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HR Policy and Performance: An Occupational Analysis

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HR POLICY AND PERFORMANCE: AN OCCUPATIONAL ANALYSIS

Nick Kinnie, Juani Swart, Bruce Rayton, Sue Hutchinson and John Purcell ^a

1. INTRODUCTION

Much of the debate over the links between HR policy and organisational performance has been based on the distinction between two perspectives typically referred to a 'best practice' and 'best fit'. The best practice view (Pfeffer, 1994; 1998) identifies a set of HR policies which, it is argued, are associated with improved performance in all types of organisation. The best fit approach (Schuler and Jackson, 1987; Miles and Snow, 1984) argues that performance is maximised when the HR policies adopted are consistent with the business strategy.

Both of these approaches assume that the set of policies adopted will have the same effect on all employees who work for the organisation. Various authors, for example Marchington and Grugulis (2000), have challenged this view pointing out that organisations are complex with many different types of employees who may be managed successfully through diverse sets of HR practices within a single organisation.

Our paper pursues this issue of the heterogeneity of HR policy and its differential effect on employees. We draw on data recently collected as part of a study sponsored by the CIPD in the UK looking at the links between HR policy and performance. Qualitative and quantitative data were collected from 18 organisations over a two and a half year period at three levels: senior managers, front line managers including team leaders and shop floor employees. We use multi-variate analysis on the quantitative data to examine the impact of HR policies on attitudes of different groups of employees. We focus on three groups in our sample: professional employees, front line managers and shop floor workers.

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In this paper we initially consider the relevant previous research and outline our analytical model. We then present and discuss our research findings and move on to give careful consideration to the implications of our findings.

2. PREVIOUS RESEARCH

A recurring issue in HRM is the idea that a certain bundle or combination of HR policies, properly applied, is required for the achievement of high performance (Wright and Boswell, 2002). This bundle, first identified by MacDuffie (1995) has proved difficult to identify and different research groups have different lists. What these approaches have in common is that they identify a distinctive set of successful HR policies that can be applied successfully to all organisations irrespective of their setting. Pfeffer (1994, 1998) is perhaps the best known of these, developing initially a list of 16 best practices which were subsequently narrowed down to 7 (1998). The seven practices are: employment security, selective hiring, self-managed teams/teamworking, high compensation contingent on organisational performance, extensive training, reduction of status differentials and sharing information.

This research has been extensively discussed, with a variety of authors identifying methodological and theoretical problems (Purcell, 1999). For example, even when an agreed list could be created there is the problem of whether an organisation needs all the policies on the list or just some, and the question of whether one policy is only effective when linked to another. Reference is often made to 'deadly combinations' where one policy, say, individual performance related pay, clashes with another, like team work (Delery, 1998).

Partly as a response to these kinds of criticisms, various authors drew attention to the importance of analysing the wider context within which organisations operated. This perspective is derived from the contingency view, and it argues that the effectiveness of HR practices depends on how closely the practices fit with the external and internal environment of the organisation. Organisational performance, it is argued, improves when HR policies mutually reinforce the choice of business strategy. This is the concept of vertical integration between the business strategy, the objectives of the firm, the HR policies and individual objectives (Fombrun et al, 1984; Wright et al 1994), and this concept helps to explain lack of diffusion across firms because the appropriate practices will depend on the context.

There are different views on the importance of particular contexts: some stress the stage in the life cycle whereas others draw attention to the 'outer context', of the competitive strategy or the 'inner context' of existing structures and strategy (Hendry and Pettigrew, 1992).

The best fit approach has itself been subject to extensive review (see Boxall and Purcell, 2003:54-6; Purcell, 1999:32 for further details) and a number of issues have been raised concerning the impact of the outer and the inner context. Perhaps the most basic point of all is the assumption that firms have a competitive strategy with which HR policies can fit (Legge, 1995; Ramsey et al, 2000). Even if the firm does have a strategy this view assumes that the one they have is the most appropriate for them. This may not be the case if firms do not have sufficient knowledge of their external environment or if they have misinterpreted the information that they have gathered.

One of the biggest problems is that most firms exist within complex external environments with multiple contingencies that cannot all be isolated or identified. There are particular problems with modelling the influences, with understanding what happens if the influences do not all pull in the same direction and with coping with change (Purcell, 1999:34). This raises the issue of the dynamic fit between policy and context: if the external environment changes should firms keep changing their policies to fit the market circumstances? There are strong arguments against this because HR practices are quite slow to change. Consequently, Purcell (1999) has argued that firms seeking a best fit are effectively chasing a '*chimera*.'

In response to criticisms of the best fit approach Wright and Snell (1998) argue for the need to have both fit and flexibility (Boxall and Purcell, 2003:56). This is not just the ability to move from one best fit to another, but to be able to adapt to the situation where the need to change is virtually continuous. 'Flexibility provides organisations with the ability to modify current practices in response to non-transient changes in the environment' (Wright and Snell, 1998:757). In particular there is a need to achieve fit between the HR system and the existing competitive strategy while at the same time achieving flexibility in a range of skills and behaviours needed to cope with changing competitive environments.

More broadly, there may be some characteristics of successful organisations that are impossible to model, usually referred to as idiosyncratic contingency or causal ambiguity (Purcell, 1999:35). These are the patterns and routines of behaving or the cultural norms that have been built up slowly over a long period associated with

success. It may simply not be possible to disentangle what exactly are the key factors in success when looking at a large complex organisation.

A need to respond to external pressures creates problems of treating employees with consistency of treatment especially over time (Baron and Kreps, 1999; Boxall and Purcell, 2003:56-8). In reality it is likely that a combination of policies will be needed depending on external circumstances: as products grow and decline there may need to be redundancies for some employees but also the need to retain good employees and to develop them (Boxall and Purcell, 2003:51).

