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A STUDY ON THE IMPACT OF HIGH PERFORMANCE WORK SYSTEMS ON EMPLOYEE WITHDRAWAL BEHAVIORS IN INFORMATION TECHNOLOGY INDUSTRY

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ABSTRACT

Employee retention has been a subject of interest to researchers of organizational theory and development for some time. The cost of ignoring retention may be detrimental to the existence of the organization and may be disruptive to productivity. At exit interviews, it was found that employees quote displeasure with management as the number one reason for leaving the organization. Apart from the tangible costs associated with employee turnover, intangible costs such as the decreased morale of co-workers and work hemorrhage have proved to be causing serious hindrance to organizational success. At this juncture, top management and HR managers are placing much importance to the implementation of comprehensive employee retention strategies to motivate their employees to remain loyal to the organization. This study explores the effect of high performance work systems (HPWS) on employee withdrawal behaviors. Responses were collected from 300 employees working in three IT firms with the help of questionnaires. Multiple regression was done with the help of SPSS software to analyze the collected data. It was found that high performance work systems have a strong negative impact on employee withdrawal behaviors. It was also found the there is a stronger negative relationship that exist between high performance work systems and job withdrawal behaviors.

KEYWORDS:*Information technology, High Performance Work Systems, Employee Retention, Employee withdrawal behaviors.*

INTRODUCTION

Organizations around the world are facing serious challenges in the area of employee retention. While business enjoyed remarkable financial success, the need to sustain that prosperity leads to a war for talent. In many employment categories like software development, the demand for highly skilled professionals outstripped the supply (Harris, 2005). Nowadays, organizations realize that a lack of human capital can be a serious constraint on their future growth and most of them have made serious efforts to build employment strategy around retention. Contrary to conventional notions, the need to address retention is not just an outcome of financially prosperous times. During these times when demand of labor is high, retention becomes crucial because it is easy for a skilled employee to leave firms and find jobs elsewhere. During times of recession when job vacancy rates are low and there is a shortage of skilled individuals, the demand for good employees will be even higher. That means, regardless of the economic conditions, the demand for high performing individuals will remain constant.

According to the resource based view, human capital of an organization typically provides a very

significant source of competitive advantage (Huselid, Jackson & Schuler, 1997). The aspect of competitive advantage becomes even more crucial during the times of recession. During such financially challenging times, having a motivated labor force of talented employees becomes a crucial strategic asset. Compared to the other resources held by an organization such as machines, capital and technology, human resources is comparatively rare and inimitable. Furthermore, even though the entire economy may be in a recession, the war for talent does not subside. In academics, there is an emerging crisis because of the retirement of experienced individuals leaving a gap of talented professionals to fill leadership positions (Sankey & Hill, 2009).

In contrast to the past, today's market is conceived as the knowledge era where intellectual capital drives an organization's competitive edge (Judy, 2009). Many of the new generation jobs are more technologically advanced and require employees who can perform tasks with higher technological demand (Cronshaw & Alfieri, 2003). Successful organizations win with a knowledgeable workforce that can come up with innovative ideas, products and services. When employees possessing industrial knowledge and right kind of skills leave, firms essentially lose their expensively acquired intellectual capital. If the employee is joining the competitor, it compounds the loss. Studies have shown that high performance work systems have a positive impact on positive organizational and individual outcomes such as employee retention. Since there are still disagreements among researchers on the operationalization of employee retention, this study employs employee withdrawal behaviors, the behavioral manifestation of retention as the dependant variable. The researcher tries to find out the impact of high performance work systems on employee withdrawal behaviors in information technology sector.

LITERATURE REVIEW

High Performance Work Systems:-

Literature regarding HR systems has come up with many different commitment based conceptualizations such as high involvement management, high commitment management or high performance management which include practices such as selective staffing, high level compensation, intensive training and better career opportunities. High performance work system is one such conceptualization that has received much attention in the SHRM literature. HPWS can be defined as a system of aligned HR practices designed to impact both the ability and motivation of employees to contribute towards attainment of organizational objectives (Patel, Messersmith & Lepak, 2013). It usually consists of all types of best HR practices such as selective staffing, focused training and job enlargement for gaining competitive advantage (Jiang et al., 2011). Through HPWS, employees are given a chance to take part in decision making and the recognition of an individual's input in return results in improved productivity (Lepak, Liao, Chung & Harden, 2006). The cost commonly used HR practices as HPWS are innovative compensation management systems, formal communication to keep the employees informed and effective grievance resolution system.

