

Master Thesis

The mediating effect of psychological empowerment, perception of organizational justice and human capital on the relationship between the employees' perception of HR practices and Organizational Citizenship Behaviors

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Project Period: 2011

Abstract

Research on the relationship between the perception of HR practices and employees performance has thus far focused primarily on firm-level outcomes or on employees' in-role performance. The current study is trying to contribute to the body of research by examining the relationship between a system of high performance HR practices and employees' discretionary behaviors towards an organization (known also as an "extrarole behavior" or "organizational citizenship behavior (OCB)"). In addition to testing whether the employees' perception of HR practices influences their discretionary behaviors, this study examines the impact of three intervening variables: psychological empowerment, organizational justice and human capital on the HR practices - extra-role behavior relationship. Drawing on a sample of 106 employees of a German airline, the results show that the employees' perception of the HR practices had no impact on their discretionary behaviors and that the perception of the HR practices had an impact on only one component of psychological empowerment meaning - which in turn was found to trigger employees' extra-role behaviors directed at the organization. This study also found that the employees of the airline working on special managerial contracts (working more than 40 hours per week) were more involved in OCB than the employees covered by a standard contract (working up to 40 hours per week). Implications for further research and practice are presented.

Introduction

The Airline Industry is a sector which has been experiencing a period of unprecedented change in the last decades. Globalization, privatization of former publicly owned airlines, the emergence of low-cost carriers, are only but a few developments that have forced airlines to restructure and adapt in order to survive in this highly competitive environment (International Labour Organization, 2001). In order to remain competitive, airlines have realized the growing importance of offering high quality service and that highly skilled and motivated staff going "the extra mile" is a key parameter that can make a difference and be a decisive factor in this regard.

The airline industry is therefore a good sector to research if employees' perception of high performance work practices can positively impact employees' discretionary action, that is behavior that goes beyond the scope of basic task requirements, as it has been suggested in the literature. Although the importance of a discretionary behavior is generally recognized, there seems to be little research on how a system of mutually reinforcing HR practices creating a high performance work system (HPWS) can elicit and control this kind of employees' behaviors. HPWS is a system of HR practices designed to boost motivation, develop employees' competencies, and give an opportunity to use them in order to improve employees' performance (Liao, Toya, Lepak, & Hong, 2009; Guest, 2006; Macky & Boxall, 2007). While there is a considerable amount of research that has examined the relationship between HPWS and how employees perform their core tasks, so called in-role performance (Takeuchi, Lepak, Wang, & Takeuchi, 2007; Liao et al., 2009) or the link between HPWS and organizational outcomes (Evans & Davis, 2005; Sun, Aryee, & Law, 2007; Batt, 2002; Huselid, 1995; Guthrie, 2001), there are few studies that have examined the relationship between the employees' perception of a system of HPWS and their extra-role performance (Li-Ting, 2004; Mkamwa, 2009). There is even less research with regards to this relationship, when looking specifically at the mediators that are used in this study, psychological empowerment, organizational justice and human capital.

Psychological empowerment, the first mediator, is an individual's feeling of selfefficacy, which is influenced by four components: meaning, competence, selfdetermination and impact (Spreitzer, 1995). The concept of psychological empowerment is gaining popularity among researchers and practitioners, since it has been found to increase employees' motivation to act in the best interest of a company (Barnes, 2009), increase innovative behaviors (Spreitzer, 1995), commitment (Kanter, 1983) and employees' in-role performance (Gregory, Albritton, & Osmonbekov, 2010). Although psychological empowerment is already known to have a positive effect on employees and is beneficial for managers and the company as a whole, in practice, it appears to be one of the most difficult concepts that companies attempt to implement. Due to an insufficient understanding as to what psychological empowerment really is about, including in relation to setting appropriate boundaries for empowerment, the implementation of empowerment plans often fails (Barnes, 2009).

Since from an employer's point of view empowering employees presupposes that the employees posses the right skills and knowledge, the second mediator – human capital – was included in this study. Human capital is defined in this study as employees' skills, knowledge and experience as a result of education and work experience (Subramaniam & Youndt, 2005). Another reason for including human capital in the study was the fact that researchers have mostly focused on the link between the mediator human capital and the core task performance, while the impact of human capital on extrarole performance has not been extensively investigated.

The third mediator – organizational justice – was chosen, since a number of studies were conducted on organizational justice in the past, which came to different results related to the impact of this variable on employees' discretionary behavior. Researchers disagree in relation to the impact of the mediator *organizational justice* on extra-role behavior and, in specific, which type of justice, procedural or distributive, or if both, affect extra-role behavior. Among studies which found an impact of both types of justice on extra-role behavior, there are different results as to which one is a stronger predictor of such behavior. While, a substantial number of studies (Colquitt, Conlon, Wesson, Porter, & Ng, 2001) found that procedural justice is a stronger predictor of OCB, others (Nadiri & Tanova, 2010) found the opposite.

Given the above, this study aims to contribute to a greater understanding of how a system of four HR practices, selection, compensation, training and performance appraisal, as evaluated by the employees, influences the employees' feelings of psychological empowerment, whether the employees perceive them as fair and how they build human capital and in consequence, whether perception of these practices affect employees' extra-role performance towards the organization (Figure 1). Thus, the following formal hypothesis can be stated:

The positive relationship between the perception of HR practices and OCB towards the organization is mediated by psychological empowerment, justice perception and the level of human capital.

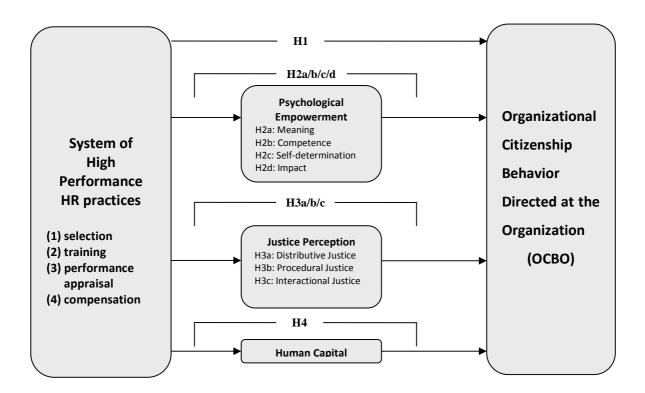


Figure 1. Conceptual Model

Since employees decide autonomously whether or not to engage in a manner that goes beyond the core task requirements, as opposed to in-role behavior, results might be

relevant for practitioners, such as line managers or HR managers, as they might be in a position to design certain practices that can positively influence employees' extra-role performance. For explaining the relationships between the variables the human capital theory, the resource based view (RBV) and the social exchange theory were used.

This paper is structured as follows: The subsequent section will concentrate on the theoretical framework, which will explain in detail the relationship between HR practices, all mediators and extra-role behaviors. In the following section, the methods and results will be presented. The final section will focus on a discussion of the results, practical implications and the limitations of the study.

Theoretical Framework

Although a lot of research has been done on the link between HR practices and employees' in-role performance, significantly fewer studies investigated how the perception of HR practices impact employees' extra-role performance. Such a result comes as a surprise because already many decades ago, Katz (1964) stressed the importance of employees' behaviors going beyond the scope of basic task requirements. Such behavior was labeled by Organ (1988) as organizational citizenship behavior (OCBs), contextual performance or extra-role behavior characterized by "an individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization" (p. 4).

The causal chain linking HR practices (inputs) and employee's response to them (outputs) is complex and has been referred to as the "black box" problem in the literature (Boxall & Purcell, 2008). The "Black box" model builds on a psychological contract, i.e. on an employee's and an employer's perception of mutual, often informal and imprecise, obligations and stresses a notable role of line managers in building favorable conditions to involve in OCBs (Chartered Institute of Personnel and Development, 2007). In the context of this study, "black box" refers to the causal chain of a direct relationship linking the perception of the system of HR practices employed in the organization and employees'

attitudinal and behavioral reactions to them, i.e. extra-role behavior directed at the organization.