In response to some of these criticisms has been the development of the HR architecture model (Lepak and Snell, 1999). This is based on the configurational view which argues that it is unlikely that a company will use a single approach for all its employees. It suggests that the best fit approach is too simple because there is a need to focus on combination or patterns of practices which are needed – putting horizontal fit together with vertical fit (Delery and Doty, 1996). Most organisations employ different groups of employees who will need to be treated differently and in effect there are different configurations of policies for different types of employees.

The Lepak and Snell model of HR Architecture expresses these ideas in a more accessible form. They argue that 'To date most strategic HRM researchers have tended to take a holistic view of employment and human capital, focusing on the extent to which a set of practices is used across all employees of a firm as well as the consistency of these practices across firms. We believe that the most appropriate mode of investment in human capital will vary for different types of capital.' (Lepak and Snell, 1999:32). Their model distinguishes between employees on the basis of the value they create for the organisation (the extent they contribute towards the creation of competitive advantage) and the extent to which their knowledge and skills are specific to that organisation (uniqueness). This work resembles the research into the flexible firm carried out in the 1980s (Atkinson, 1984).

This approach represents a step forward but also raises various questions. In particular there is the issue of consistency here: if an employer wishes to pursue an inclusive culture based approach why should they treat employees differently? If certain activities are externalised there is a danger that the core competences of organisation will be lost. There is also a moral issue here too – why should different groups be treated differently? Our interest is not so much in these variations in HR

policy between those employed internally and externally, as on the heterogeneity of policy and practice applied to employees who are directly employed.

Lepak and Snell (1999) play a very useful role in identifying the possible heterogeneity of policy between internal and external groups, but they do not address one of our other major concerns over the previous research: the relatively limited attention which is given to studying employee attitudes. Indeed, it is ironic that very few studies actually collect data directly from the very employees who are seen as central to organisational performance. Most of the previous studies have relied on the implied or assumed effect of HR policies on employee attitudes and behaviour. This leads to analysing the links between these policies, as stated, and organisational performance; sometimes reduced to simply counting the number of policies which are present. This has become known as the 'black box' problem.

The importance of examining the implementation of HR policies was noted by Becker and Gerhart (1996:793) when they argued that 'future work on the strategic perspective must elaborate on the black box between a firm's HR systems and the firm's bottom line.' Moreover, 'more effort should be devolved to finding out what managers are thinking and why they make the decisions they do.' (1996:794). This emphasis suggests there is a need to understand how and why HR policies influence performance and to move away from the simple input-output models which have policy inputs on the left hand side of the model and outcomes on the right hand side.

We argue therefore that it is essential to look at these HR policies and crucially the attitudes of employees towards these policies. Thus our methodology allows us to measure employee attitudes towards policies rather than just looking at the policies themselves. We use the phrase HR practices to distinguish between the written policies and the actual practices as perceived by employees. These attitudes influence behaviour and therefore provide a means of looking inside the black box. In particular, previous research (Appelbaum et al, 2000) has identified the importance of studying the links between employee behaviour, especially behaviour which is discretionary because this was found to have clear links to organisational performance.

We are particularly interested to explore the HR policies and practices which have the strongest impact on critical employee attitudes between different occupational groups: shop floor employees, front line managers and professional workers. We are

especially interested in which HR policies and practices have the greatest impact on employees' organisational commitment.

3. ANALYTICAL MODEL

Our analysis has grown out of a more generalised model which we have developed of the links between HR policy and practice, employee attitudes and organisational performance (Purcell et al, 2003). However, our approach was different from other researchers in this area. Rather than list the number of policies and determine whether there was a relationship with profits or shareholders value (Guest et al 2003) we were concerned to try to find which policies were associated with higher levels of organisation commitment and job satisfaction. In other words we looked for links between satisfaction with policies as experienced by the employees and attitudinal outcomes. In this context the equation below is likely to be useful

$$P = f(A, M, O)$$

(where P is performance, A is ability, M is motivation and O is opportunity. As Boxall and Purcell (2003:63) argue

'people perform well when:

- they are able to do so (they *can do* the job because they possess the necessary knowledge and skills);
- they have the motivation to do so (they *will do* the job because they are adequately incentivised); and
- their work environment provides the necessary support and avenues for expression (e.g. functioning technology and the opportunity to be heard when problems occur).'

Using AMO we were able to identify around 18 HR practices of importance. Once we had looked at the data from our employee survey of satisfaction with HR practices 11 remained. These are shown in summary in the Bath People and Performance model (Figure 1).

We noted that some practices contributed to two or three components of AMO. For example, teamwork can be an effective way of improving skill and ability (I learn from my team), providing a motivational force ('I could not let my mates down') and in being the focus of involvement activities (formal and informal team meetings and

events). The 11 practice areas each were associated in one or more companies with commitment and job satisfaction.

Differences between companies both in the number of practices they used and in attitudinal outcomes led us to ask two further questions. First, to what extent does our research confirm the existence of a best practice model? Second, why should we suppose that a given practice mix is equally effective or appropriate for all categories of employees? In answer to the first question it was clear that most of our companies had designed their HR systems to be the most appropriate for their circumstances and for the type of work undertaken and the skill level of the dominant employee group. There was a base line of generic, universal practices required for viability but with differences in design to suit their circumstances and in tune with historical evolution in the sector and the firm. Not surprisingly the HR practice mix was different in Jaguar for track and assembly workers than that found in PWC for trainee and junior accountants. The difference in part was the occupational mix of employees. Rather more sophisticated analysis was required to answer the second question.

