	HPWP24	.11	.13	.21	.18	.54**	.46**	-.03	.71**	1.00						
27.	HPWP25	.25	-.04	.25	-.05	.21	.22	.46**	.31*	.33*	1.00					
28.	HPWP26	.77	.22	.20	.23	.03	-.01	.05	.14	.29	.09	1.00				
29.	HPWP27	-.13	-.07	-.08	-.13	.06	.07	.22	.13	.03	.01	.34*	1.00			
30.	HPWP28	.07	.31*	.04	-.07	.18	.01	-.04	.03	.03	.22	-.04	-.06	1.00		
31.	HPWP29	.15	-.25	.15	-.06	-.04	-.13	.24	.07	-.03	.53**	.28	.19	-.08	1.00	
32.	HPWP30	.05	.10	-.07	-.03	-.31	-.08	.03	-.08	-.21	-.09	-.13	.12	-.03	.16	1.00
33.	HPWP31	-.20	.21	.11	.15	-.15	-.01	.09	-.18	-.25	-.05	.02	.02	-.17	.07	.38*
34.	HPWP32	.35*	.25	.01	.30	.20	.29	.14	.15	.14	.05	-.10	-.06	.14	-.04	.26
35.	HPWP33	.15	.35*	.20	.11	.46**	.23	.31*	.27	.40**	.20	.28	.01	.08	.04	-.18
36.	HPWP34	.28	.11	.08	.31	.03	.01	-.17	.37*	.29	-.12	.02	-.25	-.14	-.24	.10
37.	HPWP35	.25	.17	.08	.26	.12	.19	-.15	.41**	.30	-.05	-.10	-.26	-.15	-.27	.20
38.	Ind. Discretion	.17	.17	.03	.08	-.09	-.02	.18	-.19	-.05	.04	-.02	.01	-.14	-.07	-.21
39.	Cont. Discretion	-.03	-.02	-.17	.04	.21	.03	.15	-.17	-.17	.17	.07	-.06	.09	.02	-.19
40.	Med. Absent.	.35	.18	.16	-.55**	.13	.02	.03	-.57**	-.38	-.07	-.07	-.00	.22	-.24	-.19
41.	Non-Med. Absent.	.35	.19	.24	-.51*	.04	-.09	-.04	-.52*	-.34	-.20	.02	.15	.24	-.16	-.15
42.	Voluntary TO	-.08	.29	-.29	-.28	.15	.18	-.16	-.23	-.11	-.05	-.27	.07	-.02	-.26	.19
43.	Involuntary TO	-.03	.16	-.08	-.39*	.17	-.02	.02	-.38*	-.11	.01	.06	.08	-.03	-.11	-.20
44.	ROA	.09	.12	-.05	-.10	.35*	.21	.30	.13	.31	.10	-.47**	-.14	.30	-.35*	.02
45.	Sales Growth	-.12	-.23	-.23	.12	-.20	-.30	.06	.27	.13	-.12	-.23	.11	-.09	-.14	-.18

TABLE 1
Continued

	Variables	33	34	35	36	37	38	39	40	41	42	43	44
24.	HPWP22												
25.	HPWP23												
26.	HPWP24												
27.	HPWP25												
28.	HPWP26												
29.	HPWP27												
30.	HPWP28												
31.	HPWP29												
32.	HPWP30												
33.	HPWP31	1.00											
34.	HPWP32	-.07	1.00										
35.	HPWP33	-.06	.46**	1.00									
36.	HPWP34	-.04	.34*	.32*	1.00								
37.	HPWP35	.09	.36*	.26	.89**	1.00							
38.	Ind. Discretion	.08	-.09	.09	.03	-.09	1.00						
39.	Cont. Discretion	-.04	.14	.12	-.11	-.11	-.28*	1.00					
40.	Med. Absent.	-.05	-.04	.16	-.24	-.28	-.23	.40	1.00				
41.	Non-Med. Absent.	-.13	-.03	.25	-.11	-.15	-.18	.26	.91**	1.00			
42.	Voluntary TO	.06	.14	-.02	-.08	.13	.05	.22	.43*	.39	1.00		
43.	Involuntary TO	-.08	-.18	.30	-.24	-.22	.18	.09	.78**	.76**	.59**	1.00	
44.	ROA	-.32*	.19	.24	.18	.16	-.06	-.06	.11	.14	-.02	-.06	1.00
45.	Sales Growth	-.17	-.21	-.15	-.32	-.40*	.19	-.17	.06	-.06	-.10	-.11	-.03

TABLE 2

Results of Moderated Regression Analysis – HPWP 4

	Medical Absenteeism			Non-Medical Absenteeism			Voluntary Turnover		
Variables	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3
Organization Size	.59**	.19	.02	.71**	.20	-.05	.26	.24	.23
Organization Age	-.16	-.03	.01	-.24	-.01	.08	-.12	-.08	-.08
HPWP 4		-.56	2.25**		-.66*	1.63**		.04	.04
Individual Discretion		-.05	-16.57**		-.00	-13.73**		.08	*.00
HPWP 4 x Individual Discretion			16.23**			13.43**			.03
R^2	.37	.61	.89	.50	.67	.87	.08	.10	.10
ΔR^2		.24	.29		.17	.20		.03	.00
F	6.32**	5.92**	20.43**	9.41**	6.54**	13.29**	1.58	.79	.53
ΔF		3.95	22.80		2.82	10.58		.32	.01

	Involuntary Turnover			ROA			Sales Growth		
Variables	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3
Organization Size	.33*	.13	.22	.26^{+}	.27	.31	-.01	.12	.15
Organization Age	.07	.06	-.05	.07	.06	.06	-.26^{+}	-.27^{+}	-.30^{+}
HPWP 4		-.41*	-3.67**		-.03	-.48		.16	.05
Individual Discretion		.12	-1.26		-.04	.81		.10	1.07
HPWP 4 x Individual Discretion			1.12*			-.24			-.45
R^2	.11	.27	.54	.08	.09	.13	.07	.13	.16
ΔR^2		.16	.26		.01	.04		.06	.03
F	2.36	2.56*	4.50**	1.62	.71	.65	1.54	1.11	.83
ΔF		2.51	5.88		.17	.58		.84	.45

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 3

Results of Moderated Regression Analysis – HPWP 19

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.38*	.37*	.36*	.71**	.57**	.55*	.54*	.26	.18	.18	.21
Org Age	-.16	-.19	-.12	-.10	-.24	-.24	-.19	-.15	-.11	-.05	-.01	-.04
HPWP 19		-.48**	.35	.17		-.37*	.11	-.30		-.30^{+}	.25	.52
Ind. Disc.		-.11	.02	.17		.01	.09	.44		.11	-.27	-.53
Cont Disc.		.27	.28	.25		.16	.12	.04		.22	.35^{+}	.41*
HPWP 19 x Ind Disc			.06	-.26			.14	-.63			-.40^{+}	.16
HPWP 19 x Ind Disc x Cont Disc				.42				1.00				-.71
R^2	.37	.64	.69	.70	.50	.63	.65	.68	.08	.18	.30	.32
ΔR^2		.28	.05	.01		.13	.02	.03		.11	.12	.02
F	6.32**	6.76**	4.53**	3.86**	9.41**	5.39**	3.01*	2.83*	1.46	1.48	1.62	1.53
ΔF		4.84	.93	.25		1.86	.27	1.14		1.45	1.71	.88
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.32*	.26	.29^{+}	.24	.26	.30	.36^{+}	.36^{+}	-.02	.05	.04	.04
Org Age	.07	.11	.12	.16	.06	.05	.05	.04	-.29^{+}	-.28	-.25	-.23
HPWP 19		-.39*	.00	-.50		-.07	-.35	-.45		.13	.57	.71
Ind Disc		.26^{+}	.57	.98^{+}		-.06	.84	1.07		.11	.67	.29
Cont. Disc.		.15	.18	.06		-.19	-.17	-.20		-.13	-.25	-.21
HPWP 19 x Ind Disc			-.11	-1.10^{+}			-.15	-.55			.36	1.01
HPWP 19 x Ind Disc x Cont Disc				1.24^{+}				.47				-.76
R^2	.11	.30	.34	.41	.07	.11	.20	.21	.08	.14	.29	.31
ΔR^2		.19	.04	.06		.03	.10	.01		.06	.15	.02
F	2.29	2.89*	1.96^{+}	2.21*	1.29	.73	.88	.80	1.58	1.04	1.46	1.41
ΔF		3.03	.59	3.10		.40	1.13	.30		.70	2.01	.96

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 4

Results of Moderated Regression Analysis – HPWP 23

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.61**	.57**	.57**	.58**	.72**	.70**	.66**	.60**	.27	.23	.15	.15
Org Age	-.13	-.11	-.07	-.09	-.22	-.18	-.27	-.25	-.11	-.09	-.08	-.08
HPWP 23		-.55**	.38	.40		-.51**	-.96	-1.03		-.20	.97^{+}	.97^{+}
Ind. Disc.		-.17	.32	.29		-.06	-.12	-.13		.06	-.11	-.10
Cont Disc.		-.01	.14	.11		-.07	-.09	.00		.10	.23	.23
HPWP 23 x Ind Disc			-.02	.15			.21	-.27			.30	.30
HPWP 23 x Ind Disc x Cont Disc				-.20				.60				.00
R^2	.38	.70	.76	.76	.51	.74	.76	.78	.08	.14	.31	.31
ΔR^2		.32	.06	.00		.24	.02	.01		.06	.17	.00
F	6.39**	8.39**	5.80**	4.85**	9.23**	8.66*-*	4.85**	4.24*	1.49	1.06	1.62	1.39
ΔF		6.42	1.14	.10						.79	2.33	.00
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.32*	.34*	.42*	.32*	.26	.31^{+}	.37^{+}	.37^{+}	-.21	-.23	-.23	-.23
Org Age	.06	.03	.02	.04	.08	.06	.06	.08	.04	-.01	-.02	.02
HPWP 23		-.35*	-.03	.08		.12	.35	.28		.24	-.18	-.31
Ind Disc		.13	.96^{+}	.85^{+}		-.06	.87	.94		-.20	-.72	-.55
Cont. Disc.		-.02	-.08	.12		-.13	-.22	-.21		.06	.07	.11
HPWP 23 x Ind Disc			-.12	-1.44**			-.06	-.28			-.07	-.57
HPWP 23 x Ind Disc x Cont Disc				1.45**				.23				.50
R^2	.11	.27	.34	.54	.08	.12	.20	.20	.04	.15	.20	.22
ΔR^2		.16	.07	.20		.04	.08	.00		.11	.05	.01
F	2.18	2.35^{+}	1.87	3.66**	1.41	.82	.85	.74	.80	1.13	.91	.85
ΔF		2.30	1.05	12.20		.47	.90	.09		1.33	.63	.49

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

In terms of *non-medical absenteeism* (Hypothesis 1a), correlational analysis revealed that 18 of the independent variables were negatively correlated with non-medical absenteeism, with three being significantly negatively correlated: Employees are hired following intensive/extensive recruiting (HPWP 4) (r = -.81, p < .01), % of employees who need a variety of diverse skills to do their job (HPWP 19) (r = -.51, p < .05), and % of employees whose performance appraisal results are based on objective, quantifiable results (HPWP 23) (r = -.52, p < .05). Multiple regression analyses revealed that the following four independent variables explained a significant amount of the variance of non-medical absenteeism: Employees are hired following intensive/extensive recruiting (HPWP 4) (β = -.66, t = -2.81, p < .05) (see Table 2), % of employees who need a variety of diverse skills to do their job (HPWP 19) (β = -.37, t = -2.25, p < .05) (see Table 3), % of employees whose performance appraisal results are based on objective, quantifiable results (HPWP 23) (β = -.51, t = -3.65, p < .01) (see Table 4), % of employees whose performance appraisals are used to determine their training needs (HPWP 24) (β = -.39, t = -2.47, p < .05) (see Table 5). Hence, Hypothesis 1a was partially supported.

TABLE 5

Results of Moderated Regression Analysis – HPWP 24

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.54**	.49*	.30	.71**	.73**	.71**	.47	.26	.22	.14	.13
Org Age	-.16	-.21	-.24	-.14	-.24	-.29^{+}	-.31	-.17	.13	-.12	-.11	-.09
HPWP 24		-.33^{+}	-.06	-.39		-.39*	-.57	-.94		-.10	.46	.41
Ind. Disc.		-.16	.10	-.10		-.02	.26	-.17		.05	-.23	-.20
Cont Disc.		.09	.11	.36		-.02	-.02	.33		.14	.22	.24
HPWP 24 x Ind Disc			.12	-.69			.07	-1.14			.20	.00
HPWP 24 x Ind Disc x Cont Disc				1.09				1.60				.20
R^2	.37	.53	.57	.58	.50	.65	.66	.68	.08	.11	.16	.16
ΔR^2		.17	.03	.02		.15	.02	.02		.03	.04	.00
F	6.32**	4.35**	2.63*	2.34^{+}	9.41**	5.83**	3.16*	2.89*	1.53	.84	.70	.61
ΔF		2.29	.42	.58		2.23	.19	.90		.42	.52	.08
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.32*	.31^{+}	.21	.18	.25	.31^{+}	.45*	.44*	-.19	-.19	-.18	-.18
Org Age	.06	.09	.05	.09	.04	.08	.01	.06	.08	.06	.07	.08
HPWP 24		-.06	.87	.76		.31^{+}	-.36	-.48		.11	.80	.78
Ind Disc		.22	.05	.14		.01	1.20	1.38^{+}		-.16	-.30	-.27
Cont. Disc.		.07	.20	.24		-.13	-.30	-.24		-.02	-.05	-.04
HPWP 24 x Ind Disc			.42^{+}	-.01			-.31	-.87			-.07	-.15
HPWP 24x Ind Disc x Cont Disc				.43				.57				.09
R^2	.11	.16	.35	.36	.07	.19	.31	.32	.04	.08	.13	.13
ΔR^2		.05	.19	.01		.13	.12	.02		.04	.05	.00
F	2.24	1.27	2.03^{+}	1.82	1.20	1.47	1.55	1.43	.75	.57	.56	.48
ΔF		.66	2.93	.46		1.61	1.56	.62		.46	.59	.01

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

Hypothesis 1b stated that the use of HPWPs would be negatively related to turnover. In terms of *voluntary turnover*, correlational analysis revealed that 16 of the independent variables were negatively correlated with voluntary turnover, with none being significantly negatively correlated. Multiple regression analyses revealed that the following independent variable explained a significant amount of the variance of voluntary turnover: In performing a major part of their work roles, employees are organized in self-directed work teams (HPWP 18) (β = -.41, t = -2.40, p < .05) (see Table 6).

In terms of *involuntary turnover* (Hypothesis 1b), correlational analysis revealed that 20 of the independent variables were negatively correlated with involuntary turnover, with three being significantly negatively correlated: Employees are hired following intensive/extensive recruiting (HPWP 4) (r = -.50, p < .01), % of employees who need a variety of diverse skills to do their job (HPWP 19) (r = -.39, p < .05), and % of employees whose performance appraisal results are based on objective, quantifiable results (HPWP 23) (r = -.38, p < .05). Multiple regression analyses revealed that the following three independent variables explained a significant amount of the variance in involuntary turnover: Employees are hired following intensive/extensive recruiting (HPWP 4) (β = -.41, t = -2.30, p < .05) (see Table 2), % of employees who need a variety of diverse skills to do their job (HPWP 19) (β = -.39, t = -2.63, p < .05) (see Table 3), and % of employees whose performance appraisal results are based on objective, quantifiable results (HPWP 23) (β = -.35, t = -2.17, p < .05) (see Table 4). Hence, Hypothesis 1b was partially supported.

TABLE 6

Results of Moderated Regression Analysis – HPWP 18

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.61**	.65**	.66*	.71**	.73**	.75**	.74**	.26	.35*	.38*	.38*
Org Age	-.16	-.18	-.22	-.22	-.24	-.26	-.27	-.27	-.12	-.20	-.24	-.21
HPWP 18		-.14	-.00	-.00		-.09	.12	.12		-.41*	-.37	-.61
Ind. Disc.		-.08	.58	.52		.02	.42	.44		.07	1.11^{+}	2.24*
Cont Disc.		.20	.19	.20		.11	.12	.12		.01	-.06	-.16
HPWP 18 x Ind Disc			-.33	-.22			-.32	-.35			-.52^{+}	-1.90*
HPWP 18 x Ind Disc x Cont Disc				-.10				.04				1.28^{+}
R^2	.37	.45	.49	.49	.50	.52	.54	.54	.08	.23	.32	.38
ΔR^2		.08	.04	.00		.02	.03	.00		.15	.09	.06
F	6.32**	3.09*	1.91	1.59	9.41**	3.40*	1.93	1.58	1.58	2.06^{+}	1.80	2.03^{+}
ΔF		.96	.42	.01		.19	.26	.00		2.27	1.29	2.96
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.36*	.41*	.40*	.26^{+}	.31^{+}	.34^{+}	.34^{+}	-.01	.15	.15	.12
Org Age	.07	.05	-.05	-.05	.07	.04	-.02	-.02	-.26^{+}	-.37*	-.35*	-.33*
HPWP 18		-.15	-.95^{+}	-1.03*		-.09	.21	.23		-.42*	-.44	-.49
Ind Disc		.22	1.45*	2.26**		-.05	.41	.21		.03	1.80**	2.91**
Cont. Disc.		.04	-.39	-.41^{+}		-.15	-.04	-.04		-.33^{+}	-.41^{+}	-.39^{+}
HPWP 18 x Ind Disc			-.48^{+}	-1.66*			.08	.34			-.69**	-2.16**
HPWP 18 x Ind Disc x Cont Disc				1.17^{+}				-.24				1.37*
R^2	.11	.18	.38	.44	.08	.09	.14	.15	.07	.25	.45	.53
ΔR^2		.06	.20	.06		.02	.05	.00		.18	.21	.08
F	2.36	1.46	2.33*	2.62*	1.62	.76	.72	.63	1.54	2.49*	3.64**	4.28**
ΔF		.88	3.29	3.43		.24	.68	.09		2.97	4.45	5.55

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

Hypothesis 2a stated that the use of HPWPs would be positively related to ROA. Correlational analysis revealed that 25 of the independent variables were positively correlated with ROA, with two being significantly positively correlated: Employees are provided information on strategic plans (HPWP 10) (r = .32, p < .05) and % of employees whose performance appraisals are formalized (HPWP 20) (r =.35, p < .05), and, interestingly, three being significantly negatively correlated: % of input to performance appraisal that comes from supervisor, supervisor's boss, peers, self, subordinates, clients (HPWP 26) (r = -.47, p < .01), % of employees paid whatever it takes to attract and retain them (HPWP 29) (r = -.35, p < .05), and % of employees whose job/employment security is almost guaranteed (HPWP 31) (r = -.32, p < .05). Multiple regression analyses revealed that the following three independent variables explained a significant amount of the variance of ROA: Employees are provided information on strategic plans (HPWP 10) (β = .38, t = 2.56, p < .05) (see Table 7), % of employees whose performance appraisals are formalized (HPWP 20) (β = .35, t = 2.25, p < .05) (see Table 8), and % of employees whose performance appraisals focus on how the job is done, not on how well (HPWP 22) (β = .41, t = 2.37, p < .05) (see Table 9).