It is acknowledged that one of the aims of high performance work systems is to develop employees' competence, motivation and give employees an opportunity to contribute to organizational strategy (Bowen & Ostroff, 2004; Guest, 2006). It is also acknowledged that the organizational functioning and thereby, indirectly the organizational performance of a company is enhanced when employees are motivated and when they go beyond their basic task requirements (Organ, Podsakoff, & MacKenzie, 2006).

In addition to advantages for companies from implementing HPWS, research has shown that such systems are also beneficial for the employees themselves (Guest, 2006). There is evidence that workers who experience high performance work practices report higher job satisfaction (Guest, 2002), tend to be more often involved in a range of extra activities (De Cuyper, Isaksson, & de Witte, 2005) and are inclined to accept more responsibility (Guest, 2006). This has been explained by the fact that high performance work systems other than investing in employees by equipping them with the necessary skills and knowledge, enhance also their intrinsic motivation and commitment to the organization by providing an opportunity for learning and development, providing information and discretion to take advantage of their skills, competitive pay, and performance management (Guest, 2006; Guthrie, 2001).

Employees understand HR practices as signals sent from the employer to an employee showing whether employees are seen as an important asset in a firm and whether an employer takes care about employees' well-being (Gilbert, de Winne, & Sels, 2010). It would therefore appear natural if employees reacted equitably by displaying non-routine, discretionary behaviors if they felt that the company cares about their well being. In this logic, the results of the few studies that investigated the relationship between HR practices and employees' outcomes indicate that employees' attributions about HR systems indeed have a substantial impact on their attitudinal and behavioral reactions (Nishii, Lepak, & Schneider, 2008).

Since in most organizations line managers are those who have a substantial responsibility in the implementation of HR practices, they would therefore play an important role in triggering discretionary behaviors among their subordinates (Gilbert, de Winne, & Sels, 2010). In particular, it can take place by empowering employees by delegation of decision making power, by conducting a fair performance appraisal influencing positively employees' justice perception, and by conducting performance appraisal in such a way that an employee development plan is established in order to build employees' human capital.

In this study it is argued that employees' extra-role behavior can be influenced by the ways in which organizations manage their human resources. To analyze the relationship between HR practices and extra-role performance the following hypothesis is formulated:

Hypothesis 1: Employees who perceive greater use of HR practices will display a higher level of OCB towards the organization

In this research, in addition to testing the direct relationship between HR practices and extra-role performance directed at the organization, the mediating role of employees' perception of empowerment, perception of organizational justice and their level of human capital will be tested. Therefore, in the following section the role of the mediators is described.

Mediators of the Relationship Between Employees' Perception of HR practices and Organizational Citizenship Behaviors Directed at the Organization (OCBO)

To date some researchers found a significant relationship between high performance work systems and employees' extra-role performance (Mkamwa, 2009, Li-Ting, 2004), the mechanisms that give rise to this relationship are so complex that they require more attention. Therefore, this research tried to explain how specific intervening

variables like psychological empowerment, perception of organizational justice and level of employees' human capital, influence OCBO.

Psychological empowerment

Psychological empowerment is defined as a dynamic, motivational construct reflecting an individual's perceived self-efficacy, perceived level of autonomy and flexibility about performing the duties in an organization (Siegall & Gardner, 2000) and it is categorized into four cognitions: meaning, competence, self-determination, and impact (Gregory, Albritton, & Osmonbekov, 2010; Spreitzer, 1995). Meaning is the value of a work goal or a purpose put in a relation to an individual's own ideals. Competence is defined as an individual's confidence in his or her own ability to perform activities. Here the focus is on efficacy specific to a work role rather than overall efficacy. Self-determination is described as an individual's sense of having the opportunity to initiate and regulate actions. Finally, impact is the degree to which an individual can influence outcomes at work.

Several empowering high performance work practices, like competence development (Liao, Toya, Lepak, & Hong, 2009; Siegall & Gardner, 2000; Yang, 2011), information sharing, and feedback have been linked with positive feelings of psychological empowerment. Competence development in a form of mentoring, job rotation and extensive *training* is required to give employees competences to be able to make autonomous decisions. *Information* about an organization's mission and information about individual performance were found by Spreitzer (1995) to be critical for empowerment. The first one allows employees to create a sense of purpose and increases an employee's ability to make decisions aligned with the organizational goals. The latter, plays a role of performance feedback.

It has also been found that a clear vision and goals agreed with the supervisor help to set boundaries within which an employee can take autonomous action. Burke (1986) stressed the importance of empowering strategies that can be used by the leaders based on stimulating employees by bringing up exciting ideas and encouraging employees to pick

up difficult challenges. Empowering acts coming from a firm, i.e. delegation of power and decision-making authority may lead to changes in employee perception about the workplace. Such empowering HR practices will create an active attitude to work due to an increased feeling of competence, self-determination, meaning of work and enhanced perception of own impact on what is happening in the workplace (Spreitzer, 1995; Menon, 2001).

To date, a number of studies have shown that there is a positive relationship between psychological empowerment and individual performance (Seibert, Silver, & Randolph, 2004; Spreitzer, Kizilios, & Nason, 1997; Liao et al., 2009). According to Thomas and Velthouse (1990) the perception of an empowering work environment results in intrinsic motivation, which in turn will have a profound impact on employees' performance, i.e. involving in discretionary behaviors. Spreitzer (1995) reports that in previous research the four aspects of psychological empowerment were found to be related to innovative behaviors. According to this research meaning results in high commitment, self-determination in interest in activity, impact in persistence in striving for task accomplishment and competence in high goal expectations and coping with the activities. Furthermore, it has been argued that perception of own competence and confidence with regard to role demands will make an employee believe that he or she can successfully meet basic job requirements as well as non-routine tasks (Menon, 2001). In consequence, when employees believe that they have the necessary skills and possibilities to handle more challenging tasks and the value of their work goals is congruent with individual's own ideals, it is expected that they will get involved in extra-role behaviors towards an organization, such as offering ideas to improve the functioning of a firm or expressing loyalty towards the organization.

Given the above, the empowerment given to the employees by the organization in the form of training, information sharing and, by the line manger, due to delegation of power and increased possibility of participation in decision making, is expected to be returned by the employees in the form of increased readiness to help the organization (Gregory et al., 2010). Empowered employees will look for opportunities to have an

impact on their work environment and they will also feel able to shape their work role and context (Spreitzer, 1995). In order to better understand the mediating role of psychological empowerment in the relationship between HR practices and extra-role performance, it is necessary to take the *social exchange theory* into consideration. In essence, a supportive and empowering work environment experienced by employees makes them feel obliged to reciprocate by behaving to the benefit of the organization, through, for example, participating in voluntary meetings concerning the organization. Therefore, it is proposed that:

- **Hypothesis 2a:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of job meaningfulness
- **Hypothesis 2b:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of competence
- **Hypothesis 2c:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of self-determination
- **Hypothesis 2d:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of impact

Perception of organizational justice

Organizational justice describes the individuals' or groups' perception of the fairness of treatment received from an organization and in consequence, an employees' behavior in response to such treatment (Nadiri & Tanova, 2010). In the literature, justice has been conceptualized as a concept consisting of three dimensions: distributive justice, procedural justice and interactional justice (Niehoff & Moorman, 1993; Colquitt, 2001; Liao & Rupp, 2005). *Distributive justice* refers to the perceived fairness of the outcomes in

question, like pay, promotion, and performance appraisal. *Procedural justice* refers to the perceived fairness of the means (i.e. formal procedures) used to determine those outcomes. *Interactional justice* is considered as a subset or interpersonal facet of procedural justice and refers to the fairness of interpersonal treatment while enacting the formal procedures (Niehoff & Moorman, 1993; Colquitt, 2001; Liao & Rupp, 2005).