4. HR POLICY AND OCCUPATIONAL GROUPS

4.1 Methodology

The data we used for our analysis covers all employees interviewed once during the course of the research (n= 768) from 18 companies. These employees covered a wide range of occupations and we were able divide the sample into professionals, who, in the main, needed a professional qualification to do the job like nurses, accountants, financial sales advisers, service engineers, frontline managers, with job titles like group leader, team leader, section manager, and workers who were neither managers nor professionals but worked as sales assistants, customer service representatives, manual and clerical workers.

The aim of the analysis was to test the AMO model by focussing on the link between commitment and the HR practices identified for different occupational mixes of employees. We apply conventional multivariate regression techniques and are interested in comparing the revealed significance patterns across occupations. Any observed differences between the groups represent support for the idea that different polices and practices are important for different types of workers.

The variables used to measure commitment and the HR practices are presented in Table 1. Some of these are based on a single measure, while others are summated scales based on a combination of individual items which were considered the best indicators of the items of interest. All scales exhibit appropriate item-to-total correlation and inter-item correlation.¹ Cronbach's Alpha was used to assess the reliability of our scales, all constructs exhibit appropriate internal reliability for our purposes.² Confirmatory factor analysis reveals the unidimensionality of each of our proposed constructs.

(Table 1 about here)

The first stage of our analysis was to assess the association between commitment and the other variables of interest. Table 2 displays the bivariate correlation coefficients for the variables in our dataset. There is a strong and statistically significant positive relationship between all the HR practices and commitment, which is consistent with the predictions of the AMO model. The evidence from the correlations was suggestive, so we proceeded with other methods.

(Table 2 about here)

The second stage of our analysis sought to understand how the correlations identified in Table 2 interacted with each other. In order to do this we fit a simple linear regression model for each occupational group with commitment as the dependent variable.³ The independent variables in these regressions included all of the HR practice variables included in Table 1, as well as controls for certain employee characteristics which previous researchers have cited as important determinants of commitment.⁴ We included controls for age, length of service, overtime worked, sector and trade union membership.

The significance pattern of the regression results is presented as Table 3. A more detailed report of the regression results is contained in Appendix 1.

¹ Hair, et al (1998:118) suggest that item-to-total correlations in excess of 0.5 and inter-item correlations in excess of 0.3 as threshold levels.

² Nunally (1978) suggests 0.70 as a threshold level for alpha. Robinson, et al (1991) suggests that levels above 0.60 are appropriate for exploratory work.

³ This style of approach to identifying occupational differences in response to HR practice has been used previously in Hoque and Rayton (2004) in the context of employee motivation.

⁴ Beck and Wilson (2001) provide a clear discussion surrounding the value of demographic controls in studies of organizational commitment.

In the construction of Table 3 we report the significance level of any regression coefficient for an HR practice variable that is significant at the 10 percent level or better. We take the view that a 10 percent significance level is appropriate, given the relevant sample sizes and the number of variables included in the regressions.⁵ That said, we regard significance at the 10 percent level represent as quite weak evidence of statistical linkages, particularly in our larger sub-samples.

(Table 3 about here)

Our analysis shows that, once potentially intervening variables are controlled for, a particular set of HR practices are effective in allowing us to explain commitment, and this set or bundle varies according to occupation group. The explanatory power of the three regression models is significant in all cases, but there is considerable variation the relative explanatory power of the models.

We find four practices important in explaining the commitment of managers. These are career opportunities, rewards and recognition, communication, and work life balance. We find a set of seven practices that are important for explaining the commitment of professionals. This set includes career opportunities, rewards and recognition, performance appraisal, work life balance, relationship with managers, openness and communication. The set of practices that we identify as significant for workers includes only job security, openness and communication (see Figures 2, 3 and 4).

(Figures 2, 3 and 4 about here)

5. DISCUSSION

Although our analysis has revealed that the commitment of the three occupational groups can be explained by different combinations of HR practices there are some important patterns in the data. We find that communication is important for all groups, although the evidence is weaker for workers. Openness is important for both groups of non-managerial employees. Career opportunities are important for managers and professionals, as are reward and recognition.

⁵ See DeGroot (1984: 449-451) for a discussion about choosing appropriate *p* values.

We should now consider how these results can be explained: why is it that the commitment of these three occupational groups is associated with different HR policies?⁶ There are three types of explanations which are most likely to be important: the nature of jobs, the expectations of employees and the HR policies used to manage these employees.

The most obvious place to begin is that these jobs are undertaken by employees who require different sets of knowledge, skills and experience. Some employees will need professional qualifications to do their job, others experience of leading teams, while others will need a high level of technical competence. It is perhaps no surprise that these employees should be managed differently. Indeed, these differences were, and occasionally still are, reflected in variations in basic terms and conditions of employment which moves towards harmonisation have been seeking to remove.

We need to go further than this and consider the expectations that employees have about the nature of their job and their relationship with their employer. This issue of expectations has been discussed extensively in terms of the employees' psychological contract. So for example we would expect managers' commitment to be positively associated with their perceived career opportunities. They have already been promoted, either internally or from an external appointment and are likely to be expecting further promotion as part of their career. The nature of these jobs is also likely to contribute towards the importance of reward and recognition. Work-life balance would also be of particular importance at this stage of their careers. If these sets of tacit expectations are not met and the psychological contract is breached it could have a significant impact on the commitment to the organisation.

Professionals' commitment on the other hand is affected distinctively by their relationship with their first line manager, performance appraisal and work life balance. The first of these is likely to be important because many professional jobs involve a high degree of discretionary behaviour and control is likely to be personal rather than bureaucratic or technical. Performance appraisal is also likely to be critical because professionals will identify strongly with their own performance and may set themselves high standards. They will be very sensitive to judgements made about their performance by others because they may well interpret this as a judgement about themselves as a person rather than as a job holder. Work life

⁶ This is potentially a very broad area of discussion which has repercussions well outside the scope of this paper. Our focus is on how these findings relate to the debate over the links between HR policy and performance, and especially the need to differentiate between policies which are most effective.

balance is also important for because their jobs will often involve working outside normal office hours or possibly away from their employer's offices.