TABLE 7

Results of Moderated Regression Analysis – HPWP 10

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.51*	.58*	.58*	.71**	.69**	.72**	.73**	.26	.21	.17	.16
Org Age	-.16	-.12	-.17	-.19	-.24	-.23	-.27	-.29	.12	-.06	-.06	-.04
HPWP 10		.11	.41	.52		-.00	.60	.68		.11	.26	-.02
Ind. Disc.		-.15	.23	-.11		-.01	.02	-.24		.06	-.43	.36
Cont Disc.		.20	.29	.36		.11	.31	.36		.17	.27	.11
HPWP 10 x Ind Disc			-.32	.03			-.27	.02			.18	-.58
HPWP 10 x Ind Disc x Cont Disc				-.30				-.25				.63
R^2	.37	.45	.47	.48	.50	.51	.55	.55	.08	.11	.12	.13
ΔR^2		.08	.03	.00		.01	.04	.00		.03	.01	.01
F	6.32**	3.05*	1.80	1.51	9.41**	3.33*	1.95	1.61	1.58	.87	.54	.49
ΔF		.92	.28	.04		.13	.34	.03		.44	.10	.24

	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.32^{+}	.43*	.40*	.26^{+}	.25	.23	.23	-.01	.06	.08	.05
Org Age	.07	.07	-.02	-.04	.07	.05	.08	.08	-.26^{+}	-.24	-.21	-.09
HPWP 10		-.10	-.69	-.83^{+}		.38*	.15	.13		-.18	-.90*	-1.21**
Ind Disc		.24	1.73**	2.66**		-.09	.00	.13		.11	1.97**	4.11**
Cont. Disc.		.09	-.36	-.44		-.13	-.21	-.23		-.16	-.59*	-.78**
HPWP 10 x Ind Disc			-.66*	-1.94*			.23	.08			-.90**	-3.44**
HPWP 10 x Ind Disc x Cont Disc				1.27^{+}				.15				2.43**
R^2	.11	.17	.38	.44	.08	.23	.25	.26	.07	.14	.48	.67
ΔR^2		.06	.21	.06		.15	.03	.00		.07	.34	.19
F	2.36	1.38	2.34*	2.61*	1.62	2.14^{+}	1.45	1.25	1.54	1.25	3.97**	7.49**
ΔF		.76	3.44	3.38		2.38	.45	.03		1.06	7.45	19.15

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 8

Results of Moderated Regression Analysis – HPWP 20

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.54**	.58**	.56*	.71**	.73**	.73**	.75**	.26	.21	.18	.18
Org Age	-.16	-.14	-.12	-.07	-.24	-.19	-.12	-.14	-.12	-.08	-.10	-.09
HPWP 20		-.01	.19	.04		-.15	-.77	-.70		.07	.18	.17
Ind. Disc.		-.12	-.07	-.09		-.01	.02	.01		.08	.07	.04
Cont Disc.		.20	.16	.14		.11	.10	.11		.15	.19	.16
HPWP 20 x Ind Disc			-.24	.19			-.04	-.21			.13	.43
HPWP 20 x Ind Disc x Cont Disc				-.47				.19				-.33
R^2	.37	.44	.49	.51	.50	.53	.57	.57	.08	.11	.12	.13
ΔR^2		.07	.05	.02		.03	.04	.00		.03	.02	.01
F	6.32**	2.93*	1.90	1.70	9.41**	3.60*	2.11	1.75	1.58	.82	.54	.50
ΔF		.79	.53	.55		.36	.36	.07		.37	.17	.33

	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.30^{+}	.34^{+}	.35^{+}	.26	.27	.24	.23	-.02	.05	.11	.09
Org Age	.07	.10	.06	.07	.11	.10	.10	.11	-.27^{+}	-.25	-.10	-.08
HPWP 20		.11	.49	.46		.35*	-.45	-.46		-.18	-.53	-.54
Ind Disc		.22	.75	.65		-.08	.70	.65		.09	.21	.13
Cont. Disc.		.07	.10	.06		-.24	-.23	-.23		-.12	-.18	-.17
HPWP 20 x Ind Disc			.14	.79			.07	-.23			-.42*	-1.11*
HPWP 20 x Ind Disc x Cont Disc				-.71				.30				.72
R^2	.11	.17	.23	.27	.08	.23	.35	.36	.07	.14	.33	.37
ΔR^2		.06	.06	.04		.14	.13	.01		.07	.19	.05
F	2.36	1.40	1.14	1.24	1.68	1.98	2.12^{+}	1.89^{+}	1.48	1.13	1.93^{+}	2.07^{+}
ΔF		.79	.75	1.80		2.08	2.04	.41		.90	2.95	2.44

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 9

Results of Moderated Regression Analysis – HPWP 22

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.61**	.55**	.53*	.53*	.72**	.70**	.76**	.79**	.27	.23	.24	.25
Org Age	-.13	-.12	-.13	-.13	-.22	-.20	-.19	-.23	-.10	-.04	-.01	-.03
HPWP 22		-.02	.06	.05		-.01	-1.01	-.93		-.27	.03	.09
Ind. Disc.		-.08	.37	.36		.03	.48	.55		.19	.46	.49
Cont Disc.		.20	.17	.17		.10	.05	.01		.23	.20	.17
HPWP 22 x Ind Disc			-.23	-.18			-.06	-.54			-.35^{+}	-.64
HPWP 22 x Ind Disc x Cont Disc				-.05				.48				.30
R^2	.38	.43	.48	.48	.51	.52	.62	.63	.08	.16	.26	.26
ΔR^2		.06	.05	.00		.01	.10	.01		.09	.10	.01
F	6.39**	2.75*	1.72	1.43	9.23**	3.18*	2.41^{+}	2.09	1.42	1.24	1.26	1.12
ΔF		.58	.45	.00		.09	1.07	.41		1.10	1.26	.22
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.32*	.32^{+}	.37*	.40*	.25	.32^{+}	.38*	.41*	-.19	-.21	-.20	-.20
Org Age	.07	.10	.07	-.02	.01	.05	.00	.00	-.02	-.03	-.04	-.04
HPWP 22		-.07	-.35	-.04		.41*	.00	.03		.11	-.32	-.31
Ind Disc		.25	1.02^{+}	.98^{+}		-.23	.52	.63		-.20	-.40	-.39
Cont. Disc.		.11	.06	-.08		-.26	-.26	-.36^{+}		.00	.03	.01
HPWP 22 x Ind Disc			-.35^{+}	-1.43*			.18	-.54			.11	-.01
HPWP 22 x Ind Disc x Cont Disc				1.11^{+}				.75				.13
R^2	.11	.17	.35	.43	.07	.25	.32	.35	.04	.07	.10	.10
ΔR^2		.05	.18	.08		.18	.07	.04		.04	.03	.00
F	2.22	1.27	1.92^{+}	2.32*	1.15	1.94	1.58	1.58	.62	.48	.39	.34
ΔF		.67	2.68	3.94		2.38	.97	1.41		.42	.29	.03

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

The following independent variable explained a significant amount of variance of ROA, but not in the direction hypothesized: % of input to performance appraisal that comes from supervisor, supervisor's boss, peers, self, subordinates, clients (HPWP 26) (β = -.46, t = -3.13, p < .01) (see Table 10). Hence, Hypothesis 2a was partially supported.

Hypothesis 2b stated that the use of HPWPs would be positively related to sales growth. Correlational analysis revealed that 14 of the independent variables were positively correlated with sales growth, with none being significantly positively correlated and, interestingly, one being significantly negatively correlated: number of hours of training received by a typical new hire within the past 12 months (HPWP 35) (r = -.40, p < .05). Multiple regression analyses revealed that although the following two independent variables explained a significant amount of the variance of sales growth, they were not in the direction hypothesized: % of employees whose performance appraisal results are used to determine compensation (HPWP 21) (β = -.39, t = -2.59, p < .05) (see Table 11) and number of hours of training received by a typical new hire within the past 12 months (HPWP 35) (β = -.37, t = -2.12 p < .05) (see Table 12). Hence, Hypothesis 2b was not supported.

TABLE 10

Results of Moderated Regression Analysis – HPWP 26

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.54**	.59**	.63**	.71**	.73**	.73**	.73**	.27	.20	.22	.25
Org Age	-.16	-.14	-.28	-.24	-.24	-.25	-.25	-.24	-.09	-.07	-.05	.00
HPWP 26		-.03	-.83	-.72		-.15	-.06	-.06		-.27	.05	.06
Ind. Disc.		-.12	-.25	.03		.02	-.03	-.02		.07	.25	.52
Cont Disc.		.20	.08	.10		.11	.13	.13		.18	.16	.20
HPWP 26 x Ind Disc			.24	-.41			.01	-.01			-.10	-1.08^{+}
HPWP 26 x Ind Disc x Cont Disc				.63				.02				.99^{+}
R^2	.37	.44	.49	.52	.50	.53	.53	.53	.08	.17	.19	.28
ΔR^2		.07	.06	.03		.03	.00	.00		.09	.02	.09
F	6.32**	2.94*	1.94	1.81	9.41**	3.63*	1.85	1.52	1.49	1.35	.89	1.27
ΔF		.80	.60	.86		.38	.01	.00		1.24	.26	3.68
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.34*	.34*	.38*	.38*	.27	.28^{+}	.34*	.36*	-.19	-.19	-.21	-.21
Org Age	.11	.13	.14	.17	.10	.07	.06	.08	.08	.04	.04	.04
HPWP 26		.10	.41	.41		-.46**	-.04	-.11		-.25	.23	.24
Ind Disc		.22	.75	.85		-.08	.98^{+}	1.19*		-.18	-.46	-.48
Cont. Disc.		.07	.04	.06		-.22	-.28^{+}	-.28^{+}		-.09	-.08	-.08
HPWP 26 x Ind Disc			-.03	-.36			-.07	-.62			.02	.09
HPWP 26 x Ind Disc x Cont Disc				.33				.55				-.08
R^2	.13	.18	.22	.23	.08	.32	.45	.47	.04	.13	.16	.16
ΔR^2		.05	.04	.01		.24	.13	.02		.09	.03	.00
F	2.60^{+}	1.44	1.06	.96	1.57	3.04*	2.93*	2.74*	.76	.96	.71	.61
ΔF		.72	.52	.37		3.77	2.18	1.14		1.08	.38	.02

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 11

Results of Moderated Regression Analysis – HPWP 21

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.53**	.56**	.57**	.71**	.70**	.72**	.78**	.26	.20	.17	.17
Org Age	-.16	-.15	-.11	-.12	-.24	-.20	-.12	-.18	-.11	-.06	-.05	-.05
HPWP 21		.04	.00	.01		-.09	-1.11	-1.06		.14	-.13	-.03
Ind. Disc.		-.12	.51	.57		.01	.35	.67		.06	-.04	-.20
Cont Disc.		.21	.16	.15		.10	.03	-.00		.17	.17	.19
HPWP 21 x Ind Disc			-.33	-.47			-.08	-.94			.03	.43
HPWP 21 x Ind Disc x Cont Disc				.13				.86				-.39
R^2	.37	.44	.51	.51	.50	.52	.58	.61	.08	.12	.13	.14
ΔR^2		.07	.08	.00		.02	.06	.03		.04	.01	.01
F	6.32**	2.95*	2.10^{+}	1.76	9.41**	3.42*	2.23^{+}	2.07	1.46	.87	.56	.51
ΔF		.82	.82	.02		.20	.64	.92		.52	.12	.34
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.32*	$.32^{+}$	.42**	.41*	.26	.28	$.30^{+}$	.28	-.01	.08	.08	.04
Org Age	.07	.08	-.03	-.05	.10	.12	.08	.12	$-.28^{+}$	-.31*	-.09	-.01
HPWP 21		-.05	-.46	-.48		.22	-.16	-.15		-.39*	-.67	$-.62^{+}$
Ind Disc		.23	.99*	1.00*		-.11	.75	.70		.17	1.04	.95**
Cont. Disc.		.09	-.03	-.04		-.17	-.18	-.19		-.14	-.15	$-.18^{+}$
HPWP 21 x Ind Disc			-.46**	-.75			.15	-.48			-.52**	-1.85**
HPWP 21 x Ind Disc x Cont Disc				.31				.66				1.40**
R^2	.11	.16	.43	.44	.08	.15	.25	.29	.08	.26	.58	.75
ΔR^2		.05	.27	.01		.07	.10	.04		.18	.32	.17
F	2.29	1.26	2.80*	2.49*	1.63	1.19	1.24	1.29	1.64	2.44^{+}	5.38**	9.91**
ΔF		.63	4.66	.46		.90	1.27	1.54		2.81	7.84	19.92

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 12

Results of Moderated Regression Analysis – HPWP 35

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.53**	.58**	.55**	.71**	.69**	.72**	.65**	.25	.21	.20	.19
Org Age	-.16	-.12	-.10	-.12	-.24	-.22	-.21	-.24	-.11	-.11	-.09	-.10
HPWP 35		-.12	.70	.57		-.02	.81	.65		.19	.89	.84
Ind. Disc.		-.10	-.26	-.23		-.00	-.38	-.33		.06	-.13	-.09
Cont Disc.		.18	.15	.19		.11	.09	.14		.21	.23	.24
HPWP 35 x Ind Disc			.20	-.59			.19	-.88			.04	-.19
HPWP 35 x Ind Disc x Cont Disc				.83				1.11				.24
R^2	.37	.45	.60	.63	.50	.51	.66	.71	.07	.13	.19	.20
ΔR^2		.08	.15	.03		.01	.15	.05		.06	.07	.00
F	6.32**	3.09*	3.02*	2.88*	9.41**	3.34*	3.10*	3.24*	1.35	.93	.86	.76
ΔF		.95	2.06	1.30		.14	1.84	2.16		.68	.77	.12
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.46**	.44**	.46**	.43*	.34*	.39*	.43*	.40*	-.01	-.01	-.01	-.08
Org Age	-.17	-.12	-.09	-.14	.04	-.05	-.04	-.08	-.29$^+$	-.11	-.13	-.22$^+$
HPWP 35		-.20	.39	.25		.19	-.08	-.14		-.37*	-.09	-.22
Ind Disc		.06	.05	.19		-.09	.69	.76		.13	1.30**	1.44**
Cont. Disc.		.05	.06	.07		-.14	-.17	-.12		-.15	-.08	.01
HPWP 35 x Ind Disc			.16	-.60			.12	-.55			-.68**	-2.09**
HPWP 35 x Ind Disc x Cont Disc				.78				.69				1.46**
R^2	.22	.27	.35	.39	.12	.17	.26	.28	.08	.23	.63	.73
ΔR^2		.04	.09	.04		.05	.09	.02		.15	.39	.10
F	4.99*	2.30$^+$	1.98$^+$	1.97$^+$	2.16	1.20	1.17	1.13	1.55	1.89	5.85**	7.95**
ΔF		.62	1.32	1.59		.61	1.10	.85		2.02	9.77	9.89

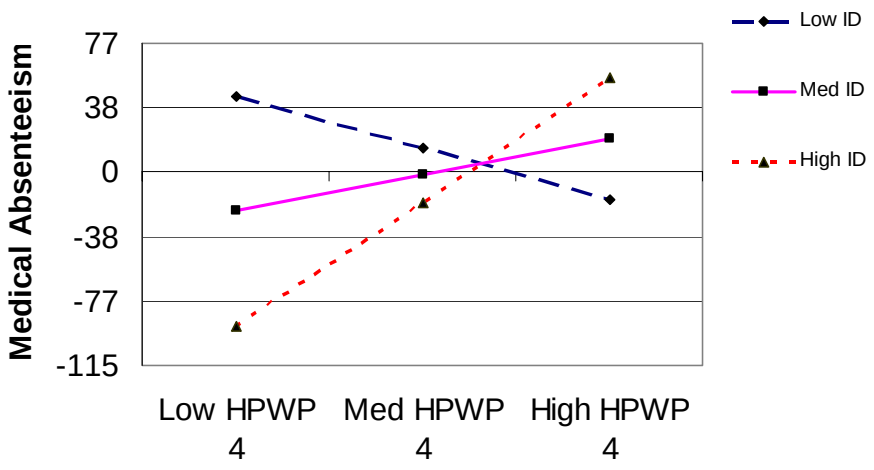
$^+$ $p < .10$, * $p < .05$, ** $p < .01$

Results of Two-way Interactions

Hypothesis 3a stated that the relationship between HPWPs and absenteeism would be moderated by individual discretion and was tested with moderated hierarchical regression analysis. In step 1, I entered control variables, in step 2 I entered the independent variables, and in step 3 I entered the product term of the independent variable times the moderating variable. In gauging the interaction, I assessed the change in variance (ΔR^2) explained in step 3. In terms of *medical absenteeism*, the following interaction was significant: Employees are hired following intensive/extensive recruiting (HPWP 4) and individual discretion ($\Delta R^2 = .29$, $p < .01$) (see Table 2). To better understand the nature of the interaction, a plot is provided (see Figure 3). The interaction is plotted at the mean as well as one standard deviation above and one standard deviation below the mean.