Past studies have found that HPWS are associated with lower turnover rates (Batt, 2002), increased labor productivity (Datta, Guthrie & Wright, 2005), safe working environment (Zacharatos, Barling & Iverson, 2005) and enhanced financial performance (Huselid, 1995). The success of a firm is tightly linked to the alignment of HPWS with its competitive strategies and right channelization of these practices could provide substantial economic contributions to the firm (Cappelli & Neumark, 2001). Successful organizations usually design HPWS keeping in view the external environment and business strategies. Some researchers such as Appelbaum (2000) argue that in response to HPWS, employees display their positive behavior toward organizations in shape of commitment.

Employee Withdrawal Behaviors:-

Withdrawal behaviors have long been at the center of employee retention research in IT industry (Carraher and Buckley, 2008). According to Kaplan et al., 2009), withdrawal behaviors can be defined as a bundle of attitudes and behaviors displayed by employees when they decided to be less participative while at job. There are four major theoretical explanations for describing the relationship between various withdrawal behaviors. The independent model suggests that the causes of different withdrawal behaviors vary and there is not relationship between them. Therefore, employee selects the withdrawal behaviors that seem attractive to him (Hulin, 1991). According to the spillover model, withdrawal behaviors are positively related and employees tend to display a set of them rather than just one (Koslowsky et al., 1997). The complementary model argues that specific forms of withdrawal behaviors come from similar sources (Nicolson and Goodge, 1976). Progressive model states that withdrawal behaviors moves progressively from mild ones to serious forms that prove to be very detrimental for the organization.

Past research have shown that employee's intrinsic and extrinsic motivation is related to job satisfaction (Kelly et al., 2008). A reduction in job

satisfaction leads to frequent absenteeism and increased stress levels which is associated with number of negative work outcomes (McCormick and Ayres, 2009). Older models of employee satisfaction posited two domains for explaning satisfaction and dissatisfaction – the actual work and the environment under which work has to be carried out. Recently, a third domain which highlights the significance of society which is beyond the work was added and this may influence stress levels of employees and determine how they feel and act (Dinham and Scott, 2000). Thus, all three of these domains may reveal employee's withdrawal behaviors under conditions of employee satisfaction. Another explanation of employee withdrawal behaviors lies in conservation of resource (COR) model of burnout. This theory states that employees strive to obtain, protect and strengthen valued resources and minimize any threat of resource loss. In a work context, stress is caused mainly because the work demands typically use up more employee resources rather than replenishing them (Halbesleben, 2006). So employees can use withdrawal behaviors as a means to protect their internal resources so as to continue to excel on the job, which may increase organizational effectiveness. On the other hand, many employees may simply consider withdrawal behaviors as a way to restore perceived quality to the employment relationships. The present study employed the typology of job and work withdrawal behaviors proposed by Hanisch & Hulin (1991). While job withdrawal behaviors signify evasion from work situation, work withdrawal depicts evasion from specific work roles or situations.

RESEARCH METHODOLOGY

Descriptive method was employed in the present study. For measuring HPWS, the tool with four dimensions of staffing and recruitment, performance appraisal, compensation and rewards, and training and development designed by Boselie and associates (2005) was used. Employee withdrawal behaviors were measured using the scale developed by Hanisch & Hulin (1991). Structured questionnaires were used to collect data from IT professionals working in HCL, TCS and CTS with more than one years of experience. 330 responses were collected out of which 30 were found to be incomplete. So using the power analysis method, adequate sample size was finalized as 300. Multiple regression analysis using SPSS software was used to carry out data analysis.

DATA ANALYSIS

Impact of high performance work systems on employee withdrawal behaviors:-

Multiple regression analysis was used to find out the significant negative relationship between high performance work systems and employee withdrawal behaviors.

H1 – There is a significant negative relationship between high performance work systems andemployee employee withdrawal behaviors.

The null hypothesis that there is no significant negative relationship between high performance work systems and employee withdrawal behaviors was statistically tested.

Table 1 Multiple regression analysis results for high performance work systems with employee withdrawal behaviors

Variables	Beta value	Std Error	Collinearity		Sig	Durbin - Watson	R	R2
			Tolerance	VIF				
HPWS - 1	-0.113	.222	0.611	1.653	.033	1.742	.448	.449
HPWS - 2	-0.148	.151	0.509	2.001	.024			
HPWS - 3	-0.254	.155	0.541	1.837	.000			
HPWS - 4	-0.1997	.153	0.605	1.664	.013			

It can be inferred from the table that all the values are significant and there is a significant negative relationship between high performance work system and employee withdrawal behaviors. Therefore, H1 is accepted. Further analysis of data shows that among the four dimensions of HPWS, reward dimensions shows the strongest link with employee withdrawal behaviors.

Impact of high performance work systems on job withdrawal behaviors:-

Multiple regression analysis was used to find out the strong inverse relationship between high performance work systems and job withdrawal behaviors.