Employees, on the other hand are more likely to be concerned about their ability to raise problems in the workplace when they feel badly treated – issues of fairness and consistency of treatment are likely to be central. Issues of job security are also important for workers perhaps because instability in the market place is felt first by them.

Third, the HR policies which are employed may themselves play a role in shaping employees' attitudes because there is often an interaction between policies and attitudes. In essence it may be that employers are seeking to anticipate the needs of their employees and adjust their HR policies accordingly to maintain high levels of commitment. Evidence of this tailoring of policies has been in existence for some time (Miles and Snow, 1984; Osterman, 1987).

This view has also received more recent support from Lepak and Snell (2002) in their follow-up work to the development of their concept of HR Architecture. They distinguish four different employment modes (Knowledge based, job based, contract work and alliance/partnership) and looked at the Hr configurations which were employed. They found that 'whether intended or emergent, there appears to be a clear pattern in the resource allocation and HR configurations used for different kinds of worker' (Lepak and Snell, 2002: 536). For example 'the commitment-based HR configuration is significantly greater for knowledge based employees than for workers within the three other modes (Lepak and Snell, 2002: 536). Indeed, they found evidence that the commitment based approach tended to be limited to knowledge based workers.

They discussed the possible reasons for this variety of treatment and looked in detail at cost and inertia. It is clearly possible that firms believe it is simply not worthwhile investing in some groups of employees because they believe they are not central to the success of the organisation. Using this argument for shop floor employees, for example, simply have to carry out their set tasks in as productive way as possible. There are also obstacles to making changes to HR policies; they note that once installed HR policies are notoriously difficult to change. (2002:537). The policies used simply represent existing and past assumptions about the psychological contract of employees. They reflect and shape employees' needs and expectations.

6. IMPLICATIONS

Our findings potentially have profound implications for theory and for practice. The theoretical implications are best understood in the context of the traditional distinction between the best practice and best fit views mentioned at the beginning of this paper. These results provide little evidence to support the best practice view. Indeed, they simply add to the contingent factors which other authors have said need to be taken into account when shaping HR strategy (Purcell, 1999). After all, how can a universalistic approach be associated with success if the commitment of the employees appears to be influenced by different factors?

More support is provided for the best fit view, only in this instance the key contingent factor is the internal occupational grouping. Guest (1997:271) refers to this as 'fit as bundles' whereby there are distinctive patterns or configurations of HR policies and the task is to identify which of these is most effective, in this case for different occupational groupings. This suggests that a series of 'occupational bundles' may be more appropriate than a single combination of practices applied equally to all employees. A form of this occupational bundling or configuration has already been noted by Purcell (1999) in the context of core and peripheral employees.

The key finding that commitment of occupational groups is affected by different HR policies and practices has potentially major implications for practice. Indeed, the design of HR strategy becomes problematic as managers face a tension between the need for a consistent approach and one which takes account of the particular needs of different groups within their workforce. On the one hand there is a strong need to treat employees in the same way: there are important legal, ethical and moral imperatives to ensure consistency of treatment. In addition the pursuit of employee discretionary behaviour and flexibility is often predicated on establishing an inclusive culture where all employees identify with and feel part of the organisation. On the other hand our evidence shows that the commitment of occupational groups is influenced by different factors. Certain groups, for example professional employees will need policies and practices dedicated to their needs. These differences are unlikely to be in the areas of basic terms and conditions, which were once the subject of the move towards harmonisation of terms and conditions, because many of the most obvious areas of unfairness have now been removed. They are more likely to be in other areas concerned, for example, with opportunities for career development. The shop floor worker may resent the training and development opportunities made available to professional employees who already appear to have high discretion jobs.

One way of understanding this is to refer to the concept of table stakes discussed by Boxall (1996) in a slightly different context. There is likely to be a base of policies which need to be in place generate commitment among all employees. These are likely to ensure consistency of treatment, to satisfy legal and moral concerns and to improve employee commitment. In our study communications were positively associated with employees in all occupational groups.

In addition to the table stakes needed to play the game there also has to be a tailoring of policies to meet the particular needs of different occupational groupings. The task is one of knowing what to emphasise for each group. Effectively there is a need to identify the common and dedicated triggers to discretionary behaviour for different occupational groups. However, as we have argued, it is not simply a question of designing the most appropriate HR policy mix. The key issue is how those policies are perceived by employees; how they are actually implemented and experienced as HR practices. We know that the ways in which these policies are 'brought to life' (Purcell et al, 2003) are absolutely critical. They have to be implemented in such a way as to meet the needs of each occupational group. Professionals, for example, are likely to be as sensitive about the actual experience of performance appraisal as they are about the design of the system itself.

This need to tailor policy and practice may not create a problem in some organisations where there is a dominant occupational group for example in professional service firms such as accountants and lawyers. Although there is likely to be some customising for employees such as clerical staff this is likely to be deviations from the taken for granted professional model. In other organisations, such as the NHS, there are much more diverse occupational groupings where not only do these groups have to co-operate closely together but these drivers of employee commitment are likely to be displayed much more sharply.

Our focus in this paper is on the links between HR policy and practice and occupational differences in employee attitudes and behaviour. There are, of course, other ways of dividing up the workforce on the basis of gender, age and unionisation. However, we believe that the occupational analysis is particularly important because of its connection to the industrial sector. The occupational mix will vary between industrial sectors because it is a product of the nature of work, work organisation and path dependency. Thus the appropriate and effective HR policies are likely to be different in one sector compared to another.