Certain HR practices have been shown to have an impact on organizational justice perceptions. For instance, selection processes in order to be perceived as "fair" should entail explanation of the selection procedures, interpersonal treatment of applicants, using valid and objective selection criteria, etc. (Truxillo, Steiner, & Gilliand, 2004). Performance appraisal, the second HR practice influencing justice perception, will be seen by the employees to be fairer if an individual believes that it is based on fair criteria and on detailed information and has a clear purpose, like providing a basis for the setting of performance goals (Folger & Cropanzano, 1998). Moreover, the authors argued that allowing employees to participate in their performance appraisal was crucial for enhancing perception of fairness of procedures.

Perceptions of organizational justice have been consistently linked to a variety of organizational outcomes like organizational commitment and OCB (Folger & Konovsky, 1989; Yang, 2011). According to some researchers the key to understand the relationship between organizational justice perception and OCBs can be explained by *social exchange theory*. Social exchange is defined as a relationship between employees and employers characterized by socio-emotional benefits, long-term focus, and unspecified, open-ended commitments (Blau, 1964). High quality social exchange relationships are likely to motivate employees to exhibit behaviors that have favorable consequences for the organization because employees identify the organization's welfare with their own and, since they receive a lot from the organization, they feel obliged to reciprocate (Rhoades, Eisenberger, & Armeli, 2001; Van Dyne, Graham, & Dienesch, 1994).

In the context of the justice perception-OCB relationship, it can be expected that if the employees see that the distribution of outcomes and the procedures are fair, they will be more inclined to engage in social exchange and exhibit OCBs.

Since the concept of organizational fairness in this study consist of three separate dimensions: distributive justice (DJ), procedural justice (PJ) and interactional justice (IJ) it is important to investigate whether these three types of justice have an impact on OCB and, subsequently, which type of justice is a stronger predictor of OCB directed at the organization (OCBO). To date, the results of many studies on what kind of justice correlates with OCBO are equivocal. For instance, Malesta and Byrne (as cited in Lavelle, Rupp, & Brockner, 2007) found that PJ did not predict OCBO, while for the study of Lee and Allen (2002) the opposite holds true, namely PJ was significantly and positively correlated with organizationally directed citizenship.

On a similar note, there is also a disagreement among researchers about which type of justice, procedural or distributive, has a stronger impact on OCB. Generally, PJ is seen to be a stronger predictor of OCBs in comparison to DJ (Organ & Moorman, 1993; Moorman, 1991; Morman, Niehoff, & Organ, 1997; Liao & Rupp, 2005; Colquitt et al., 2001; Fahr, Podsakoff, & Organ, 1990). However, some researchers found the opposite to be true. Results of the study of Nadiri and Tanova (2010) showed that DJ tended to be a stronger predictor of OCB.

This study aims to investigate the relationship between employees' perception of HR practices employed in the organization and OCBs mediated by justice perception. In the literature on organizational justice it was argued that employees assess how fairly they are treated and on this basis selectively direct their discretionary behaviors towards certain entities like supervisor, peers, organization (Williams & Anderson, 1991). Since policies and procedures are seen by the employees as coming from an organization, the perception of fairness of these procedures as well as the way how they are enacted and explained by supervisors will build OCBs directed also at the organization (Colquitt, 2001; Moorman, Niehoff, & Organ, 1993; Niehoff & Moorman, 1993; Lavelle et al., 2007). Given the above, the following hypotheses will be tested:

Hypothesis 3a: The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of distributive justice

Hypothesis 3b: The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of procedural justice

Hypothesis 3c: The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of interactional justice

Human capital

Human capital is defined as knowledge, skills, and abilities gained due to education and work experience possessed by people, that are valuable for the firm (Subramaniam & Youndt, 2005; Ng & Feldman, 2010).

In the field of Strategic Human Resource Management it is acknowledged that human capital can be an intangible source of competitive advantage and that HR practices play a big role in building human capital of a firm (Boselie & Paauwe, 2009). Unique HR practices aim to generate a high-quality stock of HR capital and leverage it in such a way that it improves organizational processes and outcomes (Carmeli & Schaubroeck, 2005). According to the Resource Based View (RBV) (Barney, 1991) the desired human resources, in particular the competences of the human resources of a firm should posses four qualities: to be highly *valuable* to a firm, reinforcing the organization's culture, structure and strategy, *rare*, *inimitable* and possessing *non-substitutable* by the competitors set of HR skills, knowledge, experience and abilities characteristic for a particular firm (Boselie & Paauwe, 2009; Carmeli & Schaubroeck, 2005).

In order to achieve a distinctive HR capital (Carmeli & Schaubroeck, 2005) firms implement certain HR practices like selective recruitment and extensive training. Recruitment processes provide a large pool of highly qualified applicants which will, in connection with reliable and valid selection methods, have a substantial impact on the quality and type of skills and attributes that new employees have. The skills that employees possess will be further developed due to formal and informal training in the form of basic skills training, on-the-job experience, coaching, and mentoring (Huselid,

1995; Guest, 2005). These companies that implement well designed specific training to their employees equip their employees with skills and knowledge that will make them competent to perform not only in-role tasks but also non-routine, additional tasks.

To date, there is very little research investigating how the perception of human capital impacts employees' extra-role behaviors. Nevertheless, Ng and Feldman (2010) attempted to explain the relationship between employees' skills, ability and OCB. They argued that additional years of education are likely to raise cognitive ability, which in turn is likely to promote extra-role performance. It has been argued that employees with high cognitive ability "might be able to provide better task assistance to peers and subordinates, give more thoughtful advice to supervisors, and promote the organizational agenda to external stakeholders more effectively" (Ng & Feldman, 2010, p. 211). Furthermore, it can be also assumed that the employee perceiving themselves as skilled and possessing a sufficient level of expertise might be more self-confident, self-motivated, self-disciplined and more achievement-oriented. That, in turn, might lead to exerting greater effort on contextual performance activities (Borman, Penner, Allen, & Motowidlo, 2001).

The relationship between the perception of HR practices and OCBO mediated by employees' perception of their human capital needs to be looked at in light of the *human capital theory*. This theory suggests that employees posses knowledge, skills and abilities which are valuable for a firm. Therefore, companies invest in employees' training to further increase their skills, knowledge and cognitive ability in order to enhance their productivity and efficiency (Mkamwa, 2009; Olaniyan & Okemakinde, 2008). In consequence, the perception of higher human capital, as mentioned in the paragraph above, will enable employees to exhibit extra-role behaviors directed at the organization, like promoting the organizational agenda and offering ideas improving the functioning of the organization. Some authors (Ingrid, Tom, & Sylvia, 2010) showed that coaching by managers positively influences employees' discretionary behaviors.

Pare and Tremblay (2007) attempted to explain the relationship between HR practices and OCB by referring to the *social exchange perspective*. They argued that the implementation

of HR practices like training, coaching and on-the job experiences send a clear and strong signal to the employees, notably that an employer is seeking to establish a long-term relationship with an employee. The study of Galunic and Anderson (2000) showed that an employer's investment in human capital, irrespective whether it refers to firm-specific or general, transferable human capital, pays off in the form of enhanced employee commitment, what in consequence leads to taking valuable, discretionary actions by the employees on behalf of the firm. Therefore, it is expected that:

Hypothesis 4: The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of their human capital

Method

Research set-up

The proposed theoretical model (Figure 1) with a total of nine hypotheses was tested based on data obtained from employees in one company. The data were collected over a span of three weeks in May 2011. This study used employee self-ratings of all measured variables.

Sample

The focus of this study was on individuals who work in an organization that applies the four typical high performance HR practices like selection, training, compensation and performance appraisal. The research population consisting of the employees of a German airline was a convenience sample. This airline with more than 117 000 employees in nearly 150 countries is Europe's leading aviation group. The majority of respondents in this research were employees working in the HR department in the airline's headquarter in Germany occupying managerial positions but it included also employees working at the airport in various positions and having a different range of responsibilities, i.e. check-in agents, operations agents, ticketing agents. A total of 106 questionnaires were collected: 86 questionnaires were collected in the HR department and the remaining 20

questionnaires at the airport among check-in, ticketing and operations agents. The research group of the employees consisted of 61 female respondents (57,5%) and 45 male respondents (42,5%) with age varying between 20 and 60 years. The average age of a respondent was 37,7 years. The job tenure in this company was on average 11 years. Moreover, 10,4 percent of the respondents were working 0-20 hours a week (defined as a half-time contract), 64,2 percent between 20 and 40 hours a week (full-time contract) and 25,5 percent of the respondents worked more than 40 hours a week (special managerial contract).