FIGURE 3

Moderating Effect of Individual Discretion on the Relationship between HPWP 4 and Medical Absenteeism



The interaction shown in Figure 3 illustrates that at high levels of HPWPs (i.e., HPWPs are in place), medical absenteeism rates were lower (i.e., a lower rate of medical absenteeism) when individual discretion was low rather than when individual discretion was high. Conversely, at low levels of HPWPs (i.e., HPWPs are not in place), medical absenteeism rates were lower (i.e., a lower rate of medical absenteeism) when individual discretion was high rather than when individual discretion was low.

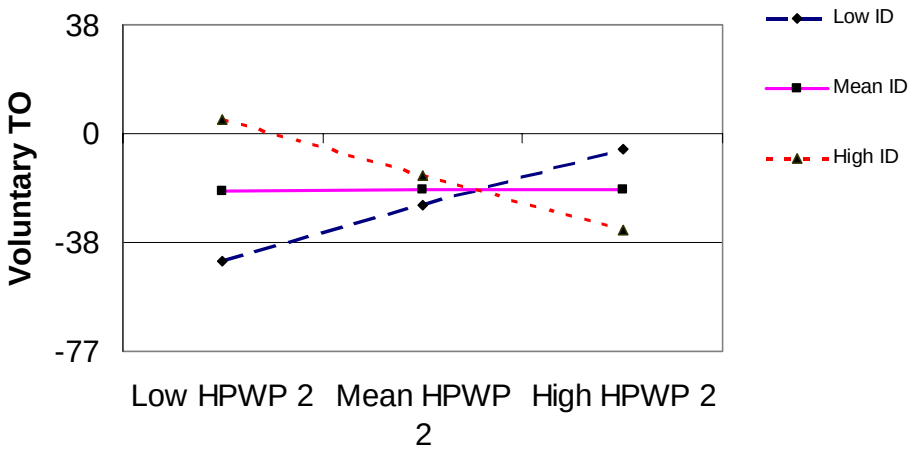
In terms of *non-medical absenteeism*, the following interaction was significant: Employees are hired following intensive/extensive recruiting (HPWP 4) and individual discretion ($\Delta R^2 = .20$, $p < .01$) (see Table 2). The plotting of the interaction for HPWP 4 and individual discretion for non-medical absenteeism was quite similar to the plot shown in Figure 3 and because of this similarity is not presented here. The interpretation of this interaction, however, is that at high levels of HPWPs (i.e., HPWPs are in place),

non-medical absenteeism rates were lower (i.e., a lower rate of non-medical absenteeism) when individual discretion was low rather than when individual discretion was high. Conversely, at low levels of HPWPs (i.e., HPWPs are not in place), non-medical absenteeism rates were lower (i.e., a lower rate of non-medical absenteeism) when individual discretion was high rather than when individual discretion was low. Hence, no support is provided for Hypothesis 3a.

Hypothesis 3b stated that the relationship between HPWPs and turnover would be moderated by individual discretion. This hypothesis was again tested with moderated hierarchical regression analysis and followed the same steps as for interpreting Hypothesis 3a. In terms of *voluntary turnover*, the following interaction was significant: Employees hold non-entry level jobs as a result of internal promotion (HPWP 2) and individual discretion ($\Delta R^2 = .29$, $p < .01$) (see Table 13). To better understand the nature of the interaction, a plot is provided (see Figure 4). The interaction is plotted at the mean as well as one standard deviation above and one standard deviation below the mean.

FIGURE 4

Moderating Effect of Individual Discretion on the Relationship between HPWP 2 and Voluntary Turnover



The interaction shown in Figure 4 illustrates that at high levels of HPWPs (i.e., HPWPs are in place), voluntary turnover rates were lower (i.e., a lower rate of voluntary turnover) when individual discretion was high rather than when individual discretion was low. Conversely, at low levels of HPWPs (i.e., HPWPs are not in place), voluntary turnover rates were lower (i.e., a lower rate of medical absenteeism) when individual discretion was low rather than when individual discretion was high.

TABLE 13

Results of Moderated Regression Analysis – HPWP 2

	Medical Absenteeism			Non-Medical Absenteeism			Voluntary Turnover		
Variables	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3
Organization Size	.59**	.53**	.58*	.71**	.74**	.85**	.26	.18	.29^{+}
Organization Age	-.16	-.14	-.09	-.24	-.24	-.22	-.13	-.06	-.08
HPWP 2		-.01	-.30		.24	.37		-.23	.59
Individual Discretion		-.12	.39		.00	1.87		.09	4.42**
HPWP 2 x Individual Discretion			-.31			-1.88			-4.46**
R^2	.37	.44	.46	.50	.56	.66	.08	.16	.44
ΔR^2		.07	.03		.07	.09		.08	.29
F	6.32**	2.93*	1.71	9.41**	4.13*	3.09*	1.54	1.22	2.97*
ΔF		.79	.25		.80	1.16		1.00	5.13

	Involuntary Turnover			ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Organization Size	.33*	.30^{+}	.42*	.27^{+}	.29^{+}	.35*	.36*	-.01	.06	.06	.06
Organization Age	.07	.11	.18	.09	.08	.10	.10	-.26^{+}	-.26	-.28	-.29
HPWP 2		-.08	-.44		-.08	.28	.18		.12	.38	.41
Individual Discretion		.22	2.20		-.06	1.57	-7.04		.08	.44	.78
Contextual Discretion					-.15	.13	.06		-.18	.00	.02
HPWP 2 x Ind Disc			-1.43			-.96	7.41			.08	-.25
HPWP 2 x Ind Disc x Cont Disc							-6.45				.29
R^2	.12	.17	.30	.08	.11	.19	.21	.07	.12	.15	.16
ΔR^2		.05	.14		.03	.08	.02		.05	.03	.00
F	2.33	1.30	1.63	1.70	.87	.95	.95	1.46	1.03	.78	.67
ΔF		.66	1.97		.36	1.09	.95		.76	.44	.01

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

In terms of *involuntary turnover*, the following interactions were significant: One or more employment tests are administered prior to hiring (HPWP 1) and individual discretion ($\Delta R^2 = .21$, $p < .05$) (see Table 14), Employees are provided information on strategic plans (HPWP 10) and individual discretion ($\Delta R^2 = .21$, $p < .05$) (see Table 7), and % of employees whose performance appraisal results are used to determine compensation (HPWP 21) and individual discretion ($\Delta R^2 = .27$, $p < .01$) (see Table 11). The plotting of the interactions for HPWP 1, HPWP 10, HPWP 21 and individual discretion for involuntary turnover were quite similar to the plot shown in Figure 4 and because of these similarities are not presented here.

The interpretation of these interactions, however, are that at high levels of HPWP 1, 10, and 21 (i.e., HPWP 1, 10, and 21 are in place), involuntary turnover rates were lower (i.e., a lower rate of voluntary turnover) when individual discretion was high rather than when individual discretion was low. Conversely, at low levels of HPWPs (i.e., HPWPs are not in place), voluntary turnover rates were lower (i.e., a lower rate of voluntary turnover) when individual discretion was low rather than when individual discretion was high. Hence, partial support is provided for Hypothesis 3b.

TABLE 14

Results of Moderated Regression Analysis – HPWP 1

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.54**	.61**	.64**	.71**	.70**	.79**	.82**	.26	.22	.21	.19
Org Age	-.16	-.10	-.06	-.16	-.24	-.18	-.12	-.22	-.12	-.03	-.01	.02
HPWP 1		.11	-.25	.14		.19	-.44	-.13		.28	-.40	-.44
Ind. Disc.		-.11	.58	-1.13		-.00	.51	-1.04		.10	-.06	.56
Cont Disc.		.24	.04	.24		.17	-.13	.04		.25	-.06	-.07
HPWP 1 x Ind Disc			-.48	1.30			-.53	1.09			.01	-.65
HPWP 1 x Ind Disc x Cont Disc				-1.60				-1.44				.61
R^2	.37	.45	.47	.49	.50	.54	.59	.60	.08	.17	.22	.22
ΔR^2		.08	.02	.02		.04	.05	.02		.10	.04	.01
F	6.32**	3.06*	1.77	1.59	9.41**	3.75*	2.29^{+}	2.01	1.58	1.42	.107	.96
ΔF		.92	.23	.56		.49	.47	.49		1.30	.58	.25
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.31^{+}	.43**	.40*	.26^{+}	.29^{+}	.28	.28	-.01	.04	.07	.07
Org Age	.07	.10	.04	.06	.07	.06	.06	.06	-.26^{+}	-.25	-.28	-.28
HPWP 1		.01	-.69	-.66		.00	.38	.39		.10	.51	.43
Ind Disc		.23	1.38*	1.96*		-.04	.37	.44		.09	.94	-.33
Cont. Disc.		.09	-.30	-.27		-.12	.06	.06		-.14	.05	.01
HPWP 1 x Ind Disc			-.66*	-1.36			.10	.03			-.28	.95
HPWP 1 x Ind Disc x Cont Disc				.72				.05				-.97
R^2	.11	.16	.37	.39	.08	.09	.14	.14	.07	.12	.16	.17
ΔR^2		.05	.21	.01		.01	.05	.00		.05	.04	.01
F	2.36	1.30	2.31*	2.10^{+}	1.62	.71	.66	.57	1.54	1.02	.83	.76
ΔF		.64	3.51	.67		.16	.62	.00		.69	.58	.26

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

Hypothesis 4a stated that the relationship between HPWPs and ROA would be moderated by individual discretion. This hypothesis was also tested with moderated hierarchical regression analysis and interpretation followed the same steps as for the previously mentioned hypotheses. The following interaction was found to be significant: Employees are provided financial performance information (HPWP 9) and individual discretion ($\Delta R^2 = .19$, $p < .05$) (see Table 15). The plotting of the interaction for HPWP 9 and individual discretion for ROA was quite similar to the plot shown in Figure 3 and because of this similarity is not presented here.

The interpretation of the interaction, however, is that at high levels of HPWPs (i.e., HPWPs are in place) ROA was higher when individual discretion was high rather than when individual discretion was low. Conversely, at low levels of HPWPs, ROA was higher when individual discretion was low rather than when individual discretion was high. Hence, partial support is provided for Hypothesis 4a.

TABLE 15

Results of Moderated Regression Analysis – HPWP 9

Variables	Medical Absenteeism			Non-Medical Absenteeism			Voluntary Turnover		
	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3
Organization Size	.59**	.54**	.54**	.71**	.69**	.69**	.26	.22	.22
Organization Age	-.16	-.08	-.07	-.24	-.22	-.21	-.12	-.07	-.06
HPWP 9		.23	.28		.06	.09		.06	-.43
Individual Discretion		-.15	.22		-.02	-.03		.06	.09
HPWP 9 x Individual Discretion			.01			.05			.05
R^2	.37	.48	.49	.50	.51	.51	.08	.11	.12
ΔR^2		.11	.01		.02	.00		.03	.01
F	6.32**	3.44*	2.33^{+}	9.41**	3.37*	2.11	1.58	.81	.53
ΔF		1.33	.24		.17	.01		.35	.16

Variables	Involuntary Turnover			ROA				Sales Growth			
	Step 1	Step 2	Step 3	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Organization Size	.33*	.31^{+}	.35*	.26^{+}	.29^{+}	.33*	.34*	-.01	.05	.06	.06
Organization Age	.07	.12	.14	.07	.05	.08	.12	-.26^{+}	-.25	-.25	-.25
HPWP 9		.12	-.27		.25	-.35	-1.62*		.02	.17	.22
Individual Discretion		.19	1.41		-.11	-.92	7.47^{+}		.08	.48	.13
Contextual Discretion					-.11	-1.00*	-2.07**		-.17	-.08	-.03
HPWP 9 x Ind Disc			-.40			1.27*	-6.50			.05	.38
HPWP 9 x Ind Disc x Cont Disc							5.95*				-.25
R^2	.11	.17	.23	.08	.14	.33	.40	.07	.11	.14	.14
ΔR^2		.06	.06		.07	.19	.08		.04	.03	.00
F	2.36	1.42	1.17	1.62	1.23	2.09^{+}	2.49*	1.54	.93	.70	.60
ΔF		.82	.79		.97	3.16	4.13		.56	.38	.01

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

Hypothesis 4b stated that the relationship between HPWPs and sales growth would be moderated by individual discretion. This hypothesis was tested with moderated hierarchical regression analysis and interpretation followed the same steps as for the previously mentioned hypotheses. The following interactions were significant: Employees are provided information on strategic plans (HPWP 10) and individual discretion ($\Delta R^2 = .34$, $p < .01$) (see Table 7), Employees are provided with intensive/extensive training in company-specific skills (i.e., task or firm specific training) (HPWP 15) and individual discretion ($\Delta R^2 = .18$, $p < .01$) (see Table 16), Employees are afforded training in a variety of jobs or skills ("cross training") and/or are routinely performing more than one job ("cross utilized") (HPWP 17) and individual discretion ($\Delta R^2 = .19$, $p < .01$) (see Table 17), % of employees whose performance appraisals are formalized (HPWP 20) and individual discretion ($\Delta R^2 = .19$, $p < .05$) (see Table 8), % of employees whose performance appraisal results are used to determine compensation (HPWP 21) and individual discretion ($\Delta R^2 = .32$, $p < .01$) (see Table 11), % of employees for whom training is given to develop skills needed for their current job or skills needed in the near future (HPWP 32) and individual discretion ($\Delta R^2 = .18$, $p < .05$) (see Table 18), Number of hours of training received by a typical employee during the past 12 months (excluding new hires) (HPWP 34) and individual discretion ($\Delta R^2 = .36$, $p < .01$) (see Table 19), and Number of hours of training received by a typical new hire during the past 12 months (HPWP 35) and individual discretion ($\Delta R^2 = .39$, $p < .01$) (see Table 12).

TABLE 16

Results of Moderated Regression Analysis – HPWP 15

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.53**	.50*	.46^{+}	.71**	.70**	.71**	.71*	.26	.23	.23	.23
Org Age	-.16	-.16	.23	-.21	-.24	-.22	-.26	-.26	-.12	-.08	-.09	-.08
HPWP 15		-.11	.81	.82		.06	.69	.69		.11	.15	.15
Ind. Disc.		-.10	-.06	.25		-.02	-.17	-.19		.07	.04	.08
Cont Disc.		.22	.44	.42		.11	.23	.23		.16	.18	.18
HPWP 15 x Ind Disc			-.08	-.51			-.26	-.22			-.09	-.13
HPWP 15 x Ind Disc x Cont Disc				.49				-.04				.05
R^2	.37	.45	.52	.52	.50	.51	.54	.54	.08	.12	.12	.12
ΔR^2		.08	.07	.00		.02	.03	.00		.04	.00	.00
F	6.32**	3.07*	2.14^{+}	1.81	9.41**	3.37*	1.91	1.57	1.58	.89	.52	.45
ΔF		.93	.77	.11		.17	.26	.00		.48	.03	.00
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.32	.30^{+}	.25	.26^{+}	.29^{+}	.38*	.37*	-.01	.04	.07	.00
Org Age	.07	.10	.08	.10	.07	.06	.13	.13	-.26^{+}	-.25	-.20	-.22
HPWP 15		.03	.39	.32		.06	-.74	-.74		-.20	-.27	-.23
Ind Disc		.22	.13	.92		-.04	.50	.74		.10	1.33*	2.87**
Cont. Disc.		.09	.26	.23		-.11	-.45^{+}	-.46^{+}		-.18	-.17	-.21
HPWP 15 x Ind Disc			.59	-.33			.12	-.16			-.77	-2.57
HPWP 15 x Ind Disc x Cont Disc				.97				.29				1.88
R^2	.11	.16	.27	.29	.08	.09	.18	.18	.07	.15	.33	.42
ΔR^2		.05	.11	.02		.02	.09	.00		.08	.18	.09
F	2.36	1.31	1.44	1.36	1.62	.73	.93	.82	1.54	1.31	2.16^{+}	2.73*
ΔF		.65	1.56	.77		.20	1.25	.09		1.15	3.19	5.23

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 17

Results of Moderated Regression Analysis – HPWP 17

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.53**	.53*	.54*	.71**	.67**	.67**	.69**	.26	.21	.20	.21
Org Age	-.16	-.14	-.15	-.14	-.24	-.23	-.23	-.21	-.12	-.08	-.09	-.08
HPWP 17		.15	.41	.38		.10	.52	.43		.28	.26	.23
Ind. Disc.		-.17	-.06	.12		-.05	-.27	.43		.03	-.15	.06
Cont Disc.		.17	.28	.24		.08	.22	.07		.17	.17	.14
HPWP 17 x Ind Disc			-.19	-.38			-.11	-.89			.01	-.22
HPWP 17 x Ind Disc x Cont Disc				.24				.98				.24
R^2	.37	.45	.46	.46	.50	.52	.53	.54	.08	.18	.18	.19
ΔR^2		.09	.01	.00		.02	.01	.01		.10	.00	.00
F	6.32**	3.17*	1.73	1.45	9.41**	3.45*	1.83	1.56	1.58	1.49	.87	.75
ΔF		1.04	.09	.02		.23	.10	.25		1.40	.04	.05

	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.31$^+$	.35*	.34$^+$	.26$^+$	.27$^+$	.29$^+$	.29$^+$	-.01	.07	.02	.06
Org Age	.07	.10	.09	.06	.07	.05	.06	.07	-.26$^+$	-.23	-.27$^+$	-.20
HPWP 17		.12	.41	.50		.15	.00	-.02		-.23	-.29	-.41
Ind Disc		.20	.64	.00		-.06	.45	.63		.13	1.25*	2.74**
Cont. Disc.		.09	.20	.26		-.12	-.21	-.23		-.17	-.14	-.29
HPWP 17 x Ind Disc			-.01	.70			.08	-.11			-.77**	-2.44**
HPWP 17 x Ind Disc x Cont Disc				-.73				.21				1.81*
R^2	.11	.17	.21	.22	.08	.11	.15	.15	.07	.16	.35	.43
ΔR^2		.06	.04	.01		.03	.04	.00		.09	.18	.08
F	2.36	1.43	1.03	.95	1.62	.91	.73	.64	1.54	1.46	2.32*	2.82*
ΔF		.83	.46	.47		.47	.50	.05		1.38	3.30	4.83