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Openness

- ‘To what extent do you feel that your company provides you with reasonable opportunities to express grievances and raise personal concerns?’

Work life balance

- ‘How well do you feel that your company does in helping employees achieve a balance between home life and work?’

Relationship with managers (Alpha= 0.8634)

How good are managers at ...

- ‘Keeping everyone up to date about proposed changes?’
- ‘Providing everyone with a chance to comment on proposed changes?’
- ‘Responding to suggestions from employees?’
- ‘Dealing with problems at the workplace?’
- ‘Treating employees fairly?’

Table 2

Displays bivariate correlations for the variables used in our analysis. Sample based on first interview with each individual.

NB. Based on all employees interviewed once (n=768)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Sector	1.000															
2 Total yrs in company	.372**	1.000														
3. Overtime	-0.025	.103**	1.000													
4. TU membership	.376**	.489**	-0.017	1.000												
5. Job security	0.045	-0.022	.129**	-.081*	1.000											
6. Training	0.052	0.027	-0.039	0.063	.112**	1.000										
7. Career opps.	0.035	-0.069	.072*	0.064	.115**	.362**	1.000									
8. Appraisal	-0.016	-0.053	-0.013	0.057	.152**	.224**	.371**	1.000								
9. Rewards & recog	-.081*	0.045	0.066	.084*	.194**	.319**	.380**	.287**	1.000							
10. Teamworking	0.014	-0.046	0.029	-0.029	0.037	.081*	.175**	.095*	.078*	1.000						
11. Involvement	-.148**	-.119**	0.034	-.117**	.209**	.272**	.347**	.292**	.369**	.203**	1.000					
12. Communication	0.025	0.047	0.042	.088*	.196**	.244**	.237**	.294**	.382**	0.072	.346**	1.000				
13. Openness	-.079*	-0.021	0.031	-0.041	.182**	.261**	.279**	.310**	.325**	.086*	.361**	.332**	1.000			
14. Work life balance	-.114**	-.110**	-.078*	-0.060	.135**	.138**	.174**	.264**	.251**	0.060	.323**	.281**	.279**	1.000		
15. Rel. with managers	-.136**	-.132**	0.031	0.012	.250**	.299**	.339**	.441**	.440**	.144**	.460**	.412**	.479**	.339**	1.000	
16. Commitment	.180**	.123**	.109**	.142**	.239**	.235**	.363**	.360**	.394**	.116**	.317**	.432**	.351**	.248**	.411**	1.000

*p<0.05

**p<0.01

Table 3

Displays selected details from linear regressions by occupation. The dependent variable in all models is organisational commitment. All models include the same set of independent variables. We only report results for significant HR policy coefficients.

	Managers	Professionals	Workers
	Obs. 165 R ² 0.547 Significance level	Obs. 324 R ² 0.488 Significance level	Obs. 279 R ² 0.323 Significance level
Career Opportunities	0.000	0.057	
Rewards and recognition	0.026	0.005	
Performance Appraisal		0.017	
Work life balance	0.096	0.037	
Relationship with managers		0.002	
Openness		0.053	0.051
Job security			0.028
Communication	0.012	0.000	0.097