Procedure

Initially, it was intended to collect data through two different versions of questionnaires - one for employees and one for their direct supervisors. Namely, employees would fill in a questionnaire describing HR practices employed in the organization, their perception of psychological empowerment and organizational justice, whereas the direct supervisor of each employee would receive a questionnaire to evaluate the level of human capital and the OCB of the respective employee. However, after repeated in-depth consultations and discussions with HR managers from numerous companies in the Netherlands and Germany it became clear that involving supervisors in the data collection was not possible, primarily due to concerns related to anonymity when evaluating subordinates and also related to a relatively high time expenditure for supervisors. In addition, the employee council would routinely need to be consulted and would need to approve the study. This in itself would require between one and three month delay before receiving the green light to conduct the research. Furthermore, given that the questionnaire for supervisors included a performance evaluation, all companies that were approached explained that this would in any case be impossible, for reasons of data protection and for internal regulations. Therefore, in this research the set-up had to be changed in order to be able to collect the relevant data from the employees of the airline. Namely, employees were asked to answer questions that allow for an (self-) evaluation of their level of skills and knowledge (human capital scale) and extra-role

behavior directed at the organization. In these scales, the questions were reworded from "This employee..." to "I think I am...".

The questionnaires were distributed in hardcopy (which was the condition set by the managers of the airline) and a total of 86 questionnaires in such a form were collected in the HR department. In parallel, the questionnaire was published on the website www.thesistools.com, which generated 20 questionnaires. For the online version, which was directed at the airport staff a personal network was used. Emails containing the link to the online questionnaire were sent to the supervisors who sent it further among their subordinates from check-in, ticketing and operations. To both versions of the questionnaire, hardcopy and online, a cover letter was attached that briefly explained the purpose of the study.

Instruments

The following scales were used in the study:

HR practices. The scale was created from the scales used in the study of Lepak and Snell (2002) and Takeuchi, Lepak, Wang and Takeuchi (2007). This scale originally consisted of 18 items measuring employees' perception of HR practices like selection of staff, training, compensation and performance appraisal employed in the firm.

Prior to performing principal axis factoring (PAF), it was assessed whether it was allowed to conduct a factor analysis of the collected data. The Kaiser-Meyer-Olkin measure of sampling adequacy value exceeded the required value of .6 (.803) and Bartlett's Test of Sphericity was significant.

To examine the factor structure of these items, a factor analysis with principal axis factoring extraction imposing a single-factor solution was conducted. Operationalization of the independent variable as a unidimensional construct was considered to be the most appropriate solution for the concept tested in this study, i.e. the most often implemented HR practices creating a High Performance Work System (HPWS). Since four items had loadings on a single factor below .3 and did not contribute to the overall scale reliability they were removed. These items were: "I was hired to this job through a process involving interviews, tests", "I was hired because I was the best candidate", "My performance

appraisal is based on fair and measurable results" and "My performance appraisal includes goal setting with my manager/team leader". The final 14 items had factor loadings of .35 and above on a single factor (presented below in Table 1). One component extracted by factor analysis explained 39.7 percent of the variance of all variables. The final scale reliability was α =.88. The average score of the 14 items for each employee was used in the analysis.

Table 1
Factor Loadings for the Employee-Rated HR Practices Scale

Items measuring HR practices	Factor loading
1. I was hired based on my ability to work as a team member	.58
2. I was hired from among many job candidates	.36
3. The company promotes from within	.43
4. I was hired because of my potential to learn	.41
5. The training I receive is continuous	.56
6. I receive job specific training	.53
7. I receive training to develop firm-specific skills and knowledge	.71
8. The training I receive emphasizes on-the-job experiences	.53
9. I receive performance appraisals with professional feedback	.35
10. I receive incentives based on team performance	.71
11. My compensation package includes a fair and adequate benefits package	.81
12. My compensation includes high wages compared to my colleagues in other firms	.64
13. My incentive system is tied to my job performance	.69
14. My compensation depends on my performance	.79

Note. Principal axis factoring analysis with a single-factor extraction.

Extra-role performance directed at the organization. This scale, consisting of six items, was adopted by Lavelle, McMahan and Harris (2009). It measured the perception of employees' performance (based on self-evaluation) going beyond the scope of duties specified in their job description. Employees self-rated their organizational citizenship behavior on a seven-point Likert scale ranging from 1=strongly disagree to 7=strongly agree. Examples of questions were: "I defend the organization when other employees criticize it", "I show pride when representing the organization in public" and "I attend and participate in voluntary meetings regarding the organization". For the six-item scale measuring OCB directed at the organization Cronbach's alpha in this study was .72, which

was a little lower than Cronbach's alpha reported in the study of Lavelle et al. (α =.91). All items loaded on one factor (Table 2), which explained 46,2 percent of the variance. The average score of the six items for each employee was used in the analysis.

Table 2
Factor Loadings for the Employee-Rated OCBO Scale

Items measuring OCBO	Factor 1
1. I attend functions that are not required	.43
but that help the organizational image (e.g., charity events)	
2. I attend and participate in voluntary meetings regarding the organization	.50
3. I defend the organization when other employees criticize it	.66
4. I show pride when representing the organization in public	.83
5. I offer ideas to improve the functioning of the organization	.66
6. I express loyalty towards the organization	.87

Note. Principal component analysis with a single-factor solution and Varimax rotation.

Psychological empowerment. Psychological empowerment scale (Spreitzer, 1995) consisted of four subscales measuring four dimensions: meaning, competence, self-determination, and impact. The respondents could choose answers on a seven-point Likert scale ranging from 1=strongly disagree to 7=strongly agree. Examples of questions were: "The work is very important to me" (meaning), "I am confident about my ability to do my job" (competence), "I have a significant autonomy in determining how I do my job" (self-determination) and "I have a significant influence over what happens in my department" (impact). Factor analysis conducted for the sample in this study confirmed a four factor solution (Table 3). Four factors explained together 76,9 percent of the variance. The overall scale consisting of 12 items had a very good reliability α =.81. The scale measuring meaning had a reliability α =.79, competence α =.85, self-determination α =.79, and impact α =.89. The average score of the three items for each of the four subscales for each employee was used in the analysis.

Table 3
Factor Loadings for the Employee-Rated Psychological Empowerment (PE) Scale

		<u>Factor</u>	<u>`S</u>	
Items measuring PE	1	2	3	4
Meaning	00			
1. The work I do is very important to me	.83			
2. My job activities are personally meaningful to me	.79			
3. The work I do is meaningful to me	.86			
Competence				
1. I am confident about my ability to do my job		.84		
2. I am self-assured about my capabilities to perform		.87		
my work activities				
3. I have mastered the skills necessary for my job		.86		
Self-determination				
I. I have a significant autonomy in determining				
how I do my job			.81	
2. I can decide on my own how to go about doing				
my work			.84	
3. I have a considerable opportunity for independence				
and freedom in how I do my job			.73	
Impact				
1. My impact on what happens in my department is larg	ge			.81
2. I have a great deal of control over what happens in n	ny			
department				.90
3. I have a significant influence over what happens in m	У			
department	·			.92

Note. Principal component analysis with a 4-factor solution and Varimax rotation.

