

# **Strategy and HRM Practices Alignment, Role Stress and Individual Outcomes : A Multilevel Study**

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## **ABSTRACT**

Previous research on HRM-firm performance relationship predominately adopted two perspectives ([1]). One is universalistic perspective and focus on the linkage between HRM practices and firm performance. The other is contingency perspective and focus on the linkage of the complementarity or fit between HRM practices and organization's strategy with firm performance. Responding to call for opening the black box to explain the relationship between HRM practices and performance, many research explore varieties of mediating mechanisms linking HRM practices and performance. Comparatively, few research explored the mediating mechanisms explaining linkage of the fit or interaction between HRM practices and strategy. Besides, more attention taking a multi-level approach to understanding SHRM is needed ([3]). Thus, the current study tries to fill these two theoretical gaps.

Roles refer to a set of expectations about behaviors for a position in a social structure ([4] [5]). Often, however, employees are confronted with unclear information about role expectations or incongruity of different role expectations. The former situation is referred to as role ambiguity, the latter as role conflict. Based on role theory, we build a multilevel model and argue that incongruence between innovative strategy and high-involvement HRM practices will result in role ambiguity and role conflict, thus bring down individual outcomes, including satisfaction, burnout and innovative behavior. The developed hypotheses include:

*Hypothesis 1a: Employee Role ambiguity negatively related to job satisfaction and innovative behavior, but positively related to burnout.*

*Hypothesis 1b: Employee Role conflict negatively related to job satisfaction and innovative behavior, but positively related to burnout.*

*Hypothesis 2a: The alignment between HRM practices and innovative strategy is negatively related to role ambiguity. Which means innovative strategy negatively moderates the relationship between high-involvement HRM and role ambiguity, such that the relationship is negative under high innovative strategy, and positive under low innovative strategy.*

*Hypothesis 2b: The alignment between HRM practices and innovative strategy is negatively related to role conflict. Which means innovative strategy negatively moderates the relationship between high-involvement HRM and role conflict, such that the relationship is negative under high innovative strategy, and positive under low innovative strategy.*

*Hypothesis 3a: The innovative strategy moderates the indirect relationship that high-involvement HRM with job satisfaction, burnout and innovative behavior, respectively, via role ambiguity, such that the indirect relationship that high-involvement HRM with job satisfaction and innovative behavior are positive under high innovative strategy and negative under low innovative strategy, the indirect relationship that high-involvement HRM with burnout is negative under high innovative strategy and positive under low innovative strategy.*

*Hypothesis 3b: The innovative strategy moderates the indirect relationship that high-involvement HRM with job satisfaction, burnout and innovative behavior, respectively, via role conflict, such that the indirect relationship that high-involvement HRM with job satisfaction and innovative behavior are positive under high innovative strategy and negative under low innovative strategy, the indirect relationship that high-involvement HRM with burnout is negative under high innovative strategy and positive under low innovative strategy.*

The research framework is demonstrated as figure 1.

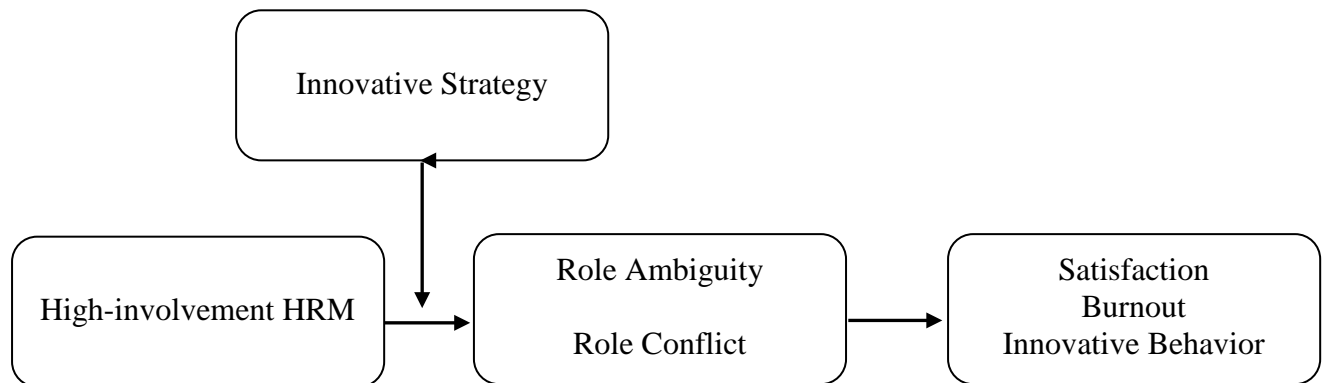


Figure 1. Research Framework

The strategic business unit (SBU) is the target of the survey. To avoid common method variance problem, we received data of role ambiguity, role conflict, job satisfaction, emotion burnout from employees, while the SBU directors evaluated the innovative strategy, high-involvement HRM practices and employees' innovative behavior. A sample of 347 respondents, belonging to 62 SBUs, was used to test our hypotheses.