Figure 1: The Bath People and Performance Model

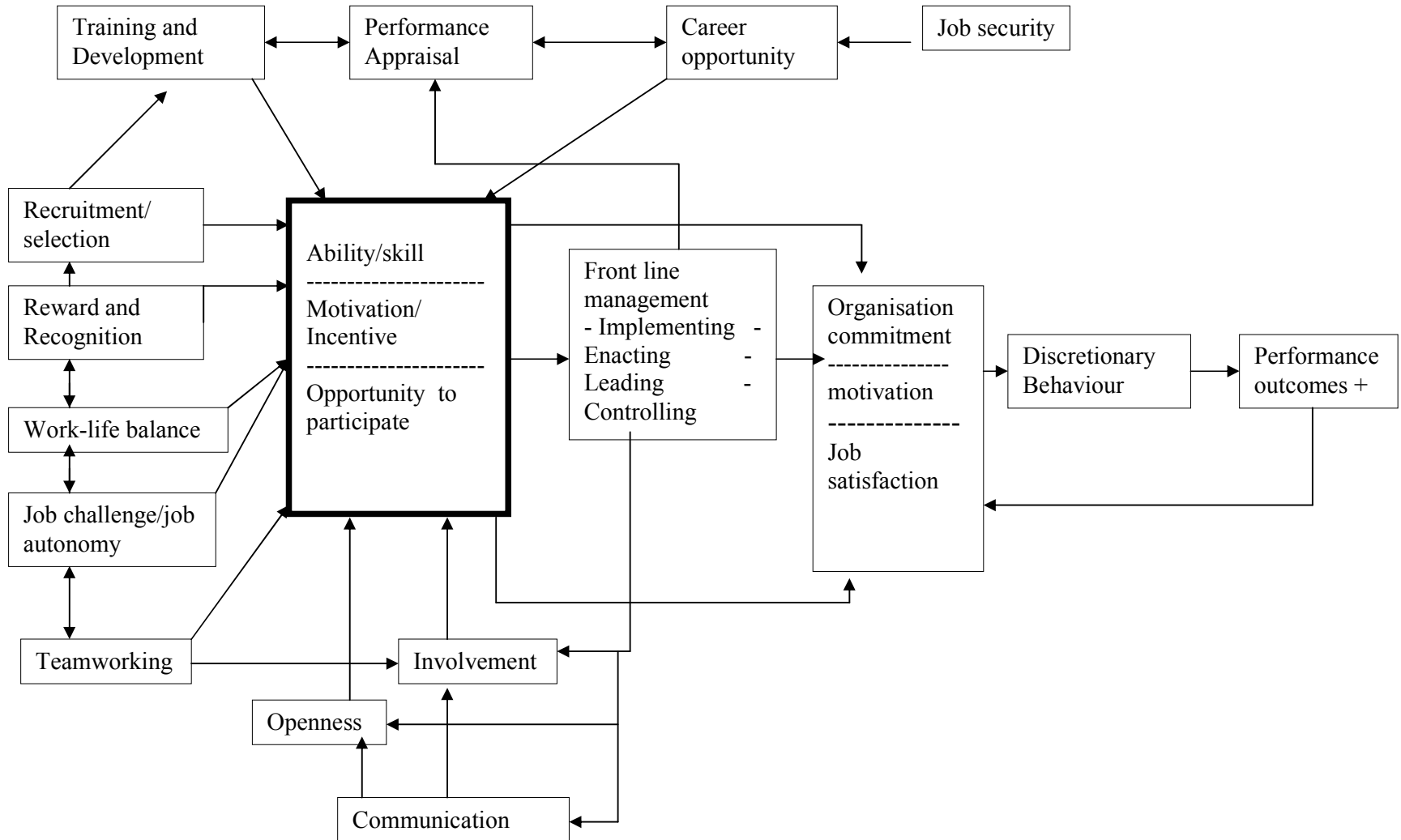


Figure 2: The Bath People and Performance Model - Managers