$^+$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 18

Results of Moderated Regression Analysis – HPWP 32

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.53**	.54*	.58*	.71**	.69**	.68**	.69**	.26	.21	.19	.22
Org Age	-.16	-.14	-.17	-.26	-.24	-.23	-.26	-.29	-.13	-.09	-.09	-.11
HPWP 32		-.04	.31	.42		-.01	-.43	-.39		.12	-.08	.01
Ind. Disc.		-.12	.05^{+}	-.22		-.01	-.02	-.11		.06	.09	-.04
Cont Disc.		.20	.18	.19		.11	.09	.09		.16	.13	.17
HPWP 32 x Ind Disc			.04	.80			.15	.47			.07	.39
HPWP 32 x Ind Disc x Cont Disc				-.81				-.33				-.37
R^2	.37	.44	.46	.49	.50	.51	.52	.52	.08	.12	.12	.13
ΔR^2		.07	.03	.02		.01	.01	.00		.04	.01	.01
F	6.32**	2.95*	1.72	1.57	9.41**	3.33*	1.76	1.46	1.53	.88	.52	.47
ΔF		.81	.24	.67		.14	.09	.08		.48	.05	.20
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.32*	.32^{+}	.42*	.39*	.25	.32^{+}	.27	.18	-.03	.02	.10	.07
Org Age	.06	.08	.06	.07	.06	.02	.07	.08	-.28^{+}	-.23	-.16	-.16
HPWP 32		-.20	.52	.41		.19	-.87	-1.20*		-.18	.22	.11
Ind Disc		.22	.56	.69		-.08	.93^{+}	1.30*		.10	.53	.65
Cont. Disc.		.10	.17	.12		-.24	-.31^{+}	-.48*		-.14	-.02	-.08
HPWP 32 x Ind Disc			-.27	-.68			.09	-1.24^{+}			-.49*	-.93
HPWP 32 x Ind Disc x Cont Disc				.45				1.46*				.49
R^2	.11	.20	.27	.28	.07	.15	.35	.44	.08	.14	.32	.33
ΔR^2		.09	.07	.01		.08	.20	.09		.06	.18	.01
F	2.24	1.61	1.38	1.23	1.27	1.09	1.95^{+}	2.45*	1.50	1.8	1.75	1.57
ΔF		1.17	.99	.31		.98	3.02	4.57		.82	2.59	.44

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 19

Results of Moderated Regression Analysis – HPWP 34

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.73**	.70**	.78**	.80**	.71**	.71**	.77**	.83**	.29^{+}	.26	.32^{+}	.31
Org Age	-.32^{+}	-.26	-.23	-.24	-.24	-.22	-.19	-.21	-.16	-.12	-.09	-.09
HPWP 34		-.19	.58	.66		-.12	.80	.94		-.07	1.03^{+}	1.02^{+}
Ind. Disc.		-.05	-.40	-.39		.00	-.10	-.07		.09	.08	.13
Cont Disc.		.19	.17	.12		.08	.03	-.04		.16	.17	.17
HPWP 34 x Ind Disc			.15	.40			.09	.51			-.09	-.23
HPWP 34 x Ind Disc x Cont Disc				-.27				-.46				.14
R^2	.53	.64	.73	.74	.50	.52	.63	.63	.09	.12	.24	.25
ΔR^2		.11	.09	.00		.03	.10	.00		.03	.12	.00
F	11.95**	6.41**	5.18**	4.33**	9.41**	3.51*	2.73^{+}	2.27^{+}	1.66	.85	1.08	.94
ΔF		1.81	1.76	.08		.28	1.21	.09		.37	1.42	.05

	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.49**	.51**	.57**	.51**	.28	.32^{+}	.35^{+}	.32	.02	.05	.04	-.04
Org Age	-.22	-.16	-.12	-.13	.09	.03	.06	.06	-.32^{+}	-.18	-.22	-.22
HPWP 34		-.28^{+}	.30	.24		.15	.08	.06		-.25	-.39	-.50
Ind Disc		.09	.11	.44		-.10	.79	.85		.14	1.31**	1.52**
Cont. Disc.		.05	.05	.05		-.17	-.20	-.18		-.13	-.09	-.02
HPWP 34 x Ind Disc			.12	-.95			.06	-.21			-.59**	-1.57**
HPWP 34 x Ind Disc x Cont Disc				1.04^{+}				.28				1.04*
R^2	.25	.33	.40	.48	.10	.15	.24	.25	.10	.19	.55	.62
ΔR^2		.08	.06	.08		.05	.10	.01		.08	.36	.07
F	5.60**	3.01*	2.22^{+}	2.64*	1.64	.96	.99	.87	1.84	1.33	3.95**	4.44**
ΔF		1.21	.95	3.98		.55	1.04	.16		.99	6.96	4.29

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

The plotting of the interactions for HPWPs 10, 15, 17, 20, 21, 32, 34, and 35 were quite similar to the plots shown in Figure 4 and because of this similarity are not presented here. The interpretations of all eight interactions, however, are that at high levels of HPWPs (i.e., HPWPs are in place), sales growth was higher when individual discretion was low rather than when individual discretion was high. Conversely, at low levels of HPWPs, sales growth was higher when individual discretion was high rather than when individual discretion was low. Hence, no support is provided for Hypothesis 4b.

Results of Three-way Interactions

Hypotheses 5a, 5b, and 5c dealt with HPWPs, contextual discretion, and individual discretion and their interactive negative effect on absenteeism. Specifically, it was hypothesized that when contextual discretion was high and individual discretion was high, the strongest effect on absenteeism would be realized (Hypothesis 5a), when contextual discretion was low and individual discretion was low, the weakest effect on absenteeism would be realized (Hypothesis 5b), and when contextual discretion was low and individual discretion was high, a stronger effect on absenteeism would be realized than when contextual discretion was high and individual discretion was low (Hypothesis 5c). These hypotheses were tested again with moderated hierarchical regression analysis. In step 1, I entered control variables, in step 2 I entered the independent variables, in step 3 I entered the product term of the independent variable times the moderating variable, and in step 4 I entered the product term of the independent variable times each of the moderating variables. In gauging the interaction, I assessed the change

in variance (ΔR^2) explained in step 4. In terms of *medical absenteeism*, the following interaction was significant: Employees are provided formal performance feedback from more than one source (i.e.,, from several individuals such as supervisors, peers, etc.) (HPWP 12), individual discretion, and contextual discretion ($\Delta R^2 = .25$, $p < .01$) (see Table 20). To better understand the nature of this interaction, a plot is provided (see Figure 5).

FIGURE 5

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 12 and Medical Absenteeism

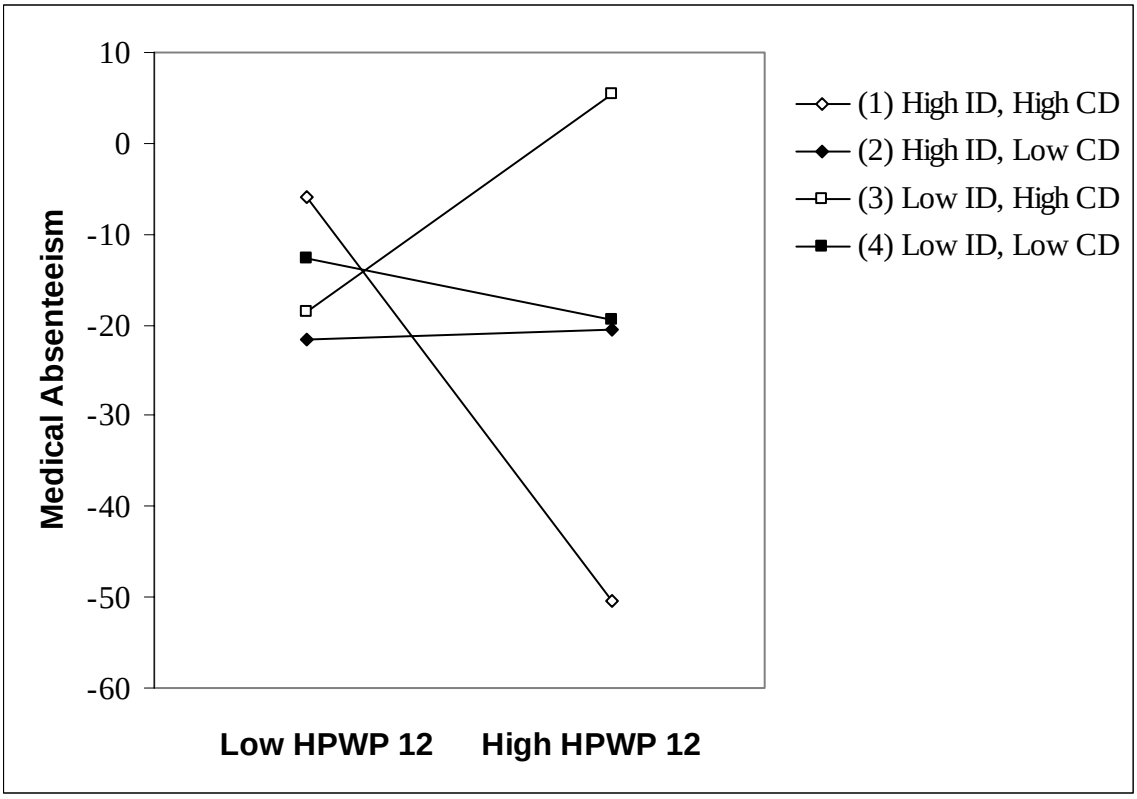


TABLE 20

Results of Moderated Regression Analysis – HPWP 12

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.53*	.47^{+}	.60**	.71**	.61**	.54*	.19	.26	.15	.06	.06
Org Age	-.16	-.14	-.14	-.30^{+}	-.24	-.20	-.20	-.02	-.12	-.05	-.02	-.03
HPWP 12		.02	.01	.32		.33^{+}	-.26	18.73**		.35*	-.33	-.31
Ind. Disc.		-.12	.50	-.72		-.02	-.27	-.05		.08	-.03	-.09
Cont Disc.		.21	.20	.17		.22	.12	.15		.32^{+}	.18	.18
HPWP 12 x Ind Disc			-.24	2.33**			.08	36.65**			.01	.14
HPWP 12 x Ind Disc x Cont Disc				-2.47**				-42.66**				-.13
R^2	.37	.44	.46	.71	.50	.60	.63	.83	.08	.20	.25	.25
ΔR^2		.07	.03	.25		.11	.03	.20		.12	.05	.00
F	6.32**	2.94*	1.72	4.09**	9.41**	4.89**	2.80*	6.71**	1.58	.173	1.28	1.11
ΔF		.80	.26	12.90		1.44	.34	14.58		1.76	.63	.03
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.30^{+}	.21	.21	.26^{+}	.25	.27	.33^{+}	-.01	.08	-.06	-.00
Org Age	.07	.11	.07	.06	.07	.07	.14	.14	-.26^{+}	-.26	-.25	-.25
HPWP 12		.05	-.53	-.44		.20	-.40	-.25		-.23	-.23	-.10
Ind Disc		.23	1.44*	1.22^{+}		-.04	.13	.76		.09	1.70*	2.20**
Cont. Disc.		.11	-.04	-.04		-.04	-.24	-.24		-.25	-.15	-.15
HPWP 12 x Ind Disc			-.44^{+}	.22			.26	-.85			-.62*	-1.51*
HPWP 12 x Ind Disc x Cont Disc				-.65				1.05				.84
R^2	.11	.16	.34	.36	.08	.12	.22	.28	.07	.15	.30	.34
ΔR^2		.05	.18	.02		.05	.10	.06		.08	.15	.04
F	2.36	1.32	1.97^{+}	1.84	1.62	1.02	1.22	1.44	1.54	1.36	1.87^{+}	1.91^{+}
ΔF		.67	2.72	.84		.65	1.49	2.73		1.22	2.45	1.89

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

Although the three-way interaction was significant, results of the slope difference tests (Aiken & West, 1991; Dawson & Richter, 2006) confirm that none of the slopes for each of the four conditions (high individual discretion,/high contextual discretion, low individual discretion,/low contextual discretion, high individual discretion,/low contextual discretion, low individual discretion,/high contextual discretion) were significantly different from one another.

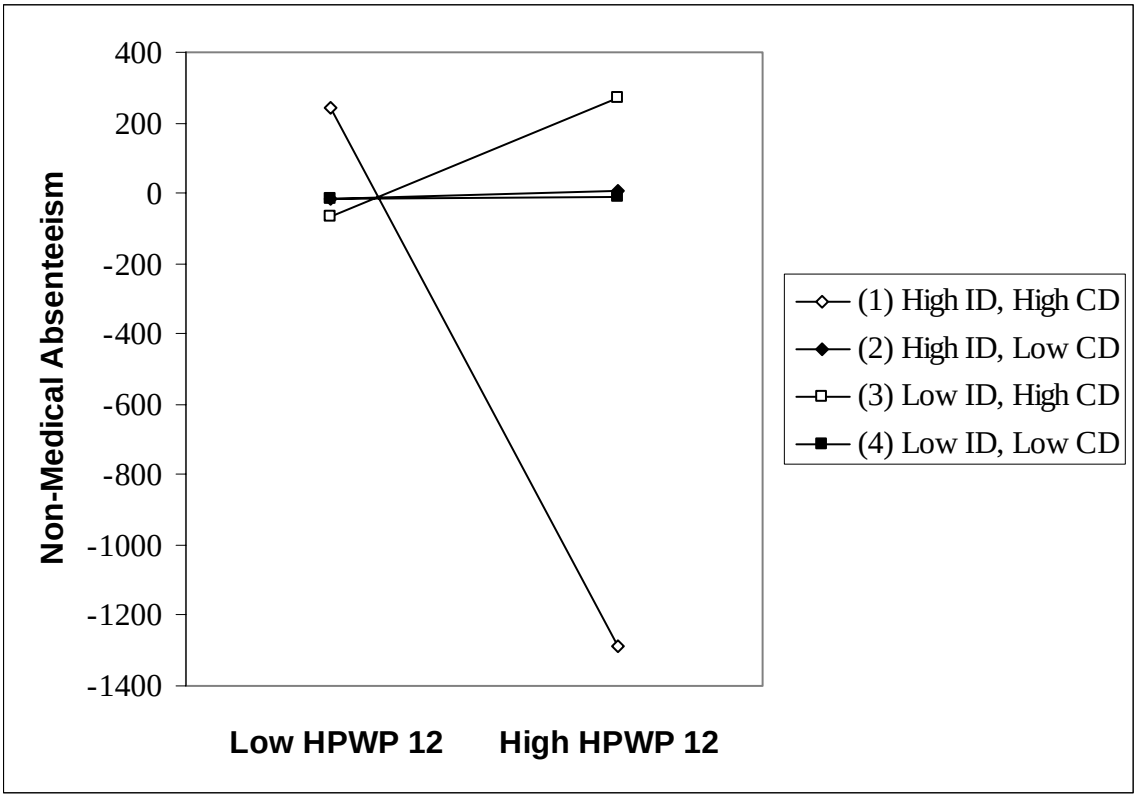
In terms of *non-medical absenteeism*, the following interaction was significant: Employees are provided formal performance feedback from more than one source (i.e.,, from several individuals such as supervisors, peers, etc.) (HPWP 12), individual discretion, and contextual discretion ($\Delta R^2 = .20$, $p < .01$) (see Table 20). To better understand the nature of this interaction, a plot is provided (see Figure 6).

Although the three-way interaction was significant, results of the slope difference tests (Aiken & West, 1991; Dawson & Richter, 2006) confirm that none of the slopes for each of the four conditions (high individual discretion,/high contextual discretion, low individual discretion,/low contextual discretion, high individual discretion,/low contextual discretion, low individual discretion,/high contextual discretion) were significantly different from one another. Thus, Hypotheses 5a, 5b, and 5c are not supported.

Hypotheses 6a, 6b, and 6c dealt with HPWPs, contextual discretion, and individual discretion and their interactive negative effect on turnover. Specifically, it was hypothesized that when contextual discretion was high and individual discretion was high, the strongest effect on turnover would be realized (Hypothesis 6a),

FIGURE 6

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 12 and Non-Medical Absenteeism



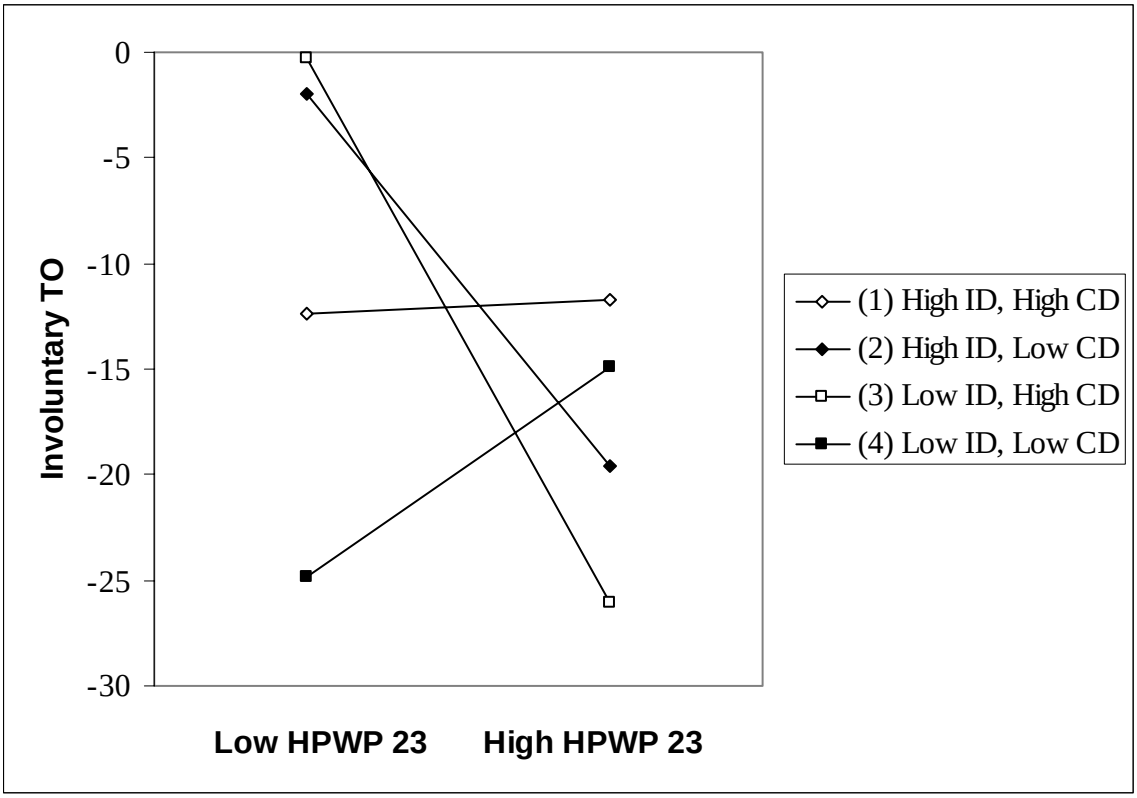
when contextual discretion was low and individual discretion was low, the weakest effect on turnover would be realized (Hypothesis 6b), and when contextual discretion was low and individual discretion was high, a stronger effect on turnover would be realized than when contextual discretion was high and individual discretion was low (Hypothesis 6c). These hypotheses were again tested with moderated hierarchical regression analysis and followed the same steps as for interpreting Hypotheses 5a, 5b, and 5c. In terms of *voluntary turnover*, no interactions were found to be significant.