Perception of justice. The scale measuring organizational justice perception (Niehoff & Moorman, 1993) consisted of three subdimensions: procedural, distributive and interactional justice. A factor analysis for the justice scale conducted in this study supported the three-dimension model of organizational justice. Hence, this variable was operationalized as a concept consisting of three separate dimensions: procedural justice (six items), distributive justice (five items) and interactional justice (nine items) respectively, on a seven-point Likert scale from 1=strongly disagree to 7=strongly agree. Examples of the questions were: "I consider my work load to be quite fair" (distributive justice), "Employees are allowed to change or appeal job decisions made by my manager"

(procedural justice) and "My manager offers adequate justification for decisions made about my job" (interactional justice). For all three scales a reliability analysis was performed which showed that the item number one from the scale measuring procedural justice should be deleted as it did not contribute positively to the overall scale's reliability. After removing this item the reliabilities for the three scales were the following: distributive justice α =0.84 (five items), procedural justice α =0.80 (five items) and interactional justice α =0.93 (nine items). The reliability of the overall scale consisting of 19 items was α =0.92. These three factors explained together 67,6 percent of the variance. For the analysis, the average score for each scale for each employee was used.

Table 4
Factor Loadings for the Employee-Rated Organizational Justice Scale

		<u>Factor</u>		
tems measuring organizational justice	1	2	3	
Distributive justice				
1. My work schedule is fair	.72			
2. I think that my level of pay is fair	.65			
3. I consider my work load to be quite fair	.78			
4. Overall, the rewards I receive here are fair	.65			
5. I feel that my job responsibilities are fair	.67			
Procedural justice				
1. My manager makes sure that all employee				
concerns are heard before job decisions are				
made		.86		
2. To make job decisions, my manager collects				
accurate and complete information		.78		
3. My manager clarifies decisions and provides				
additional information when requested by emp	oloyees	.57		
4. All job decisions are applied consistently across	all			
affected employees		.44		
5. Employees are allowed to change or appeal job)			
decisions made by the manager		.81		
Interactional justice				
1. When decisions are made about my job, my ma	anager			
treats me with kindness and consideration	•		.87	
2. When decisions are made about my job, my ma	anager			
treats me with respect and dignity	J		.87	
3. When decisions are made about my job, my ma	nnagor			

is sensitive to my personal needs	.69	
4. When decisions are made about my job, my manager		
deals with me in a truthful manner	.86	
5. When decisions are made about my job, my manager		
shows concern for my rights as an employee	.69	
6. Concerning decisions made about my job, my manager		
discusses the implications of the decision with me	.47	
7. My manager offers adequate justification for decisions		
made about my job	.71	
8. When making decisions about my job, my manager		
offers explanations that make sense to me	.72	
9. My manager explains very clearly any decision made		
about my job	.53	

Note. Principal component analysis with a 3-factor solution and Varimax rotation.

Human capital. Human capital was measured with a five item scale created by Subramainiam and Youndt (2005). Items for this scale were chosen by their authors based on contemporary strategic human resources studies. The original scale created by Subramainiam and Youndt was used to measure the level of employees' skills and knowledge as evaluated by their direct supervisor. Since involving supervisors was not possible in this study, the questionnaire developed by Subramainiam and Youndt was modified. The items of the original scale were rephrased from, for instance "This employee is highly skilled" to "I am highly skilled". This way the employees self-rated their skills, expertise and knowledge by marking on a seven-point scale ranging from 1=strongly disagree to 7=strongly agree to what extent they agree with statements like: "I am an expert in particular job and function", "I develop new ideas and knowledge". The alpha for the scale was .78. The average score of the five items for each employee was used in the analysis.

Control variables. In the current study, the following control variables were taken into consideration: age, gender, job tenure, working hours per week, in-role performance. Since these variables could affect extra-role performance of the employees, holding these variables constant was necessary in order to see whether there is a relationship between employees' perception of the HR practices and extra-role performance towards the organization.

It is expected that women, older employees, employees working longer in a firm and working full-time are more likely to engage in OCBs. These variables were chosen based on earlier research which investigated extra-role performance. Previous empirical evidence (Heilman & Chen, 2005) shows that civic virtue behaviors (i.e. attending non-mandatory meetings) is more likely to be expected of men, whereas helping behaviors is more associated with women. Additionally, Organ and Konovsky (1989) have proved in their research that the older the employees are and the longer the job tenure in an organization the more positive behaviors they will demonstrate towards their organization. Moreover, the recent research suggests (Stamper & Dyne, 2001) that the type of contracts or working hours may impact employees discretionary behaviors, i.e. that employees working full-time exert extra-role behaviors more often than half-time employees.

In-role performance was also a control variable in this study. It was measured by four-item scale adopted by Williams and Anderson (1991). The answer format was a seven-point Likert scale ranging from 1=strongly disagree to 7=strongly agree. The respondents self-rated their basic task performance specified in a job description by answering questions like: "I fulfill responsibilities specified in the job description" or "I perform tasks that are expected from me". This scale was measured by one factor and the reliability of this scale was .89. The average score of the four items for each employee was used in the analysis.

With regard to the in-role performance, Werner (as cited in Werner, 2000) and Lavelle et al. (2009) found that there is a correlation between in- and extra-role behaviors. Namely, when in-role performance was low, even high levels of citizenship behaviors could not offset in supervisory ratings low task performance. However, when in-role behavior increased, it also affected the rating of an extra-role behavior. For this reason, when assessing employees' extra-role performance, among other control variables, in-role behavior was controlled for.

Results

This section presents the results of the analysis. First, the correlation matrix is discussed, followed by the results of hypotheses testing with the bootstrapping method.

Correlation matrix

Table 5 shows the correlations between all the variables, including the control variables. One of the control variables, working hours, was a dummy variable having a categorical character with three options. For this reason two dummy variables were created: dummy 1 (half-time employees vs. full-time employees) and dummy 2 (employees on special managerial contracts vs. full-time employees).

		Mean	SD	T	2	m	4	'n	9	7.	60	oi.	10.	11	12	13.	14.	15.	16.
**	HR practices	4,40	8																
ri	PE: meaning	5,48	835	,498															
mi	PE: competence	6,18	,791	,100	101														
vi	PE: self-determination	16,4	987	0000	,269**	332.													
vi	PE: impact	4,22	1,08	,421**	,180	220**	391**												
vó	Distributive justice	5,03	911	381**	,402**	** 96 t	367**	A37**											
r	Procedural Justice	3,94	.851	,575,	364	231.	195	,205	298										
eó.	Interactional justice	5,20	919	,241.	438**	495.	464.	,337**	.089	415.									
oi	Human capital	5,09	756	,354**	,323**	426.	,127	286**	322	378	,124								
9	10, 0050	5,28	.742	,295**	,443**	432.	395**	,413°	443	,227**	.294.	467**							
#	11. In-role behavior	6,38	781	,157	,117	108	198*	,182*	493.	,241**	.401.	685	,426**						
12	12. Gender (male=0)	-	i	-,064	-,043	-,088	,042	1111	-,128	-,101	-,130	060	-,052	-,149					
ń	13. Age	37,72	9,40	-,109	100	-,152	,189**	-,015	,023	721,	-,071	101,	-,015	-,234**	.110				
4	14. Job tenure	11,13	8,38	-,085	-,036	-,250**	,141	-,084	-,054	-,082	-,131	-,129	80	-,357**	-,085	.889*			
17	15. Workinghrs dummy 1	0,10	0,30	-,051	-,074	,002	,153	-,032	,013	-,044	,072	190'	-,159	-,052	-,167* -,218*	218*	-,213		
10	16. Working hrs dummy 2	0,25	0,44	.417**	.241**	028	-075	368.	-,020	.299**141	-141	329**	371** -,002		-,024	080	100 - 199*	100	

N= 106; *= correlation is significant at the 0.05 level (1-tailed); **= correlation is significant at the 0.01 level (1-tailed). Working hours dummy 1= part time employees; Working hours dummy 2= employees on special contracts (reference category; full time employees); PE-Psychological empowerment

As it can be seen in Table 5, there is a significant positive correlation between OCBO and all mediators, i.e. meaning (r=.443, p<0.01), competence (r=.432, p<0.01), self-determination (r=.395, p<0.01), impact (r=.413, p<0.01), distributive justice (r=.443, p<0.01), procedural justice (r=.227, p<0.01), interactional justice (r=.294, p<0.01), and human capital (r=.467, p<0.01). The independent variable – HR practices – correlated positively and significantly with almost all mediating variables: meaning (r=.498, p<0.01), impact (r=.421, p<0.01), distributive justice (r=.381, p<0.01) procedural justice (r=.575, p<0.01) interactional justice (r=.241, p<0.01), and human capital (r=.354, p<0.01). HR practices correlated positively with OCBO (r=.295, p<0.01).