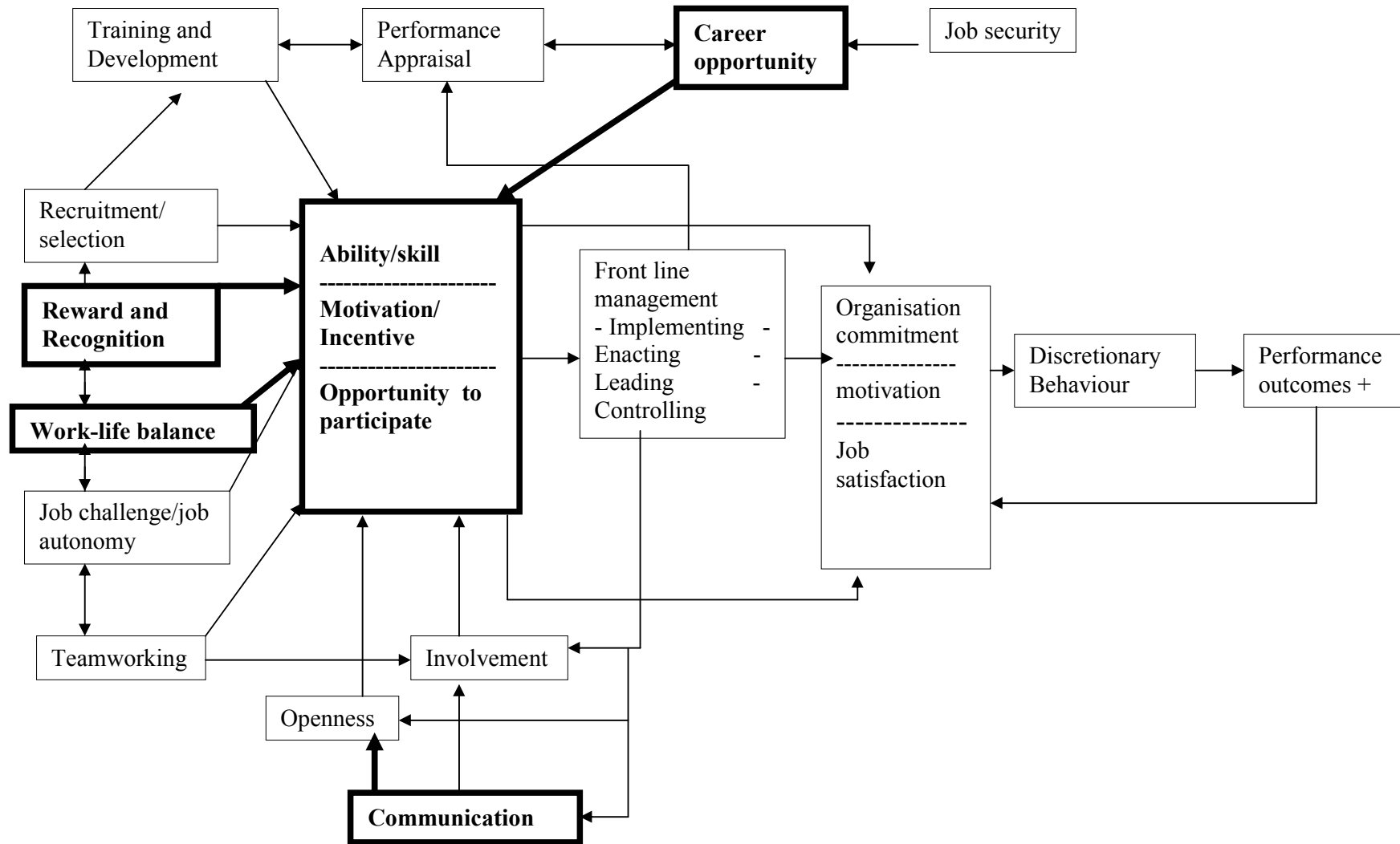


Figure 3: The Bath People and Performance Model - Professionals

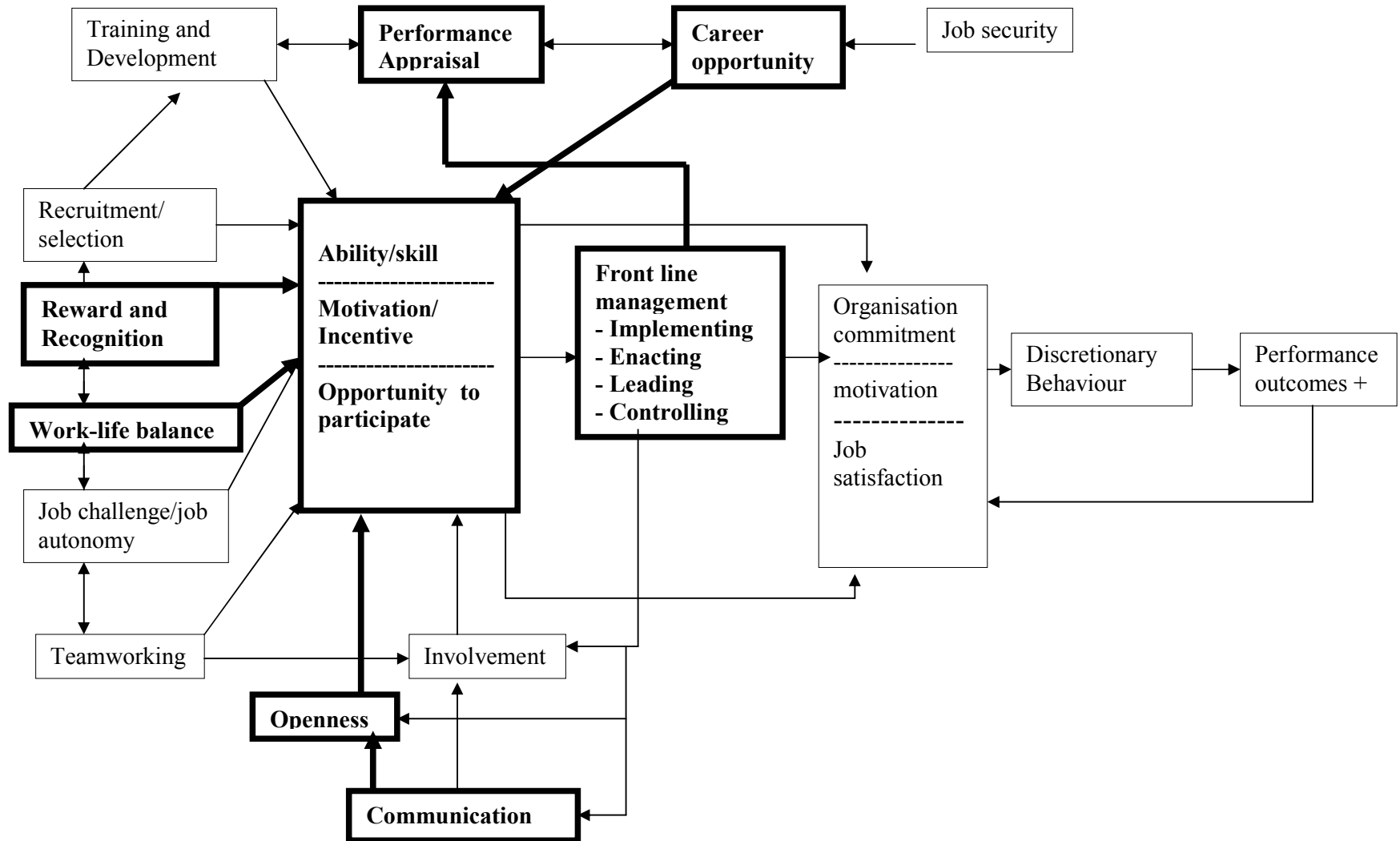
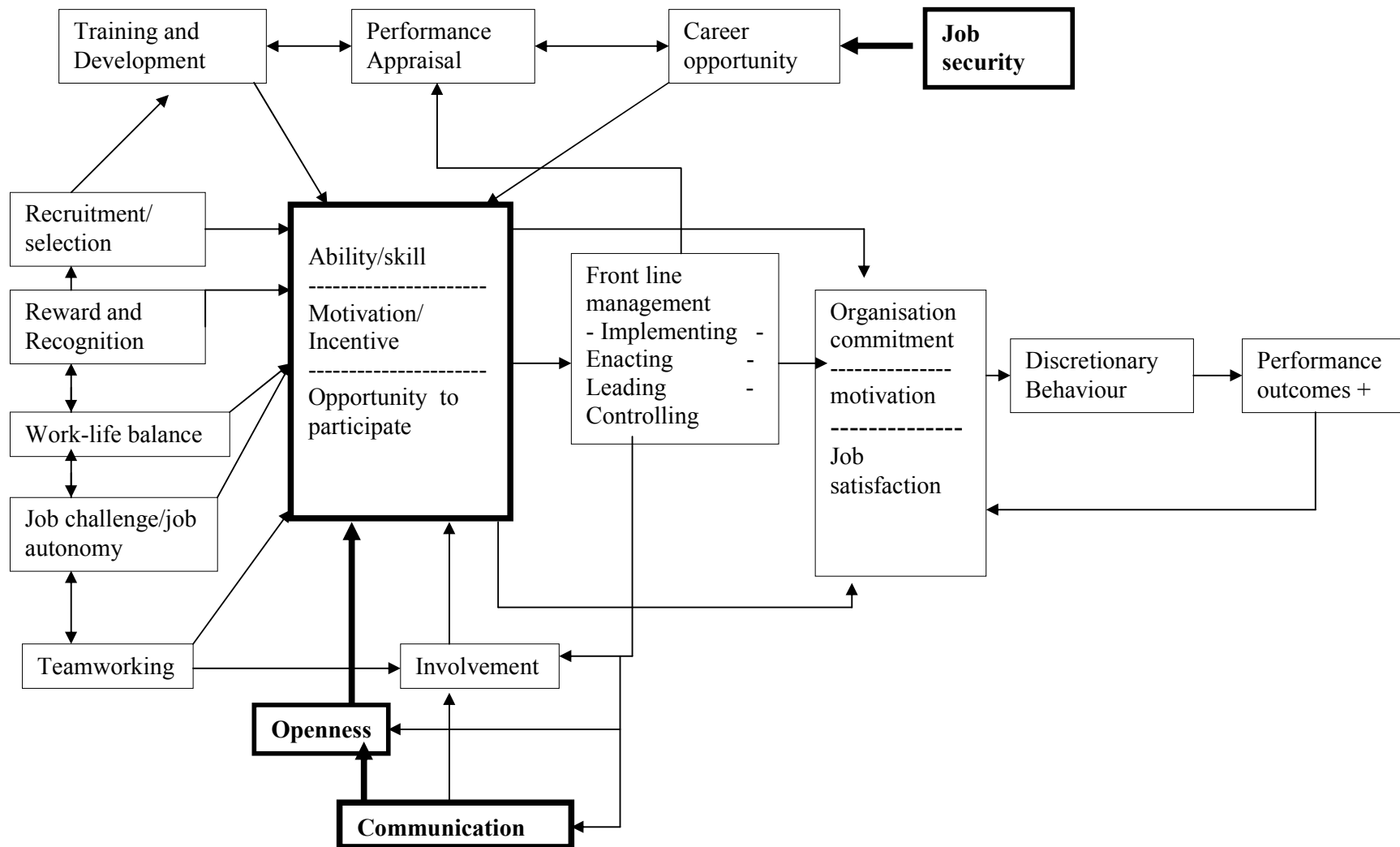