In terms of *involuntary turnover*, the following interaction was significant: % of

employees whose performance appraisals are based on objective, quantifiable results (HPWP 23), individual discretion, and contextual discretion ($\Delta R^2 = .20$, $p < .01$) (see Table 4). To better understand the nature of this interaction, a plot is provided (see Figure 7).

FIGURE 7

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 23 and Involuntary Turnover



Although the three-way interaction was significant, results of the slope difference tests (Aiken & West, 1991; Dawson & Richter, 2006) confirm that none of the slopes for each of the four conditions (high individual discretion,/high contextual discretion, low individual discretion,/low contextual discretion, high individual discretion,/low

contextual discretion, low individual discretion,/high contextual discretion) were significantly different from one another. Thus, Hypotheses 6a, 6b, and 6c are not supported.

Hypotheses 7a, 7b, and 7c dealt with HPWPs, contextual discretion, and individual discretion and their interactive positive effect on ROA. Specifically, it was hypothesized that when contextual discretion was high and individual discretion was high, the strongest effect on ROA would be realized (Hypothesis 7a), when contextual discretion was low and individual discretion was low, the weakest effect on ROA would be realized (Hypothesis 7b), and when contextual discretion was low and individual discretion was high, a stronger effect on ROA would be realized than when contextual discretion was high and individual discretion was low (Hypothesis 7c). These hypotheses were again tested with moderated hierarchical regression analysis and followed the same steps as for interpreting Hypotheses 5a, 5b, and 5c and Hypotheses 6a, 6b, and 6c.

The following interactions were found to be significant: Employees are provided financial performance information (HPWP 9), individual discretion, and contextual discretion ($\Delta R^2 = .08$, $p = .05$) (see Table 15) and % employees for whom training is given to develop skills needed for their current job or skills needed in the near future (HPWP 32), individual discretion, and contextual discretion ($\Delta R^2 = .09$, $p < .05$) (see Table 18). To better understand the nature of these interactions, plots are provided (see Figures 8 and 9).

FIGURE 8

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 9 and ROA

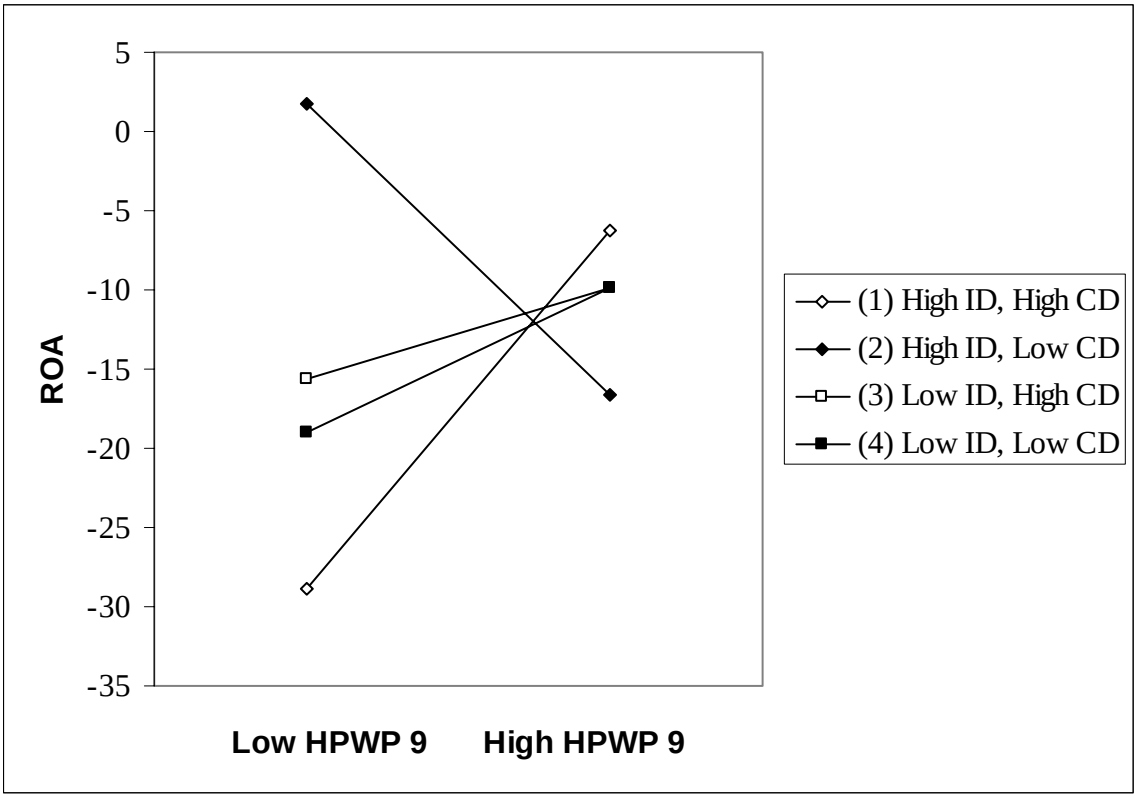
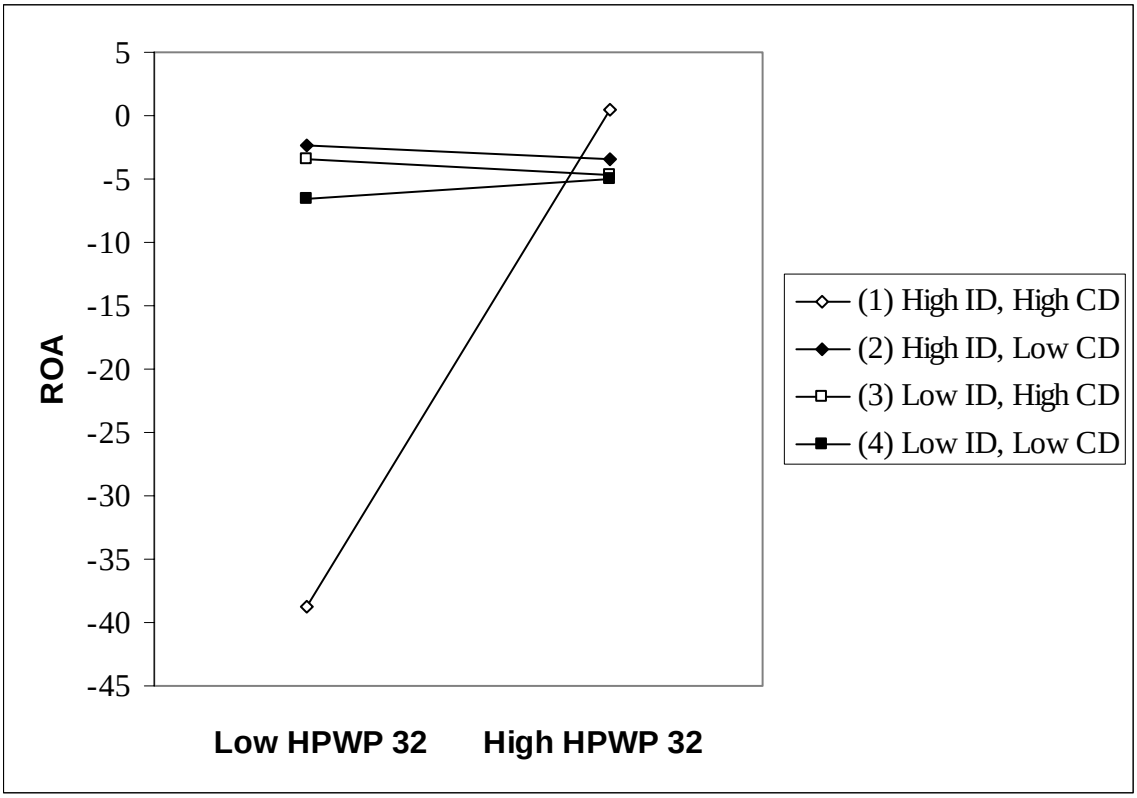


FIGURE 9

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 32 and ROA



Although each of the three-way interactions were significant, results of the slope difference tests (Aiken & West, 1991; Dawson & Richter, 2006) confirm that none of the slopes for each of the four conditions (high individual discretion,/high contextual discretion, low individual discretion,/low contextual discretion, high individual discretion,/low contextual discretion, low individual discretion,/high contextual discretion) for either HPWP 9 nor HPWP 32 were significantly different from one another. Thus, Hypotheses 7a, 7b, and 7c are not supported.

Hypotheses 8a, 8b, and 8c dealt with HPWPs, contextual discretion, and individual discretion and their interactive positive effect on sales growth. Specifically, it

was hypothesized that when contextual discretion was high and individual discretion was high, the strongest effect on sales growth would be realized (Hypothesis 8a), when contextual discretion was low and individual discretion was low, the weakest effect on sales growth would be realized (Hypothesis 8b), and when contextual discretion was low and individual discretion was high, a stronger effect on sales growth would be realized than when contextual discretion was high and individual discretion was low (Hypothesis 8c). These hypotheses were again tested with moderated hierarchical regression analysis and followed the same steps as for interpreting Hypotheses 5a, 5b, and 5c, Hypotheses 6a, 6b, and 6c, and Hypotheses 7a, 7b, and 7c.

The following interactions were found to be significant: Employees are involved in programs designed to elicit participation and employee input (e.g., quality circles, problem-solving or similar groups) (HPWP 6), individual discretion, and contextual discretion (ΔR^2 = .13, p = .01) (see Table 21), Employees are provided information on strategic plans (HPWP 10), individual discretion, and contextual discretion (ΔR^2 = .19, p = .01) (see Table 7), Employees are provided intensive/extensive training in company-specific skills (i.e.,, task or firm-specific training) (HPWP 15), individual discretion, and contextual discretion (ΔR^2 = .09, p = .05) (see Table 16), Employees are provided intensive/extensive training in generic skills (e.g., problem-solving, communication skills, etc.) (HPWP 16), individual discretion, and contextual discretion (ΔR^2 = .11, p = .05) (see Table 22), Employees are provided training in a variety of jobs or skills ("cross training") and/or routinely performing more than one job (are "cross utilized") (HPWP 17), individual discretion, and contextual discretion (ΔR^2 = .08, p = .05) (see Table 17),

Employees are organized in self-directed teams in performing a major part of their work roles (HPWP 18), individual discretion, and contextual discretion (ΔR^2 = .08, p = .05) (see Table 6), % of employees whose performance appraisal results are used to determine compensation (HPWP 21), individual discretion, and contextual discretion (ΔR^2 = .17, p = .01) (see Table 11), % employees paid whatever it takes to attract & retain them (HPWP 29), individual discretion, and contextual discretion (ΔR^2 = .11, p = .05) (see Table 23), Number hours training received by typical employee during past 12 months (excludes new hires) (HPWP 34), individual discretion, and contextual discretion (ΔR^2 = .07, p = .05) (see Table 19), and Number hours training received by typical new hire during past 12 months (HPWP 35), individual discretion, and contextual discretion (ΔR^2 = .10, p = .01) (see Table 12). To better understand the nature of these interactions, plots are provided (see Figures 10-19).