Using HLM for multilevel analysis, we found significant relationship between role stress and employee outcomes. Role ambiguity and role conflict negatively related to job satisfaction and innovative behavior, but positively related to burnout. These results support Hypothesis 1a and Hypothesis 1b. The results also showed innovative strategy negatively moderates the relationship of high-involvement HRM with role ambiguity and role conflict. Figure 2 showed that with high innovative strategy (1 standard deviation above the mean), high involvement HRM was negatively related to role ambiguity ( $\gamma = -.57, p < .01$ ), whereas when innovative strategy was low (1 standard deviation below the mean), the relationship between them was non-significant ( $\gamma = -.11, n.s.$ ). The result partially supported Hypothesis 2a. Figure 3 showed the negative moderating effect of innovative strategy on relationship between High-involvement HRM practices and role conflict. It indicated that high involvement HRM was negative related to role conflict ( $\gamma = -.40, p < .01$ ) with high innovative strategy (1 standard deviation above the mean), whereas when innovative strategy

was low (1 standard deviation below the mean), the relationship became positive relation but non-significant ( $\gamma = .10, n.s.$ ). The result supported Hypothesis 2b.

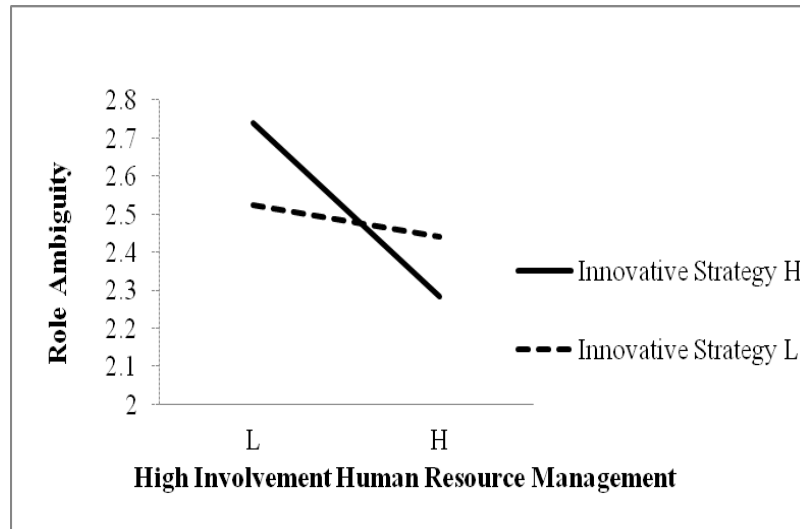


Figure2: Interaction effect of HRM practices and strategy on role ambiguity

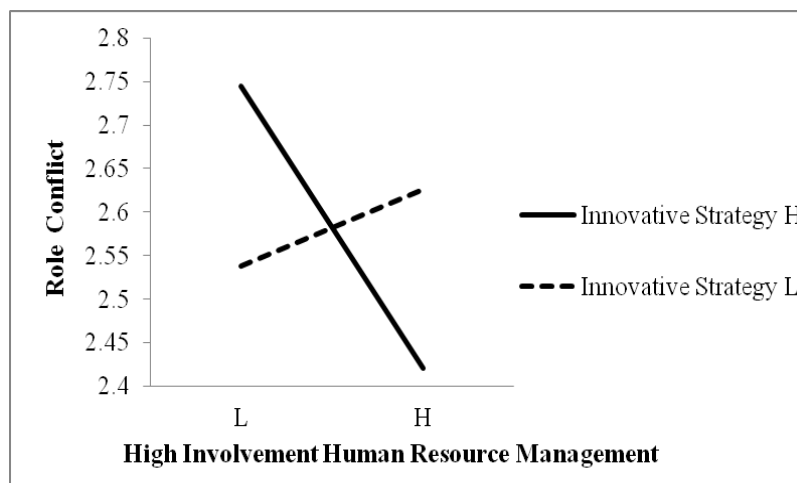


Figure3: Interaction effect of HRM practices and strategy on role conflict

Following Edwards and Lambert's ([2]) suggesting procedure, we tested a moderated-mediation model and found that the innovative strategy moderated the indirect relationship that high-involvement HRM with job satisfaction, burnout and innovative behavior, respectively, via role ambiguity and role conflict. Results show that high-involvement HRM more positively relate to job satisfaction and innovative behavior, and more negatively relate to burnout, via role ambiguity, when organizations adopt high innovative strategy. When role conflict as mediating variable, we found the indirect relationships that high-involvement HRM with job satisfaction and innovative behavior via role conflict are positive under high

innovative strategy, but the indirect relationships turn out to be negative under low innovative strategy. On the contrary, the indirect relationship that high-involvement HRM with burnout via role conflict is negative when organizations adopt high innovative strategy, but the indirect relationship turn out to be positive when organizations adopt low innovative strategy. Overall, these results supported Hypotheses 3a and 3b.

These results demonstrate the alignment between HRM practices and strategy facilitates job satisfaction and innovative behavior, and diminishes burnout, via the mediating effect of role ambiguity and role conflict. Because of few research explored the mediating mechanisms explaining linkage of the fit or interaction between HRM practices and strategy, this study contributes to SHRM research by introducing role theory to explain the mediating process between HRM external fit and individual outcomes. The current study also respond the call for multi-level approach of SHRM research, and facilitate the understanding of how fit of HRM practices with strategy at organizational (SBU) level affect outcomes at individual level.

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