H2 – There is a strong inverse relationship between high performance work systems and job withdrawal behaviors.

The null hypothesis that there is no strong inverse relationship between high performance work systems and job withdrawal behaviors was statistically tested.

Table 2 Multiple regression analysis results for high performance work systems with job withdrawal behaviors

Variables	Beta value	Std Error	Collinearity		Sig	Durbin - Watson	R	R2
			Tolerance	VIF				
HPWS - 1	-0.171	0.192	0.609	1.651	0.033	2.693	.547	.397
HPWS - 2	-0.212	0.146	0.504	2.003	0.013			
HPWS - 3	-0.275	0.632	0.549	1.835	0.000			
HPWS - 4	-0.197	0.342	0.602	1.663	0.026			

It can be inferred from the table that all the values are significant and there is a strong inverse relationship between high performance work systems and job withdrawal behaviors. Therefore, H2 is accepted. Further analysis of data shows that among the four dimensions of HPWS, reward dimensions shows the strongest link with job withdrawal behaviors.

Impact of high performance work systems on work withdrawal behaviors:-

Multiple regression analysis was used to find out the significant negative relationship between high performance work systems and work withdrawal behaviors.

H3 – There is a significant negative relationship between high performance work systems and work withdrawal behaviors.

The null hypothesis that there is no significant negative relationship between high performance work systems and work withdrawal behaviors was statistically tested.

Table 3 Multiple regression analysis results for high performance work systems with work withdrawal behaviors

Variables	Beta value	Std Error	Collinearity		Sig	Durbin - Watson	R	R2
			Tolerance	VIF				
HPWS - 1	-0.166	0.056	0.602	1.646	0.006	1.633	0.543	0.376
HPWS - 2	-0.177	0.038	0.507	2.017	0.003			
HPWS - 3	-0.284	0.046	0.549	1.854	0.000			
HPWS - 4	-0.208	0.039	0.604	1.613	0.002			

It can be inferred from the table that all the values are significant and there is a significant negative relationship between high performance work systems and work withdrawal behaviors. Therefore, H3 is accepted. Further analysis of data shows that among the four dimensions of HPWS, reward dimensions shows the strongest link with work withdrawal behaviors.

FINDINGS AND DISCUSSION

From the results, it is clear that all the dimensions of high performance work systems have a strong negative relationship with employee withdrawal behaviors. The separate analysis of job and work withdrawal behaviors also depicted a significant inverse relationship with high performance work systems. In the case of the dependant variable employee withdrawal behaviors and the two sub variables, job and work withdrawal behaviors, it was found that compensation and reward dimension of HPWS has a stronger impact compared to three other dimensions such as staffing and recruitment, performance appraisal and training and development. The hypothesized relationship between dependant and independent variables is well supported by the analysis. Therefore, the main hypotheses set by the researcher claiming the strong inverse relationship between high performance work processes and employee withdrawal behaviors as a whole was proved statistically.

There is enough literature supporting the purported association between high performance work systems and employee withdrawal behaviors. Koslowsky et al., (1997) argued that HPWS have a strong inverse relationship with employee tardiness. He also argued that lateness is a behavioral outcome of certain organizational attitudes which could be avoided as a result of the implementation of HPWS. By creating an environment high in ethics with the help of HPWS, organizations could motivate employees to refrain from withdrawal behaviors (Peterson, 2002). When employees experience a dearth of HPWS, employees will be more tend to involve in undesirable behaviors such as lateness, absenteeism and turnover (Elovainio et al., 2004). Implement of HPWS could help in bringing down the perceived violation of psychological contract from the employee's perspective

and the resultant counterproductive work behaviors (Purvis & Cropley, 2003). Lack of proper HPWS lead to compromising of personal attachments (Bundeson, 2001) and this may lead to attempt made by employees to win back benefits entitled to them by withdrawing from work (Kickul, 2001). When employees feel uneasy about the absence of HPWS, they reciprocate with decreased levels of commitment, which in turn lead to unpleasant work attitudes and behaviors (Bundeson, 2001; Kwantes,2003) depending on the extent of ideological breach.

CONCLUSION

The last two decades have seen an increasing interest in evaluating the effects of high performance work systems on positive organizational and individual outcomes. This study contributed to the body of research by extending the analysis of the effects of HPWS on employee withdrawal behaviors. Findings from this study suggest that there is a significant negative relationship between HPWS and withdrawal behaviors of employees working in IT industry. Further analysis proved that the same relationship existing between HPWS and the two sub dimensions of withdrawal behaviors. With war for talent rife across the globe and organizational survival tightly linked with employee retention strategies, it is high time for top management to take notice of the importance of high performance work systems and ensure it's implementation in their organization.

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