FIGURE 10

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 6 and Sales Growth

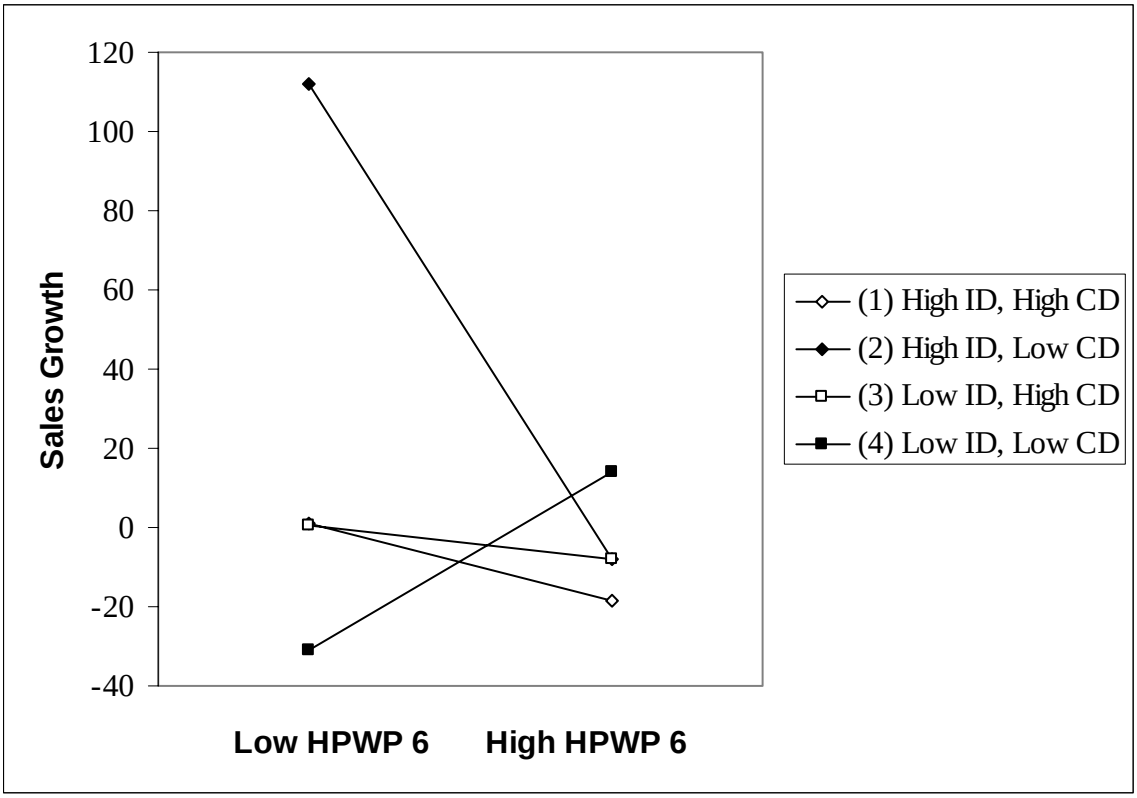


FIGURE 11

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 10 and Sales Growth

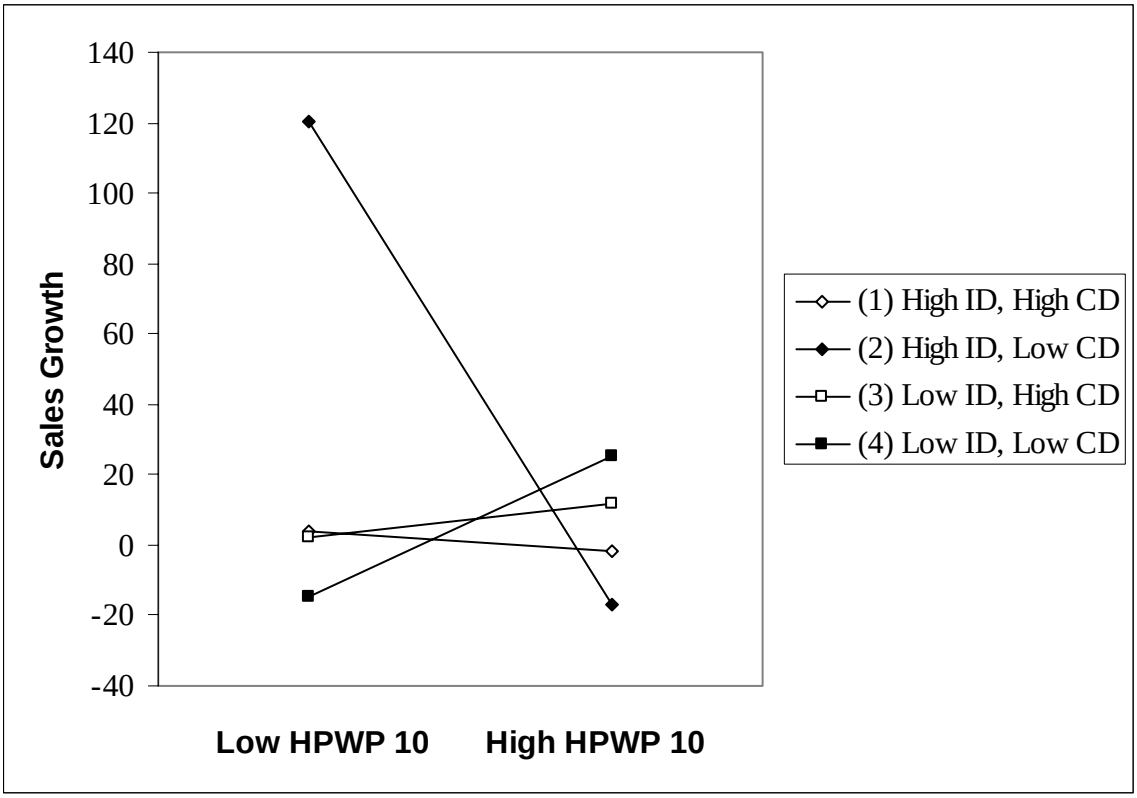


FIGURE 12

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 15 and Sales Growth

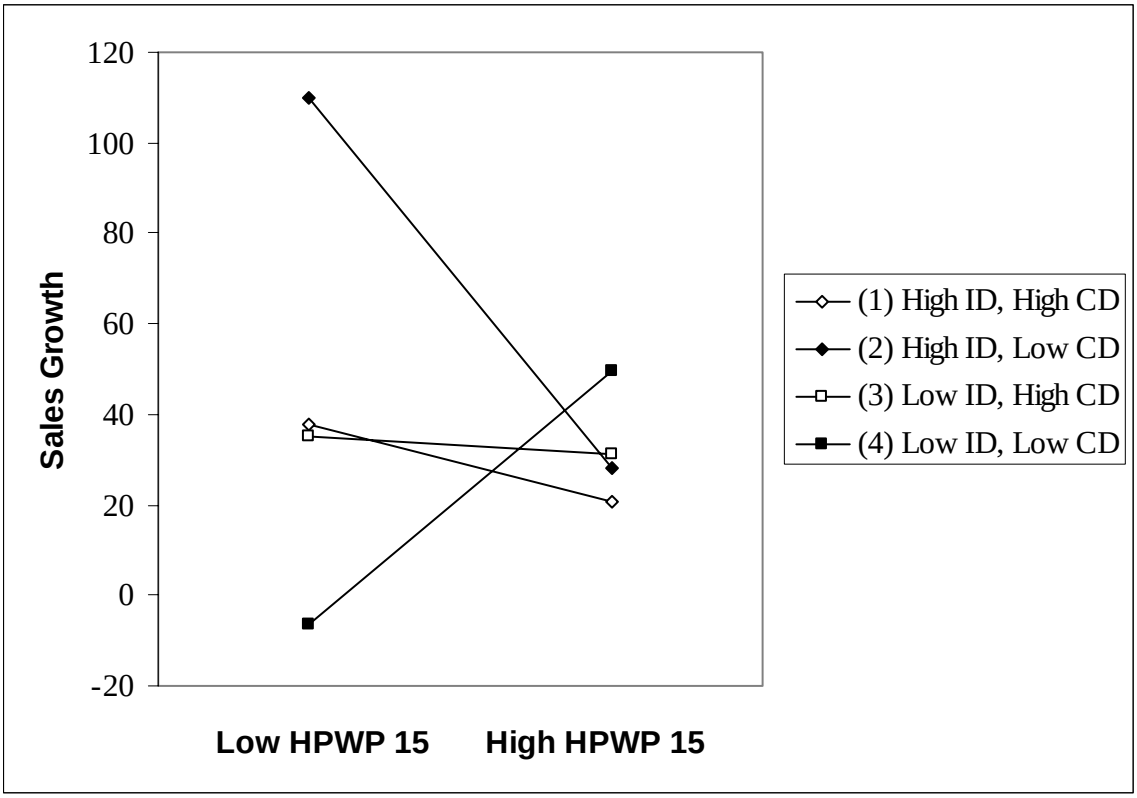


FIGURE 13

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 16 and Sales Growth

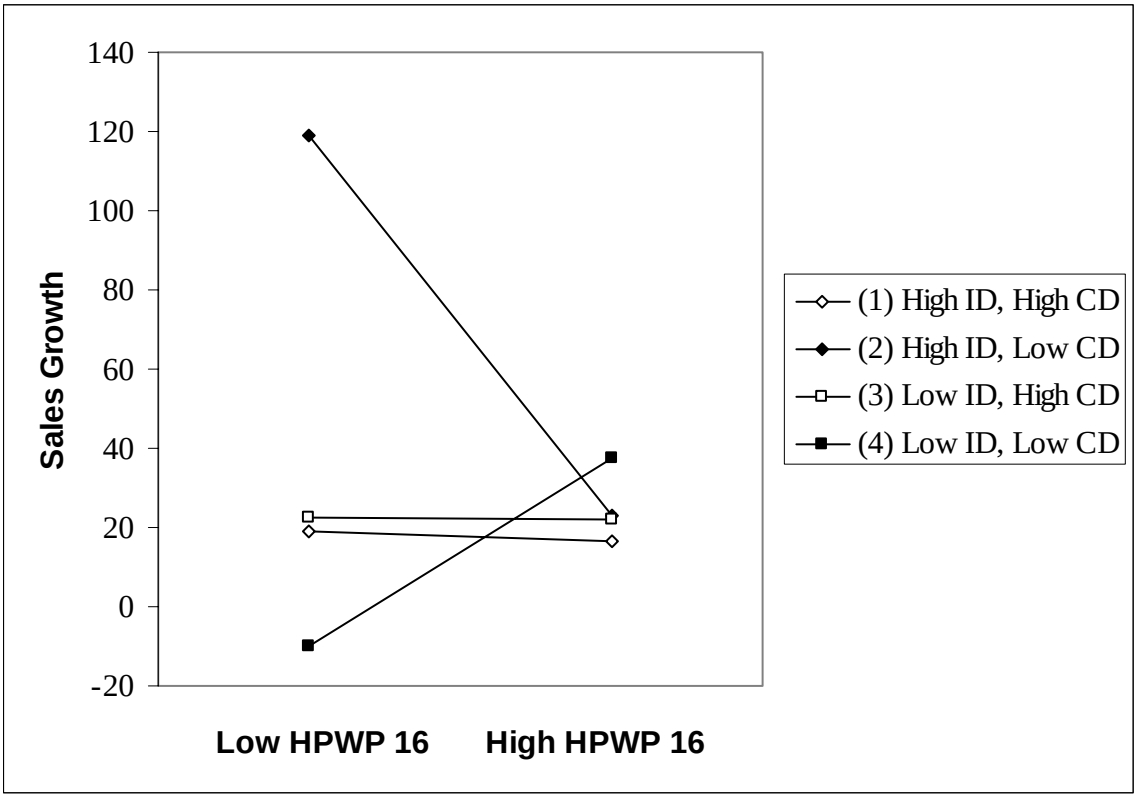


FIGURE 14

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 17 and Sales Growth

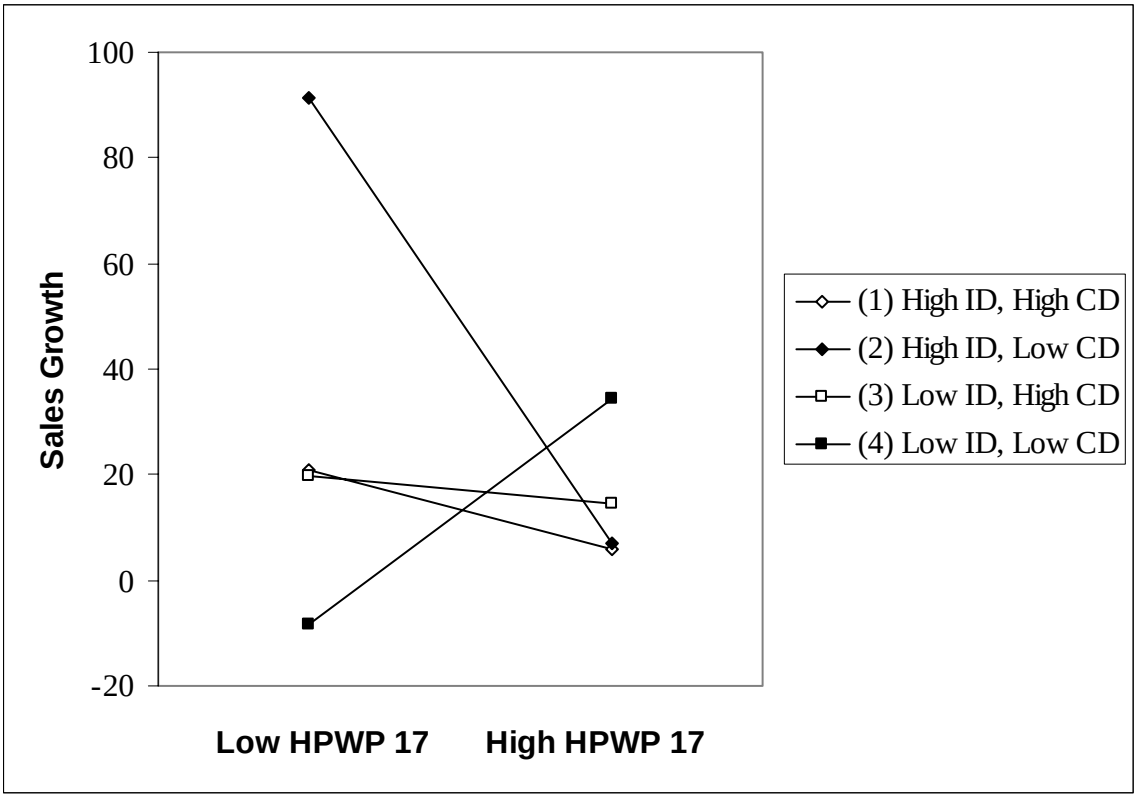


FIGURE 15

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 18 and Sales Growth

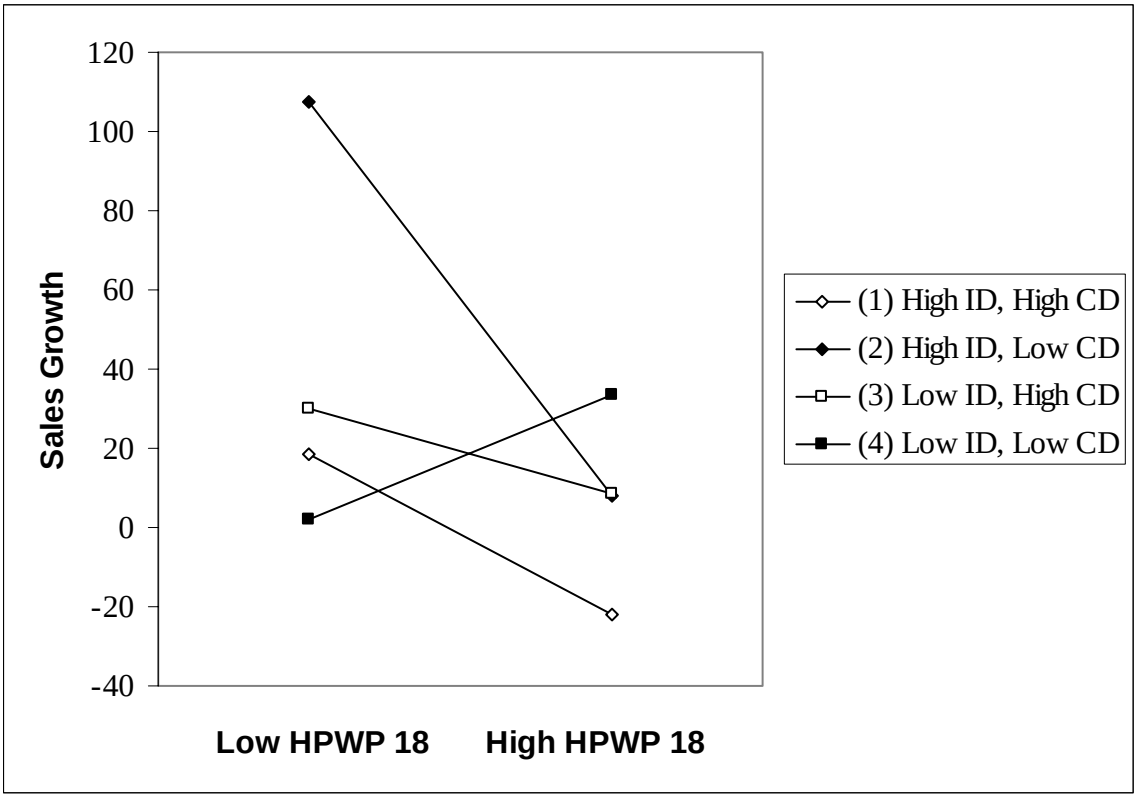


FIGURE 16

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 21 and Sales Growth

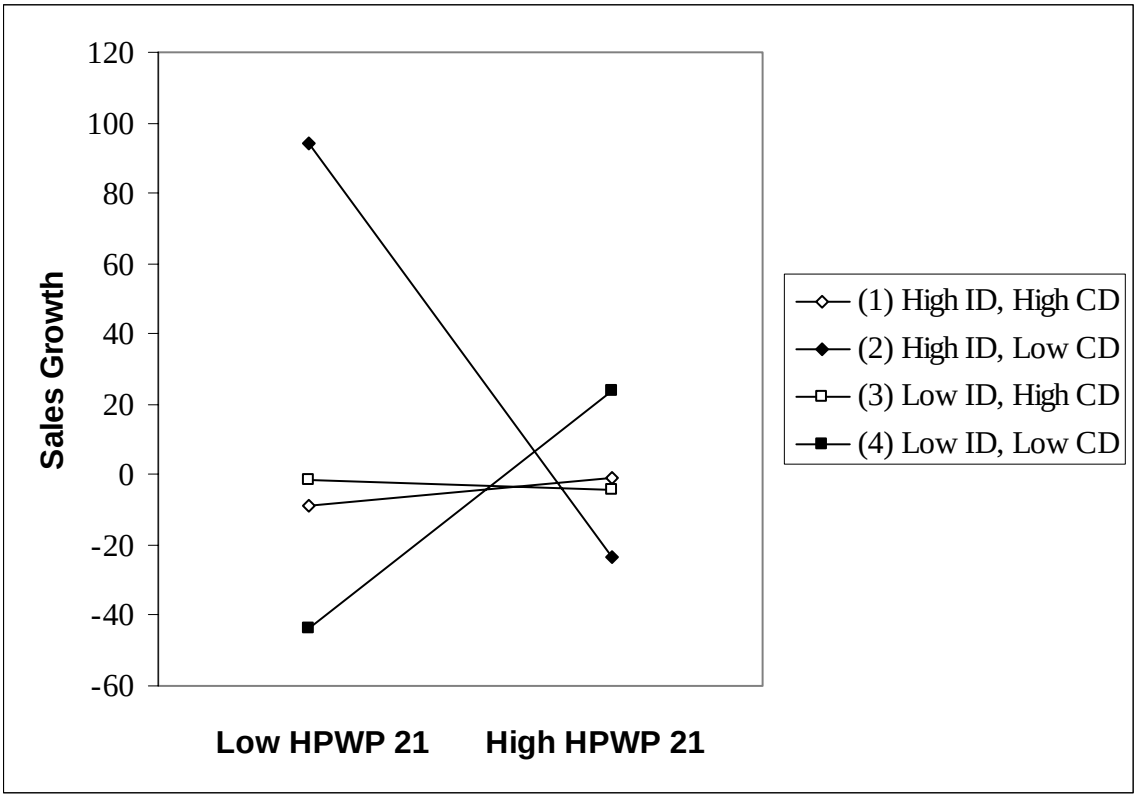


FIGURE 17

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 29 and Sales Growth

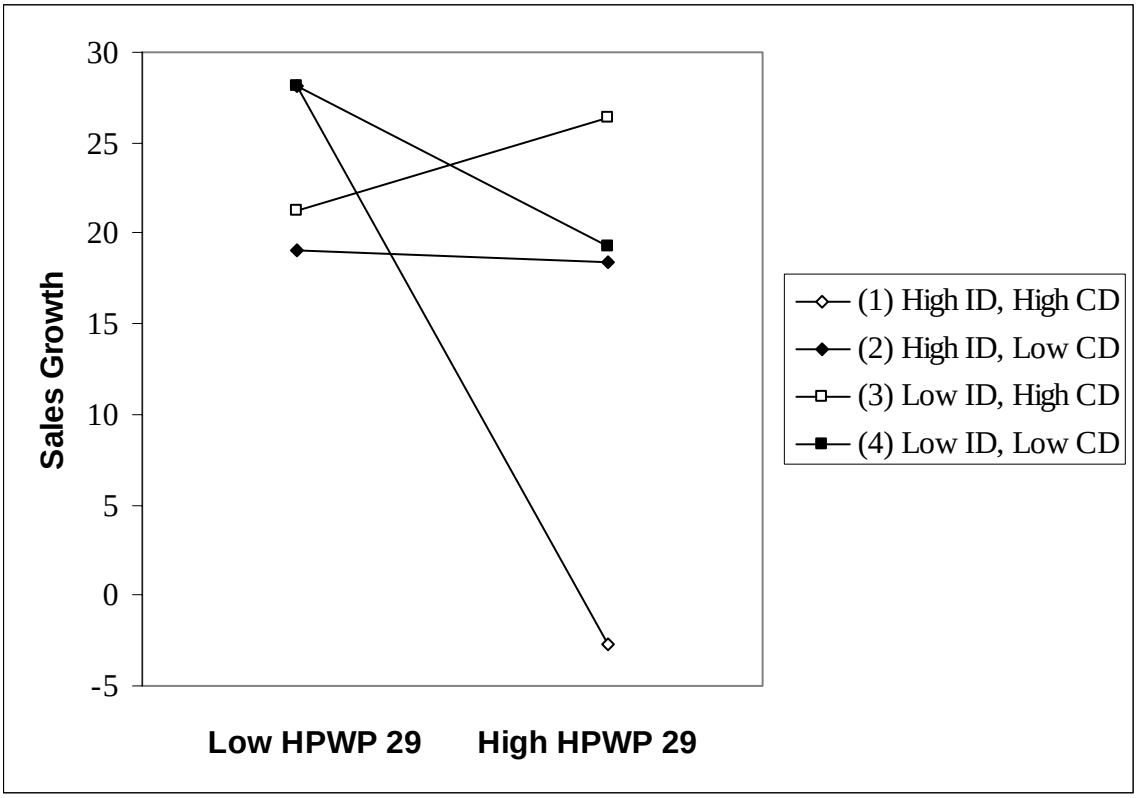


FIGURE 18

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 34 and Sales Growth

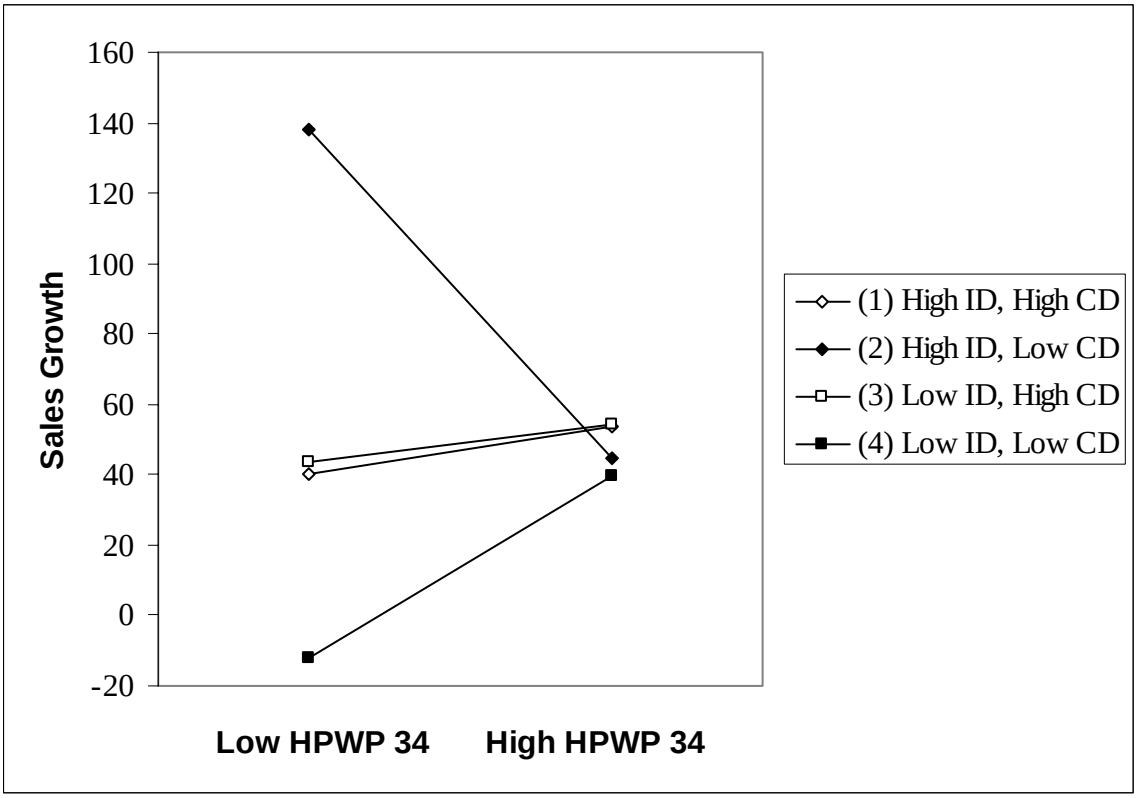
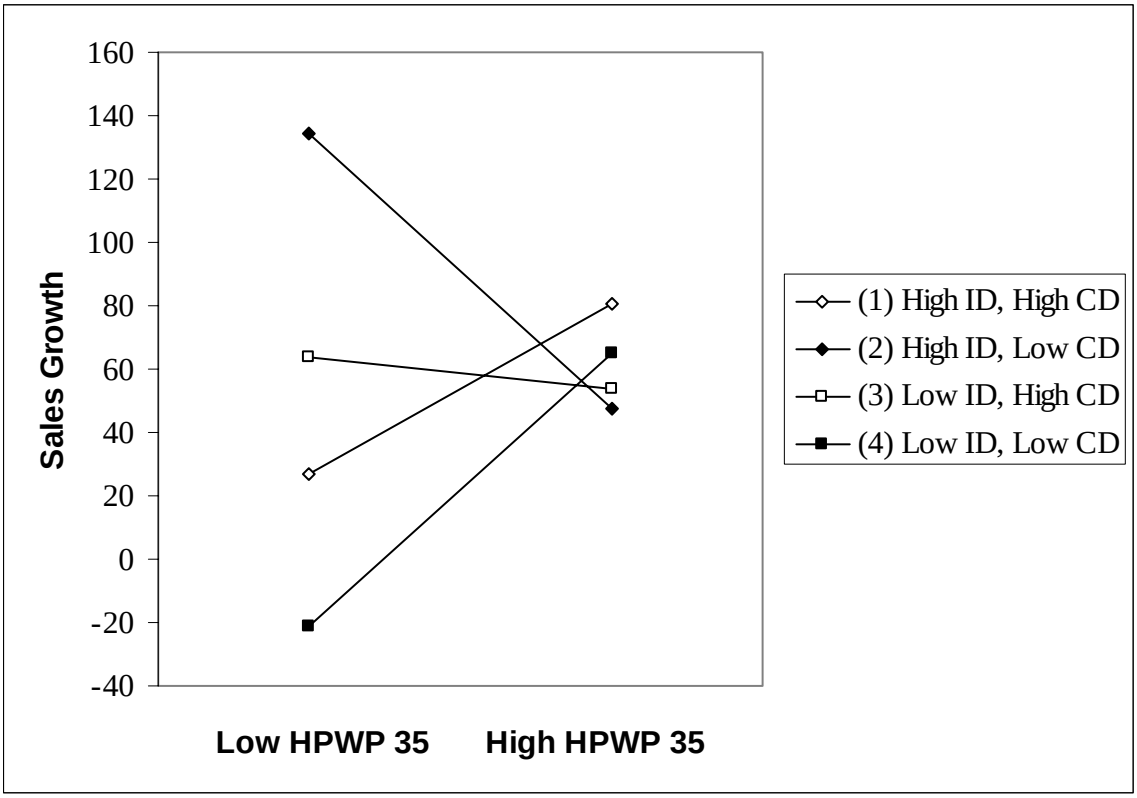


FIGURE 19

Moderating Effects of Individual and Contextual Discretions on the Relationship between HPWP 35 and Sales Growth



Although each of the three-way interactions were significant, results of the slope difference tests (Aiken & West, 1991; Dawson & Richter, 2006) confirm that none of the slopes for each of the four conditions (high individual discretion,/high contextual discretion, low individual discretion,/low contextual discretion, high individual discretion,/low contextual discretion, low individual discretion,/high contextual discretion) for any of the HPWPs just reported were significantly different from one another. Thus, Hypotheses 8a, 8b, and 8c are not supported.

TABLE 21

Results of Moderated Regression Analysis – HPWP 6

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.56**	.72**	.80**	.71**	.74**	.74**	.81**	.26	.23	.29	.29
Org Age	-.16	-.13	-.17	-.23	-.24	-.19	-.14	-.09	-.12	-.08	-.09	-.09
HPWP 6		-.24	.91	1.25^{+}		-.24	.91	2.24		-.09	.51	.49
Ind. Disc.		-.05	1.25	.43		.10	.76	.73		.10	.22	.28
Cont Disc.		.16	.28	.36		.06	.20	.21		.15	.33	.32
HPWP 6 x Ind Disc			-.69^{+}	.65			-.40	2.51			-.13	-.21
HPWP 6 x Ind Disc x Cont Disc				-1.31				-3.48				.07
R^2	.37	.48	.66	.71	.50	.55	.64	.67	.08	.11	.15	.15
ΔR^2		.12	.18	.05		.05	.09	.03		.03	.03	.00
F	6.32**	3.56*	3.96**	4.09**	9.41**	3.90*	2.84*	2.66^{+}	1.58	.84	.67	.57
ΔF		1.46	2.87	2.39						.41	.44	.01

	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.34*	.56**	.49*	.25	.26	.23	.20	-.01	.06	.16	.10
Org Age	.07	.08	.00	-.01	.03	-.03	-.00	.04	-.26^{+}	-.22	-.22	-.13
HPWP 6		-.23	-.16	-.29		.30^{+}	.10	.01		-.25	-.53	-.72^{+}
Ind Disc		.25	1.96**	2.34**		-.09	-.20	.50		.14	2.00**	3.45**
Cont. Disc.		.04	-.13	-.16		-.11	-.15	-.19		-.21	-.40^{+}	-.49*
HPWP 6 x Ind Disc			-.64*	-1.37^{+}			.33	-.57			-.76**	-2.61**
HPWP 6 x Ind Disc x Cont Disc				.74				.83				1.70**
R^2	.11	.21	.39	.41	.06	.17	.22	.25	.07	.17	.42	.55
ΔR^2		.09	.18	.02		.11	.05	.03		.10	.25	.13
F	2.36	1.77	2.43*	2.31*	1.32	1.46	1.18	1.21	1.50	1.50	3.07**	4.53**
ΔF		1.34	3.00	1.20		1.53	.75	1.38		1.48	4.89	9.82

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 22

Results of Moderated Regression Analysis – HPWP 16

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.47*	.44*	.45*	.71**	.60**	.75*	.74*	.26	.22	.24	.24
Org Age	-.16	-.19	-.18	-.17	-.24	-.24	-.41^{+}	-.42^{+}	-.12	-.07	-.09	-.09
HPWP 16		.35^{+}	.19	.21		.21	1.78*	1.77^{+}		-.08	.49	.47
Ind. Disc.		-.28	-.23	-.03		-.14	-.69	-.80		.09	.03	.11
Cont Disc.		.13	.08	.05		.07	.43	.44		.16	.35	.34
HPWP 16 x Ind Disc			-.07	-.40			-.33	-.15			-.04	-.15
HPWP 16 x Ind Disc x Cont Disc				.30				-.17				.10
R^2	.37	.53	.54	.54	.50	.54	.65	.65	.08	.11	.14	.14
ΔR^2		.17	.01	.00		.04	.11	.00		.03	.03	.00
F	6.32**	4.33**	2.33^{+}	1.97	9.41**	3.71*	2.97*	2.45^{+}	1.58	.83	.62	.53
ΔF		2.27	.07	.10		.45	1.34	.03		.38	.35	.01
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.33*	.31^{+}	.31^{+}	.34*	.26^{+}	.28^{+}	.35*	.38*	-.01	.05	-.09	.01
Org Age	.07	.10	.07	.04	.07	.05	.01	.02	-.26^{+}	-.24	-.18	-.14
HPWP 16		-.06	-.68	-.79		.13	.54	.49		-.15	-.48	-.59
Ind Disc		.23	1.43*	2.12**		-.06	.01	.43		.12	1.81**	3.00**
Cont. Disc.		.09	-.21	-.27		-.11	.01	-.02		-.18	-.32	-.42*
HPWP 16 x Ind Disc			-.38	-1.50*			.21	-.35			-.68**	-2.28**
HPWP 16 x Ind Disc x Cont Disc				1.12				.53				1.52*
R^2	.11	.16	.30	.36	.08	.10	.17	.18	.07	.13	.33	.45
ΔR^2		.05	.14	.06		.03	.06	.01		.06	.20	.11
F	2.36	1.33	1.68	1.88^{+}	1.62	.85	.84	.80	1.54	1.13	2.19*	3.02**
ΔF		.69	2.06	2.75		.38	.85	.56		.87	3.58	6.77

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

TABLE 23

Results of Moderated Regression Analysis – HPWP 29

	Medical Absenteeism				Non-Medical Absenteeism				Voluntary Turnover			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.59**	.51**	.46*	.48*	.71**	.69**	.71**	.71**	.26	.16	.12	.14
Org Age	-.16	-.08	-.13	-.12	-.24	-.23	-.33	-.34	-.13	-.04	-.06	-.05
HPWP 29		-.22	.50	.56		-.00	1.06	1.05		-.23	.37	.44
Ind. Disc.		-.13	.13	.18		-.01	.32	.31		.05	.14	.26
Cont Disc.		.23	.26	.24		.11	.18	.18		.20	.19	.15
HPWP 29 x Ind Disc			-.02	.19			-.18	-.22			-.03	.39
HPWP 29 x Ind Disc x Cont Disc				-.27				.06				-.50
R^2	.37	.48	.52	.52	.50	.51	.56	.56	.08	.15	.18	.20
ΔR^2		.11	.04	.00		.01	.05	.00		.07	.03	.02
F	6.32*	3.47*	2.17^{+}	1.83	9.41**	3.33*	2.08	1.70	1.53	1.16	.83	.79
ΔF		1.36	.48	.10		.13	.50	.00		.91	.39	.56
	Involuntary Turnover				ROA				Sales Growth			
Variables	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4	Step 1	Step 2	Step 3	Step 4
Org Size	.32*	.30^{+}	.28	.26	.26	.27	.27	.28	-.19	-.22	-.24	-.23
Org Age	.06	.11	.09	.09	.09	.06	.02	-.00	.07	.02	.05	.01
HPWP 29		-.04	.20	.13		-.31^{+}	-.08	-.19		-.18	.44	.22
Ind Disc		.22	.66	.55		-.07	.81	1.08		-.18	-.38	.18
Cont. Disc.		.09	.11	.16		-.18	-.23	-.26		-.06	-.11	-.17
HPWP 29 x Ind Disc			.18	-.23			.06	.76			-.26	1.14
HPWP 29 x Ind Disc x Cont Disc				.50				-.78				-1.56*
R^2	.11	.16	.24	.25	.08	.20	.31	.34	.04	.10	.14	.26
ΔR^2		.05	.08	.02		.12	.11	.03		.06	.04	.11
F	2.24	1.26	1.18	1.10	1.52	1.61	1.60	1.57	.78	.75	.62	1.11
ΔF		.64	1.04	.60		1.62	1.46	1.20		.74	.47	4.42

$^{+}$ $p < .10$, * $p < .05$, ** $p < .01$

CHAPTER VI

DISCUSSION OF RESULTS AND CONCLUSION

This chapter provides a summary of the results from this study as well as a discussion of its limitations, contributions, and managerial implications. Directions for future research are also highlighted.

Summary of Results