On a general note, there were significant moderate to high correlations between all types of justice. Moderate correlation can be noted between interactional and procedural justice (r=.414, p<0.01). Particularly high correlation can be noted between interactional and distributive justice (r=.680, p<0.01). As for the correlations between all types of justice and OCBO, distributive justice had the highest correlation with OCBO (r=.443, p<0.01), then interpersonal justice (r=.294, p<0.01) and procedural justice (r=.227, p<0.01) respectively.

Concerning the four-dimensional measure of psychological empowerment (PE), there were small to moderate correlation between the scales of PE, indicating a discriminant validity of psychological empowerment measure.

Regarding the relationship between HR practices and the components of PE, a positive significant correlation was found only between meaning (r=.498, p<0.01) and impact (r=.421, p<0.01) and HR practices. As for the relationship between psychological empowerment and OCBO all facets correlated significantly: meaning (r=.443, p<0.01), competence (r=.432, p<0.01), self-determination (r=.395, p<0.01), and impact (r=.413, p<0.01).

All correlations between the components of PE concept and all types of justice were varying from low to moderate, but all were significant. A relatively high correlation can be reported among distributive justice and competence (r=.496, p<0.01), distributive justice and impact (r=.437, p<0.01), interpersonal justice and meaning (r=.438, p<0.01),

interpersonal justice and competence (r=.495, p<0.01) and interpersonal justice and self-determination (r=.464, p<0.01).

As it can be seen in the correlation matrix the last mediating variable – human capital – had medium correlations with the independent variable HR practices (r=.354, p<0.01), and with the dependent variable OCBO (r=.467, p<0.01). Moreover, human capital correlated significantly with meaning (r=.323, p<0.01), competence (r=.426, p<0.01), impact (r=.286, p<0.01), distributive justice (r=.322, p<0.01), and interactional justice (r=.378, p<0.01).

The results presented in Table 5 show that there are differences based on the number of hours employees work. There is a significant difference between employees working on special managerial contracts (more than 40 hours a week and paid more than the standard tariff, which is applied to the majority of the employees) compared to employees working full time (20-40 hours a week covered by a tariff applicable to most of the employees) with regard to OCBO (r=.371, p<0.01), HR practices (r=.417, p<0.01), two aspects of psychological empowerment: meaning (r=.241, p<0.01) and impact (r=.368, p<0.01), as well as procedural justice (r=.299, p<0.01), and human capital (r=.329, p<0.01).

From among all control variables in-role performance had the greatest amount of significant correlations with other variables. For example, in-role performance correlated highly with competence (r=.801, p<0.01), human capital (r=.539, p<0.01), moderately with interpersonal justice (r=.401, p<0.01), distributive justice (r=.493, p<0.01), and had low but significant correlations with procedural justice (r=.241, p<0.01), impact (r=.182, p<0.05), and self-determination (r=.198, p<0.05).

As to other control variables, job tenure correlated with competence (r=-.250, p<0.01) and with in-role performance (r=-.357, p<0.01). Age correlated with self-determination (r=.189, p<0.05) and in-role performance (r=-.234, p<0.01).

Hypotheses testing

The current study employed the *bootstrapping* method (with n=5000 bootstrap resamples) to test the mediation (Preacher & Hayes, 2008). Bootstrapping is "a

nonparametric resampling procedure advocated for testing mediation that does not impose the assumption of normality of the sampling distribution" (Preacher & Hayes, 2008, p. 880). By using this method, a large number of mini-samples of equal size cases were drawn (with replacement) from the original data set and the indirect effects in the resamples were calculated. This way an empirical sampling distribution for the indirect effects was created and used to construct confidence intervals (CI) for the indirect effects, which was more appropriate for a small sample that was a subject of this study. Following the recommendation of Preacher and Hayes (2008) point estimates of indirect effects were considered to be significant when the confidence intervals did not contain zero. According to Preacher and Hayes (2008) considering all eight mediators together in the multiple mediation model minimizes the likelihood of parameter bias caused by omitted variable. Moreover, including several mediators in one model allows determining the size of the specific indirect effects associated with all mediators.

Bootstrapping is a method which allows testing of the whole conceptual model in one step. A *total effect of X* (HR practices) *on Y* (extra-role performance) was tested. That means that the sum of the direct effect of X on Y (weight c') and the sum of all specific indirect effects (sum of all $a \times b$ weights) of X on Y through the proposed mediators M was estimated. To explain, weight a represented the effects of the X variable on the M, whereas weight b was the effect of the M on the Y. Therefore, a *specific indirect effect* was the product of the two unstandardized paths (a_jb_j) linking X to Y via each mediator. To illustrate, the path a_1 was the path connecting HR practices with meaning and the path b_1 was the path connecting the mediator meaning with extra-role performance.

Moreover, in this research a *total indirect effect* of X (HR practices) on Y (extra-role performance) via all mediators was estimated.

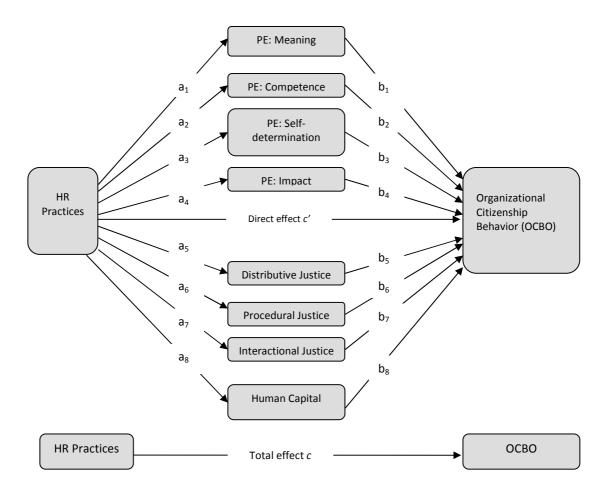


Figure 2. Illustration of a Multiple Mediation Model Tested in the Study

When all control variables were entered nearly all a paths, except for human capital, competence and self-determination, were significant. The opposite results were found for b paths- almost all of them were non-significant with the exception of one aspect of psychological empowerment, i.e. meaning. Such an outcome suggest that in fact the perception of the HR practices has a positive impact on most of the mediators, but of these mediators, only one aspect of psychological empowerment - meaning - is linked to employees extra-role behaviors. The results also showed that the direct effect of the perception of the HR practices on OCBO was non-significant (c' path). Bootstrap results of the direct effects between the independent variable (IV) and all mediators as well as the direct effects between all mediators and the dependent variable (DV) are presented in the table below.