Figure 4: The Bath People and Performance Model - Workers



Appendix 1

This appendix contains the raw regression output used to construct Table 3. Each regression is presented as a separate table.

Table A1

Presents OLS regression results for workers, and is based on 165 observations. R-squared is 0.547.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.479	.282		1.700	.091
Manufacturing sector	-.181	.105	-.125	-1.713	.089
Service sector	9.390E-02	.105	.065	.896	.372
KI firm	.342	.118	.225	2.908	.004
Age	-.050	.039	-.091	-1.261	.209
Tenure	1.745E-02	.041	.034	.429	.668
Overtime	-.140	.113	-.075	-1.239	.217
TU or staff assoc member	-.075	.087	-.063	-.866	.388
Job security	6.679E-02	.046	.089	1.444	.151
Training	-.050	.039	-.090	-1.297	.197
Career opportunities	.188	.046	.302	4.104	.000
Team working	6.991E-02	.043	.099	1.620	.107
Influence	6.720E-02	.041	.117	1.637	.104
Openness	6.034E-02	.055	.074	1.088	.279
Work life balance	9.007E-02	.054	.114	1.677	.096
Rewards and Recognition	.146	.065	.164	2.253	.026
Communication	.149	.059	.173	2.538	.012
Relationship with managers	2.940E-02	.060	.038	.494	.622
Performance appraisal	1.715E-02	.042	.027	.404	.687

Table A2

Presents OLS regression results for workers, and is based on 324 observations. R-squared is 0.488.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
(Constant)	.195	.307		.634	.527
Manufacturing sector	-.468	.124	-.188	-3.782	.000
Service sector	-.332	.107	-.218	-3.101	.002
Age	-.004	.031	-.007	-.138	.890
Tenure	-.012	.031	-.021	-.377	.706
Overtime	.159	.080	.085	1.986	.048
TU or staff assoc member	-.090	.104	-.053	-.870	.385
Job security	2.621E-02	.040	.030	.650	.516
Training	-.006	.034	-.008	-.161	.872
Career opportunities	7.260E-02	.038	.096	1.913	.057
Team working	-.013	.039	-.014	-.338	.735
Influence	2.944E-02	.041	.038	.720	.472
Openness	9.937E-02	.051	.101	1.942	.053
Work life balance	8.949E-02	.043	.102	2.091	.037
Rewards and Recognition	.153	.055	.149	2.803	.005
Communication	.228	.050	.240	4.525	.000
Relationship with managers	.153	.048	.179	3.155	.002
Performance appraisal	9.262E-02	.039	.124	2.392	.017
Retail Sector	1.158	.597	.085	1.938	.054

Table A3

Presents OLS regression results for workers, and is based on 279 observations. R-squared is 0.323.

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
(Constant)	.284	.306		.929	.354
Manufacturing sector	-.313	.113	-.214	-2.764	.006
KI firm	-.265	.175	-.086	-1.515	.131
Age	4.406E-02	.031	.095	1.441	.151
Tenure	1.615E-02	.038	.033	.423	.673
Overtime	.154	.075	.111	2.061	.040
TU or staff assoc member	.185	.101	.133	1.831	.068
Job security	9.562E-02	.043	.134	2.211	.028
Training	-.010	.040	-.014	-.240	.810
Career opportunities	9.036E-03	.042	.013	.215	.830
Team working	5.148E-02	.047	.060	1.084	.279
Influence	-.011	.045	-.017	-.252	.801
Openness	.109	.056	.120	1.960	.051
Work life balance	7.854E-02	.050	.091	1.579	.115
Rewards and Recognition	7.911E-02	.055	.088	1.432	.153
Communication	9.431E-02	.057	.102	1.665	.097
Relationship with managers	8.706E-02	.057	.109	1.519	.130
Performance appraisal	4.980E-02	.047	.058	1.051	.294
Retail Sector	-.496	.111	-.279	-4.474	.000

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