SHRM scholars have examined potential mediating variables that may impact the proverbial "black box" between what types of HR practices are in place in an organization and how those HR practices impact organizational outcomes. Even with such examinations though, these scholars have yet to determine exactly what processes (i.e., variables) are in place that may cause resulting outcomes. In attempting to probe the HR practices-outcome relationship further, I applied a new theoretical lens, discretion theory, that I expected would allow me to examine a key missing moderator. In addition, I expected that applying this moderator to the traditional HR practices-outcome relationship would help to clarify why equivocal findings in the SHRM literature occur.

One of the issues with conducting research in the area of SHRM is that deciding which HPWPs to group together in various sets or bundles of practices is not easily achieved. In fact, because of the variety of approaches attempted in the literature, it is with confidence that one can say that there truly is "no one best way" to bundle HR practices. In attempting to bundle the HR practices utilized in this dissertation into some meaningful configuration, I soon realized that bundling was not allowing a meaningful

test of the hypotheses and that I would instead have to choose to individually asses each HPWPs' effect on each of the dependent variables of interest.

Previous research has established a correlational link between the use of HPWPs and various organizational outcomes. This study too confirmed that a range of HPWPs were indeed negatively correlated with both medical and non-medical absenteeism rates (H1a) and voluntary and involuntary turnover rates (H1b) as well as being positively correlated with ROA (H2a). The use of HPWPs was not found to be positively correlated with sales growth (H2b). It is interesting to note that a few HPWPs tended to resonate across DVs. These included 1) Employees are hired following intensive/extensive recruiting, 2) % of employees who need a variety of diverse skills to do their job, 3) % of employees whose performance appraisals are based on objective, quantifiable results, and 4) % of employees whose performance appraisals are used to identify their training needs.

There has been somewhat of a trend in the SHRM literature to consider certain HR practices to be "best practices". The idea being that a variety of HR practices lend themselves well to be adopting across all organizations and that when these HR practices are in place, that organizations will realize positive outcomes. It is logical to begin to extend this line of reasoning to the findings just presented. Is it possible that the four HPWPs just highlighted might in fact be the type of HR practices that could be considered "best practices"? By focusing on the recruiting efforts undertaken at an organization, on the nature of current skill sets possessed by employees, and on the way that performance appraisals are conducted, organizations may be able to show important

correlational relationships with essential outcome variables of their own. Of course, the results here do not guarantee that implementing these four HPWPs will result in favorable organizational outcomes, but, given the wide variety of industries represented in this study, these results do give us a sense of just how valuable "best practices" may be, in a general context, to "all" organizations.

Irrespective of whether or not organizations choose to apply a "best practices" approach is the important question of who is in charge of *implementing* the various HR practices that are in place within an organization. Does it matter who is in charge of designing and implementing HR practices? Will the tool kits that various HR managers bring with them to an organization make a difference in terms of how these managers choose to implement HR practices which in turn may affect organizational outcomes? The findings presented here seem to indicate that under certain circumstances, the individual discretion emanating from a HR manager may in fact have an impact on the relationship between various HR practices and a variety of organizational outcomes.

When examining the moderating effect that a HR manager's individual discretion can have upon organizational outcomes, it becomes apparent that something else must be occurring. For example, although no significant relationships were found between various HPWPs, individual discretion, and sales growth, absenteeism, turnover, and ROA were all found to be significantly impacted more so when a HR manager's individual discretion was taken into account rather than when just the HPWP was assessed alone. The types of HPWPs involved with this interaction included such aspects as using employment tests during the hiring process, promoting from within, not

using performance appraisals to evaluate *how well* a particular job is done but rather to assess *how* a job is done, using performance appraisals to determine compensation, making compensation partially contingent on group performance, and giving employees information on strategic planning issues, as well as on both operating and financial performance. In all of these cases, the more individual discretion that a HR manager possessed when these particular HPWPs were in place, the more impact (i.e., less absenteeism and turnover and higher levels of ROA) on organizational outcomes an organization realized. Interestingly, not one of these particular HPWPs were found to be of significant benefit to an organization in terms of decreasing absenteeism or turnover or increasing ROA in and of themselves.

Perhaps then the contention that other factors must be contributing to the relationship between HPWPs and organizational results is an issue we should be paying more attention to. Here, one such "other factor" is that of the HR manager, or more specifically, the HR manager's individual discretion. A few questions asked early on in this dissertation were: "Does HR 'matter'?", more specifically: "Does the HR manager matter?", and even more explicitly "Under what conditions does the manager in charge of the HR function create circumstances such that HR can 'matter' in terms of bottom-line results?" These results begin to give the impression that, at least in terms of the amount of individual discretion that HR managers possess, they can in fact "matter". Under what conditions do HR managers matter? It is possible to presume that under conditions where employment testing is utilized during the hiring process, where employees tend to be promoted from within the organization, when performance

appraisals are used for both evaluative as well as compensating purposes, where group efforts are extrinsically rewarded, and when employees are provided information on strategic, operating, and financial performance, HR managers (through the use of their individual discretion) do create an impact.