Table 6
Bootstrap Results of the Direct Effects of IV to Mediators (a paths) and the Direct Effects of Mediators on DV (b paths)

Relationship between H	practices and the mediators (a r	oaths)
Treations betteren in	practices are the incarators (J 44 - 1. 1. 2 /

Mediators	Coefficient	SE	t	р
PE: meaning	,4769	,0671	4,9116	,0000
PE: competence	-,0114	,0635	-,1797	,8578
PE: self-determination	-,0613	,1253	-,4889	,6260
PE: impact	,3964	,1228	3,2271	,0017
Distributive justice	,4441	,0958	4,6379	,0000
Procedural justice	,5066	,0897	5,6445	,0000
Interactional justice	,3263	,1072	3,0447	,0030
Human capital	,1496	,0776	1,9290	,0566

Relationship between the mediators and OCBO (b paths)

Mediators	Coefficient	SE	t	р
PE: meaning	,2909	,0915	3,1795	,0020
PE: competence	,1584	,1245	1,2730	,2063
PE: self-determination	,0843	,0716	1,1783	,2418
PE: impact	,1398	,0716	1,9514	,0541
Distributive justice	,1238	,0962	1,2870	,2014
Procedural justice	-,0555	,0929	-,5973	,5518
Interactional justice	-,1177	,1103	-1,0664	,2891
Human capital	,0727	,1028	,7069	,4814

Total effect of HR practices on OCBO (c path)

	Coefficient	SE	t	р
HR practices	,0939	,0806	1,1640	,2472

Direct relationship between HR practices and OCBO (c' path)

	Coefficient	SE	t	р
HR practices	-,0926	,1022	-,9060	,3674

The results of testing multiple mediation, presented below in Table 7, showed that only one facet of psychological empowerment, meaning (path a_1b_1) was a significant mediator of the effect of HR practices (X) on OCBO (Y) when controlling for age, gender, job tenure, in-role performance and the type of contract. The meaning's point estimate of .1387 means that as HR practices increase by one unit, meaning increases by .1387 through HR practices' effect on meaning, which in turn affects OCBO. Furthermore, all types of justice as well as human capital and three facets of psychological empowerment: competence, self-determination and impact were not found to be a significant mediator (controlling for age, gender, job tenure, in-role performance and the amount of working hours), because their confidence interval (CI) contained zero.

Table 7
Bootstrap Results for Indirect Effects (ab paths)

			Confidence	<u>Intervals</u>
Variable	Data	SE	Lower	Upper
Total effect	,1864	,1231	-,0297	,4609
Distributive justice	,0550	,0493	-,0241	,1724
Procedural justice	-,0281	,0789	-,2260	,0972
Interactional justice	-,0384	,0529	-,1713	,0386
Human capital	,0109	,0264	-,0210	,0974
PE: meaning	,1387	,0615	,0464	,3099
PE: competence	-,0018	,0160	-,0528	,0201
PE: self-determination	-,0052	,0305	-,0894	,0483
PE: impact	,0554	,0441	-,0054	,1771

Note. **Data**- product of the *ab* paths in the full data set (point estimate); **SE**- standard deviation of the bootstrap estimates of the indirect effect; **CI Lower/Upper**- endpoints of the bootstrap confidence interval (95%) for the indirect effect. Number of bootstrap resamples = 5000

Moreover, the results of the bootstrap analysis confirmed that there is a difference between employees working more than 40 hours per week (on the special managerial contracts) compared to those working full-time (20-40 hours per week, standard contract). The summary of the results of this study is presented in the figure below.

RESULTS OF THE STUDY

The hypothesis assuming that...:

- **H1:** Employees who perceive greater use of HR practices will display a higher level of OCB towards the organization was <u>not</u> supported
- **H2a:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of job meaningfulness **was supported**
- **H2b:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of competence was <u>not</u> supported
- **H2c:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of self-determination was <u>not</u> supported
- **H2d:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of impact was not supported
- **H3a:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of distributive justice was <u>not</u> supported
- **H3b:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of procedural justice was <u>not supported</u>
- **H3c:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of interactional justice was <u>not</u> supported
- **H4:** The positive relationship between employees' perception of the use of HR practices and their OCB towards the organization is mediated by employees' perception of their human capital was <u>not</u> supported

Figure 3. The Results of the Study

Discussion

This research examined the question, firstly, if the perception of HR practices influences directly employees' discretionary behaviors. Secondly, it was tested whether the perception of HR practices, operating via the mediators psychological empowerment, organizational justice and human capital, triggers employees' discretionary behaviors

directed at the organization. Data from 106 respondents from one company were used to test the research model. Out of nine hypotheses only one was confirmed. This study has shown that meaning, being a subconcept of psychological empowerment, seems to be the key factor that has an effect on employees' OCBO.

The contribution of this research is threefold.

First, given the small amount of research on the direct relationship between employees perception of HR practices employed in an organization and its impact on their extra-role performance, this research tried to shed more light on this relationship.

Contrary to the expectations, the results showed that employees' perception of HR practices has no direct impact on employees' discretionary behaviors. This result can be explained by the fact that the link between HR practices and employee performance is very complex and undoubtedly there are other variables that influence employees' attitudinal and behavioral reactions, which were not tested in this study, e.g. trust, perceived organizational support, etc.

Employees' willingness to put in additional effort is dependent on how HR practices influence their abilities (A), motivation to perform (M) but also the opportunity to contribute (O) (Guest, Conway, & Dewe, 2004). Even if the HR practices objectively impact an employee's ability, motivation and give opportunity to participate, the perceptions and evaluations of HR systems, that consequently trigger employees' discretionary behaviors or not, also depend on employees' values, personalities, goals and needs, as well as their past experiences and expectations (Nishii & Wright, 2007). To illustrate, a person striving for a quick career development may perceive HR practices as very important that place a lot of importance on development. Possibly, for the above reasons the perception of the HR practices used in this study did not directly influence the employees' extra-role behaviors.

Secondly, in this study, the bootstrapping method was used for testing the impact of multiple mediators, instead of the Baron and Kenny (1986) causal step approach. By doing so this study had an advantage compared to other studies that applied the Baron and Kenny method, as it allowed to determine to what extent the mediators used in this

study influence the HR practices-employees' discretionary behaviors relationship, contingent on the presence of other mediators in the model. Such a way of testing is closer to a real-life situation, since in companies employees experience a set of various practices simultaneously and not in separation from each other.

The main findings of bootstrapping testing demonstrate that only meaning, which is defined as a value of a work goal congruent with an employee own ideals, is a key factor that enables HR practices to elicit employees' discretionary behaviors. The most likely explanation of this finding is that the airline has built a strong brand over the years standing for quality that has a high level of recognition and a very good reputation in the airline industry. This airline remains one of the most popular employers in Germany, taking, since years, top places in employer rankings. Some of the factors which make this employer attractive for job candidates are that this airline promotes women participation in managerial positions, part-time work and promotes diversity. The airline's HR practices are guided by the motto that their staff is the basis of their success. This is expressed by implementing programs that give staff in all areas the opportunity to contribute their ideas to strengthening the airlines' competitiveness. It appears therefore only natural that when the airline sends a clear signal to the job candidates what it stands for (service quality, competencies, diverse workforce, flexibility), it will attract employees whose own values match the company values. Consequently, the company's values will become an integral part of the employees' attitudes and beliefs making their job more meaningful and, therefore, increasing probability of involving in discretionary behaviors directed at the company.

As for the remaining subconcepts of psychological empowerment – competence, self-determination and impact – which turned out to play no role in the relationship HR practices-extra-role behaviors, the following could be an explanation: not all employee groups that have participated in this research have an opportunity to determine their own actions at their own discretion, for instance operations agents work very often under time pressure and are obliged to comply with rigorous safety regulations and procedures set by

the headquarter, which obviously impact their perception of self-determination and impact, and therefore their discretionary behaviors.

Unexpectedly, none of the three types of organizational justice (distributive, procedural, and interactional) as well as employees' perception of their human capital were shown to be an important aspect that affects employees' OCBO.

As for organizational justice, while the HR practices had a positive impact on employees' feeling of DJ, PJ and IJ, it did not have an impact on employees willingness to involve in OCBO. Such a result is surprising and not in compliance with the findings of Moorman (1991). However, this result could be explained by the economic environment the airline has been operating since the economic crisis in 2009 and 2010. During this period, the airline had to cut costs and adjusted its employment level through sometimes radical changes, including through a forced reduction of working hours and respective salaries and on occasions also termination or non-prolongation of contracts. While employees evaluated the action that were taken by the airline (i.e. reduced salary or termination of contracts) as necessary and justified in that particular situation (and therefore they perceived them as "fair"), the overall situation might not have been conducive to displaying discretionary behaviors.