Although many of the three-way interactions assessing the impact of contextual discretion, individual discretion, and HPWPs on organizational outcomes were significant, none of the resulting slope difference tests were significantly different from one another. These findings are not entirely unexpected and I will elaborate on this more in the Discussion of Limitations below. One observation regarding the three-way interactions is that although the slope difference tests indicated that none of the slopes were significantly different from one another, several three-way interactions were still found to be in the direction hypothesized (i.e., high individual discretion and high contextual discretion were thought to have the strongest impacts on organizational outcomes, low individual discretion and low contextual discretion were thought to have the weakest impacts on organizational outcomes, and high individual discretion and low contextual discretion were thought to have a stronger impact on organizational outcomes than would low individual discretion and high contextual discretion). Upon examining significant three-way interactions that aligned with my expectations, it was determined that HPWPs that provided employees with financial performance information and provided a greater number of hours of regular training opportunities for employees were the HPWPs that had stronger predicted relationships with ROA and sales growth when taking into account both individual discretion and contextual discretion.

Interestingly, not all significant three-way interactions were in the directions hypothesized. In fact, I actually found that with certain HPWPs (e.g., when training focused on whether or not generic skill-sets as well as specific skill-sets were being conducted for employees, when a cross-training policy was in place, when team-based initiatives such as self-directed work teams and quality circles were established, when compensation caps were *not* considered an issue in terms of hiring and/or retaining, and when performance appraisals were actually tied to objective, quantifiable results), having high individual discretion and high contextual discretion (as compared with low individual discretion and low contextual discretion) actually resulted in *higher* rates of involuntary turnover and *lower* sales growth (rather than lower rates of involuntary turnover and higher sales growth). How does a situation occur where both the HR manager's individual discretion is high and contextual discretion is high and yet, involuntary turnover rates are *higher* and sales growth is *lower*? Upon examining the specific HPWPs in organizations where this was the case, it appeared that the influence of the HR manager's individual discretion did not matter as much in team-based situations. Also, in terms of training-based HPWPs, the difference in individual discretion and contextual discretion having an impact on organizational outcomes appeared to hinge on the notion of quantity versus quality. For example, when individual discretion and contextual discretion's moderating influences acted in the predicted direction, it was the *number of hours* of employee training that was important, whereas, when individual discretion and contextual discretion did not act in the predicted direction, rather than number of hours, the *various types* of training activities became

important.

The intent of doing this dissertation was to determine under what conditions HR managers might be able to influence the HPWP-outcomes relationship. Taking a step back and examining all of the results together allows for a broader account of this relationship. In general, under conditions of high individual discretion (i.e., HR managers have higher levels of individual discretion), HR managers do appear to make a difference to critical organizational outcomes such as absenteeism, turnover, and ROA in that HPWPs are more strongly related to each of the organizational outcomes when the HR managers' individual discretion scores are high. When contextual discretion is included in the model, however, neither higher levels of individual discretion nor higher levels of contextual discretion appear to interact significantly enough to impact the HPWP-outcomes relationship.

Discussion of Limitations

There are several limitations to this study that must be addressed. First, sample size an obvious limitation. Although over 140 individuals responded to my request to complete surveys for this dissertation, with only 54 usable pairs of surveys, it is difficult to say with certainty that the results found in this dissertation truly generalize to the entire population. Additionally, with small sample size one runs the risk of not finding significance when in fact there could be significant results due to a low level of statistical power. Compounding my small sample size was the fact that even within the sample, participants did not respond to every item asked of them. Because of this, there were numerous missing data points that needed to be dealt with. This was especially

prevalent when inspecting the HPWP items that asked for responses in terms of a percentage.

Another issue that became salient when examining the data was that many of the industries represented in my sample were not represented in Hambrick and Abrahamson's (1995) original classification of industry discretion scores. To address this issue, I solicited assistance from a professional and asked them to provide their expert opinion on which industries not covered by Hambrick and Abrahamson's (1995) classification would be considered as either high/low and then take the industries that were covered by Hambrick and Abrahamson's (1995) classification system and dichotomize them into high/low. Although dichotomizing a variable significantly reduces its variance, rather than exclude another variable from analysis, I chose to dichotomize the variable.

Two concerns that deserve further attention stem from the measurement of both contextual and individual discretion. In terms of contextual discretion, when compiling the data, I was not able to accurately measure many of the variables that were to comprise contextual discretion. Contextual discretion was thought to be comprised of industry discretion scores, annual operating budget (for HR), amount of money allowed to spend, and percent of unionization. Due to numerous missing responses from participants related to each of these variables, I was not able to make use of annual operating budget, amount of money allowed to spend, and percent of unionization when creating my contextual discretion variable. Instead, I was only able to use the industry discretion score and consider this as a single proxy for contextual discretion.

In addition to contextual discretion's measurement issue, the measurement of individual discretion poses a limitation as well. The results of this dissertation suggest that although individual discretion may not be as essential to the HPWP-outcome relationship as originally inferred, that HR managers (through the use of their individual discretion) can still matter. Although grounded in the literature, the decision to include certain components in the measurement of the individual discretion construct may have served to weaken the construct such that its impact on the relationships examined here may not have been as strong had the construct been measured in other ways. So, the question becomes: Were the results not as compelling as originally hypothesized due to the measurement of individual discretion or were the results not as compelling as originally hypothesized because individual discretion is not as important to the HPWPs-outcome relationship as originally conjectured? As with any exploratory process, refining this construct is critical in answering this question.

Contributions to Literature and Managerial Implications

Despite these limitations, the findings presented in this study do contribute to the SHRM literature by demonstrating not just that certain HPWPs influence beneficial organizational outcomes (which supports what other SHRM scholars have previously established), but rather under what conditions HPWPs may influence organizational outcomes. Specifically, individual discretion and contextual discretion were used as moderating variables to investigate how much influence they might have over and above the more typical examination of the HPWPs-outcomes relationship.

Another contribution to the literature, this time to both the SHRM literature as

well as to the strategic management literature, stems from the examination of discretion theory and its application to the field of SHRM. Although discretion has been used as a construct in the strategic management literature for quite some time, it has never quite captured Hambrick and Finkelstein's (1987) original conceptualization of the discretion concept which was that there were components of discretion that stemmed from the individual and components of discretion that stemmed from the environment. I attempted to tease apart these two components of discretion into two unique constructs: individual discretion and contextual discretion. To my knowledge, this dissertation is one of the first to attempt such a detailed attempt at refining this construct.

Not only did I attempt to refine Hambrick and Finkelstein's (1987) discretion construct, but I also applied discretion to the field of SHRM. In so doing, I was able to take into consideration the HR manager and how this person might use their individual discretion (i.e., their knowledge, skill sets, and experiences) to creatively implement HR practices. Although implementation of HR practices has been mentioned as being a potential fruitful topic to explore, to my knowledge, no one has examined how the HR manager is involved in the implementation process, nor has anyone examined whether the HR manager's individual discretion has any impact upon the HPWP-outcome relationship.

In terms of managerial implications, the results of this dissertation provide some support for the idea that if organizations want to determine how to strengthen the relationship between the types of HPWPs they offer to employees and organizational outcomes (e.g., absenteeism, turnover, ROA, and sales growth), that they might find

some benefit in paying more attention to the actual person they are putting in charge of the HR function. If organizations hire and/or promote those individuals who have the "right" combinations of skill sets, abilities, insights, and experiences (i.e., someone with plenty of individual discretion), they might just find that this person will be able to creatively implement HR practices such that the practices will have a stronger impact on outcomes.

In addition, organizations should be cautioned to think not just about *who* they are seeking to fulfill higher level positions in HR, but rather to think about *how* the actual position is set up as well. By thinking both about who they are hiring as well as how they are going to set up the position, organizations may find that they reap more rewards in terms of lower absenteeism rates, lower turnover rates, higher ROA, and higher sales growth.

Directions for Future Research

The results of this dissertation are mixed at best. In moving forward, I would like to generate a larger cross-sectional sample of organizations and retest the theories presented. I would also like to refine both the individual discretion and contextual discretion constructs even further to strengthen their value as individual constructs. In moving forward with this research, another issue that that would need to be addressed is the subject of HPWPs and the relative inconsistency in the literature in terms of assessing their interactive impact on organizational outcomes. Is there a "best" way to bundle HPWPs into a meaningful arrangement of practices such that their combined effect has a stronger impact on organizational outcomes? As pointed out earlier, because

numerous approaches have been taken in the literature, it becomes more and more difficult to determine the best way to combine HPWPs

More specifically, what are some critical questions that must be addressed if we are to advance the field of SHRM? Should the questions that we ask in our field continually focus on HPWPs and how to best combine them such that their combinative effect has the greatest impact on the HPWPs-outcome relationship? Or, might it be time to begin building upon this basic premise and asking other questions about the nature of this relationship?

Much research has already been conducted assessing how various HPWPs may contribute to overall organizational outcomes, but more recent thoughts have stemmed from the fact that although HPWPs are indeed critical factors that may impact organizational outcomes, might other forces be at play that are impacting how a particular HPWP impacts outcomes? This dissertation has already looked at one such force, the HR manager and how the HR manager's individual discretion impacts this relationship. Other forces might be at play here too and merit further attention such as: Is it the HR manager who implements and/or enforces the HR practices/HPWPs in an organization or is there someone else more suited to this role? Might the person who is actually in charge of implementing HPWPs be the critical organizational actor needed to assess discretion? Assuming the HR manager's role does NOT include implementation, what happens when the HR manager and the HR employee actually in charge of implementation have differing levels of discretion? What problems might this create at the employee level, the organizational level?

Conclusion

Overall, this research begins to highlight the importance of discretion as two distinct constructs: individual discretion and contextual discretion. This research also begins to clarify the importance of each type of discretion and how they can have differential impacts on the HPWPs-organizational outcome relationship. As previously stated, it is my contention that by applying discretion to this relationship, HR scholars and HR practitioners alike will be able to realize that organizational outcomes are not just something that randomly occur, but rather can be achieved by careful attention to HR directive

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APPENDIX A

EXAMPLE OF CONSTRUCT, SOURCE, AND ITEM

Construct	Source	Item
Dependent Variables		
Absenteeism	Second source within organization	What is your annual average rate of *medical/sick leave* absenteeism?
		What is your annual average rate of *non-medical/annual leave* absenteeism?
Turnover	Second source within organization	What is your annual average rate of *voluntary* turnover?
		What is your annual average rate of *involuntary* turnover?
ROA	Secondary data sources	Annual income/net assets
Sales Growth	Secondary data sources	Sales growth
Independent Variables		
Industry	Secondary data sources	Discretion scores
Organizational Size	Secondary data sources	Logarithm of the number of employees
Organizational Age	Secondary data sources	Number years in operation
Annual operating budget for HR	Senior most HR executive within organization	What is HR's annual operating budget?
Amount of money allowed to spend without prior authorization	Senior most HR executive within organization	I am allowed to spend up to $_____ without prior authorization or approval.
Union involvement	Senior most HR executive within organization	Please indicate the total number of employees who are unionized within your organization.
		Please indicate the number of different unions represented within your organization.
Functional Background	Senior most HR executive within organization	Consider your working experiences both at this organization as well as others you may have worked at in the past. Below, please list all *functional areas* that you have been a member of while working in this and other organizations. For example, if you have been a member of the accounting and marketing departments in the past and are currently a member of the HR department, please list accounting, marketing, and HR.

		Please circle the functional area that you are currently a member of.
Tenure with organization	Senior most HR executive within organization	How long have you been a member of this organization? Please answer in years and months.
Tenure with current position	Senior most HR executive within organization	How long have you held your current position? Please answer in years and months.
Title and level within organization	Senior most HR executive within organization	Please indicate your title.
		Please indicate your level within the organization. For level, please indicate how many levels below the CEO you are on the organizational chart. Use CEO as Level 1.
Certificates	Senior most HR executive within organization	Please place a check by any of the certificates listed below that you have attained: PHR, SPHR, GPHR. Please list any other relevant HR-related certificates as well.
Memberships	Senior most HR executive within organization	Please indicate all HR-related professional organizations of which you are a member. As an example, the national Society for Human Resource Management (SHRM) and your local SHRM affiliate would count as two professional organizations. Please list the names of all memberships held with HR-related professional organizations here.
Aspiration Level	Senior most HR executive within organization	Compared with the position I am currently in, I am determined to reach a higher level position within this organization.
		I have attained my quest for wealth. (reverse coded)
		I have attained my quest for recognition. (reverse coded)
		I have reached the pinnacle of my career and am content to remain where I currently am.
Commitment	Senior most HR executive within organization	Too much has been put into the HR strategic choices currently in place to consider changing now.
		Changing HR strategic choices now would be difficult to do.
		Too much of the work environment would be disrupted if HR strategic choices were changed now.

		It would be costly to change HR strategic choices now.
		There are no pressures to keep from changing HR strategic choices. (reverse coded)
		Changing HR strategic choices now would require considerable sacrifice.
		Because my organization has been using specific HR strategic choices, we have a responsibility to stay with these HR strategic choices for a reasonable period of time.
		We are under no obligation to continue with our HR strategic choices.
		I feel a responsibility to continue with our HR strategic choices.
		Even if it were to my advantage, I do not feel that it would be right to change our HR strategic choices right now.
		I would feel guilty if I changed our HR strategic choices.
		The HR strategic choices in use right now are employed out of a sense of loyalty to them.
Tolerance for ambiguity	Senior most HR executive within organization	The most interesting life is to live under rapidly changing conditions. (reverse coded)
		Adventurous and exploratory people go farther in this world than do systematic and orderly people. (reverse coded)
		When planning a vacation, a person should have a schedule to follow if he or she is really going to enjoy him or herself.
		Doing the same thing in the same places for a long period of time makes for a happy life.
Locus of control	Senior most HR executive within organization	1: a) Many of the unhappy things in people's lives are partly due to bad luck. b) People's misfortunes result from the mistakes they make.
		2: a) In the long run, people get the respect they deserve in this world. b) Unfortunately, an individual's worth often passes unrecognized no matter how hard he or she tries.
		3: a) Without the right breaks, one cannot be

		an effective leader. b) Capable people who fail to become leaders have not taken advantage of their opportunities.
		4: a) Becoming a success is a matter of hard work; luck has little or nothing to do with it. b) Getting a good job depends mainly on being in the right place at the right time.
		5: a) What happens to me is my own doing. b) Sometimes I feel that I don't have enough control over the direction my life is taking.
		6: a) When I make plans, I am almost certain that I can make them work. b) It is not always wise to plan too far ahead, because many things turn out to be a matter of good or bad fortune anyway.
		7: a) In my case, getting what I want has little or nothing to do with luck. b) Many times we might just as well decide what to do by flipping a coin.
		8: a) Who gets to the boss often depends on who was lucky enough to be in the right place first. b) Getting people to do the right thing depends upon ability; luck has little or nothing to do with it.
		9: a) Most people don't realize the extent to which their lives are controlled by accidental happenings. b) There is really no such thing as "luck".
		10: a) In the long run, the bad things that happen to us are balanced by the good ones. b) Most misfortunes are the result of lack of ability, ignorance, laziness, or all three.
		11: a) Many times I feel that I have little influence over the things that happen to me. b) It is impossible for me to believe that chance or luck plays an important role in my life.
Power Base – Institutionally based	Secondary data sources	Ownership (percentage of shares owned by the HR executive)
Power Base – Personality based	Second source within organization	My supervisor can make me feel valued.
		My supervisor can make me feel like he or she approves of me.

		My supervisor can make me feel personally accepted.
		My supervisor can make me feel important.
HPWPs Second source within organization		One or more employment tests administered prior to hiring. (HPWP1)
		Hold non-entry level jobs as a result of internal promotions. (HPWP2)
		Promotions are primarily based upon merit or performance, as opposed to seniority. (HPWP3)
		Hired following intensive/extensive recruiting. (HPWP4)
		Are routinely administered attitude surveys to identify and correct employee morale problems. (HPWP5)
		Are involved in programs designed to elicit participation and employee input (e.g., quality circles, problem-solving or similar groups). (HPWP6)
		Access to a formal grievance and/or complaint resolution system. (HPWP7)
		Provided operating performance information. (HPWP8)
		Provided financial performance information. (HPWP9)
		Provided information on strategic plans. (HPWP10)
		Receive formal performance appraisal and feedback on a routine basis. (HPWP11)
		Formal performance feedback from more than one source (i.e.,, from several individuals such as supervisors, peers, etc.). (HPWP12)
		Compensation partially contingent on group performance (e.g., gainsharing, profit sharing, etc.). (HPWP13)
		Pay is based on a skill or knowledge-based system (versus a job-based system); i.e.,, pay is primarily determined by a person's skill or knowledge level as opposed to the particular job that they hold. (HPWP14)
		Intensive/extensive training in company-specific skills (i.e.,, task or firm-specific

	training). (HPWP15)
	Intensive/extensive training in generic skills (e.g., problem-solving, communication skills, etc.). (HPWP16)
	Training in a variety of jobs or skills ("cross training") and/or routinely performing more than one job (are "cross utilized"). (HPWP17)
	Are organized in self-directed teams in performing a major part of their work roles. (HPWP18)
	% of employees who need a variety of diverse skills to do their job. (HPWP19)
	% of employees whose performance appraisals are formalized. (HPWP20)
	% of employees whose performance appraisal results are used to determine compensation. (HPWP21)
	% of employees whose performance appraisals focus on how job is done, not how well. (HPWP22)
	% of employees whose performance appraisals are based on objective, quantifiable results. (HPWP23)
	% of employees whose performance appraisals are used to identify their training needs. (HPWP24)
	% of employees whose performance appraisals focus on projects that take 12 months or longer. (HPWP25)
	% of input to performance appraisal that comes from supervisor, supervisor's boss, peers, self, subordinates, clients. (HPWP26)
	% of employees who are give bonuses based on company-wide productivity or profitability. (HPWP27)
	% employees who are stakeholders. (HPWP28)
	% employees paid whatever it takes to attract & retain them. (HPWP29)
	% of pay based on incentive rather than from guaranteed wages/salary. (HPWP30)
	% employees whose job/employment

	security is almost guaranteed. (HPWP31)
	% employees for whom training is given to develop skills needed for their current job or skills needed in the near future. (HPWP32)
	% employees for whom training is given to develop skills needed for promotion, transfer, and/or future company needs. (HPWP33)
	Number hours training received by typical employee during past 12 months (excludes new hires). (HPWP34)
	Number hours training received by typical new hire during past 12 months. (HPWP35)

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DeNisi, A. S., & Belsito, C. A. 2007. Strategic aesthetics – Wisdom & HRM. In E. H. Kessler and J. R. Bailey (Eds.), *Handbook of Organizational and Managerial Wisdom*. Sage Publications.