In relation to employees' human capital, this study tried to answer the question whether the employees perceive the HR practices employed in the firm as building their human capital, i.e. knowledge and skills, and in consequence, whether the possessed skills and competences make the employees more inclined to exhibit in extra-role performance. This assumption was not confirmed which may suggest that human capital has an effect only on the more frequently researched in-role performance.

To summarize, this study did not find that employees' perception of HR practices impacts directly their discretionary behaviors. However, it found that one aspect of psychological empowerment - meaning – is a crucial factor in eliciting discretionary behaviors. Such a result is not unlikely as the effect of employees' perception of HR practices on extra-role behaviors occurs through multiple ways and/or the mediators work in opposite directions than it was expected, i.e. training in fact enhances employees' skills

and competences but possibly that is not enough to encourage employees to go "the extra mile". Another explanation of this result, in addition to the fact that human capital affects possibly only the in-role performance, is that employees do posses the required skills and competences, but the mid-level management (supervisors) responsible for implementation of the HR practices is not able to deliver them as intended by the HR managers, in a way that would trigger employees' extra-role behaviors. In this regard, the Chief Executive Officer of the airline stated in a recent interview that human capital does not only consist of the right, skilled employees but also of the right "bosses". Thus, it is possible that even well designed practices will not reach the intended results if the managers do not posses the skills to implement such practices in the right way, i.e. to properly conduct performance appraisal, to set clear goals creating perspective and encouraging motivation of the subordinates. Therefore, the discrepancy between intended HR practices and those actually implemented by the supervisors could affect the employees' perception of the practices leading to different outcomes than expected.

Thirdly, this study found that there is a difference between employees being on special managerial contracts, working more than 40 hours per week, and paid out of tariff compared to these working full-time (20-40 hrs per week, paid according to widely applied tariff) in relation to extra-role behaviors towards then organization, two aspects of psychological empowerment: meaning and impact and human capital. Consultations with one of the airline higher-level managers explained this result. In essence, the employees that work more than 40 hours per week were higher-level managers covered by a special compensation plan (out of a union negotiated "tariff" compensation), while other employees that are covered by the union negotiated plan are, as a rule that allows for exceptions, not allowed to work more than 40 hrs per week. Given this, it appears logical why higher-level managers were more involved in extra-role behaviors. First of all, posts at higher-levels usually entail a broader scope of duties, including, for instance, participating in voluntary meetings which fall outside of prior agreements. Secondly, according to the social exchange theory, a mutual balanced exchange entailing high pay and empowerment received from the employer make employees feel obliged to

reciprocate in a form of performing duties going beyond the scope of a job description, such as accepting job transfers when requested by the employer and considering the unit's or the organization's interest as important as core job duties. Similar results were found by Stamper and Dyne (2001) in their study suggesting that part-time employees exhibited less OCB than full-time employees. In this study the same pattern of results was found - employees working more than others and being covered by a different type of contract were more involved in discretionary behaviors.

Moreover, another possible explanation of a difference with regard to perception of HR practices between full-time employees and those working above 40 hours a week is that this group of employees to a certain degree is covered by slightly different HR practices, i.e. more competitive compensation and additional benefits, even more discretion in their job compared to other employees. As a consequence, different perception of HR practices results in different kind of behaviors.

Limitations and Future Research

Like most research, this study is not without limitations. While enumerating them, simultaneously direction of future research is suggested.

First, given the cross-sectional nature of the research design, where data collection was limited to a single point of time, changes over time could not be assessed. As a consequence, causality in this research could not be determined, i.e. it is possible that the effect could occur before its cause. For instance, those employees who find their job as meaningful may tend to evaluate more positively the HR practices in the company, what in turn affects their OCB.

Secondly, the research was conducted only in one company. Therefore, the results are specific to a certain context. What should not be overlooked, although the subject of the research was one company, the data collected comes from employees that work at headquarters as well as at the airport. For this reason, differences in implementation of the HR practices for the ground staff and managers could play a significant role in this study. Moreover, the data were collected in a specific point of time, i.e. after a severe

economic crisis that heavily affected the airline industry, which temporarily changed employees' attitudes. Furthermore, the data were collected among employees having different types of jobs (ranging from posts which require secondary education such as operation agents, check-in agents, to higher-level managers that need to possess a university degree) with a different scope of responsibility and discretion, which limits the generalizability of the results. Therefore, it is advised that future research extends data collection to other airlines or narrows the data collection to a specific employee group, i.e. only ground staff.

Thirdly, self-evaluations related to employees' human capital and OCBO behavior used in this study raise some concerns associated with the common method bias, potentially inflating observed relationships between variables. It cannot be excluded that if the data on these variables had been collected from supervisors of the respondents, the findings could have turned out to be different than those reported in this research. Even though employees self-ratings may be a source of bias, Organ and Ryan (as cited in Yang, 2011) justify using such a method suggesting that much of OCBs may escape the notice of supervisors and peers and, hence, can be known only to the individuals. While that may indeed be the case, supervisory ratings are the preferred method and it is recommended that future research in this area uses supervisory ratings when measuring employees' performance or human capital.

Finally, the last limitation was the fact that only a small sample was analysed. Although the method used for testing the hypotheses was suitable for small samples, in order to enhance generalizability future studies should increase the amount of respondents.

Practical Implications

The results of this study indicate that one component of psychological empowerment – meaning - plays an important role between employees' perception of HR practices and their extra-role behaviors. However, no confirmation has been found that

organizational justice and human capital impact employees' extra-role behaviors. Moreover, the direct relationship between HR practices and OCBs was also not found. In this study it has been argued that OCBs are considered to be critical and beneficial to organizations, since such a behavior facilitates organizational functioning and, therefore, enhance organizational performance. Given that the employees have a lot of discretion in exerting such behaviors, the results might provide substantial implications for HR managers or line managers as they may be in a position to design and implement "empowering" HR practices. The first step in empowering people takes place already during attracting and selecting people. Since it was found that meaning has an impact on eliciting discretionary behaviors, Person-Organization fit is here of utmost importance (Gregory et al., 2010), and therefore HR managers should use a very selective recruitment, i.e. attract and select such candidates, whose values fit to the organizational values and culture. What should not be forgotten HR managers can attract and select suitable candidates and can design further empowering practices, but they cannot deliver them. That is the crucial role of line managers. Performance appraisal, training, coaching and guidance, open communication between a subordinate and a direct line manager, recognition of efforts are the areas where the line managers are particularly influential and make a significant difference to people management practices, at the end affecting employees' discretionary behaviors. Since line managers may lack the skills and knowledge to implement HR practices in such a way that the subordinates feel empowered, it is suggested that HR specialists design trainings for line managers to develop their leadership skills. Moreover, it is strongly advised to provide line managers with an explanation with regard to the aim of specific HR practices (i.e. performance appraisal with professional feedback, and giving guidelines as for implementing them).

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APPENDIX A



Anna Orlowska Master Thesis Research Supervision: Dr. Christopher Harris Dr. Johan Braeken

Subject: Questionnaire - Human Resources Research Study

Dear Madame or Sir,

The enclosed questionnaire below is part of my Master Thesis that I am writing as a student of Tilburg University. In essence, the purpose of my research is to examine to what extent the perception of the HR practices (selection of staff, compensation, training, and performance evaluation) employed in a company, influence the feeling of empowerment at work, justice perception and other variables and how this in consequence affects the performance of employees.

I would greatly appreciate if you were able to support my research by completing this questionnaire. Information provided will be treated strictly confidential and will only be used for purposes of this study.

Filling in the questionnaire should take only a few minutes. Please, answer <u>all</u> questions by marking the number which fits best your situation (in case you have a paper version of the questionnaire) or remove the digit leaving a blank space (in the electronic version).

If you have any questions or comments about completing the questionnaire please feel free to contact me via email ania.orlowska@yahoo.com.

Thank you very much!

Gender: F / M		
Age:		
With the company since	(in years):	
Working hours / week:	0-20	
	20-40	_
	40 and more	

ITEMS ASSESSING PERCEPTION OF THE HR PRACTICES

This scale aims to measure your perception of the practices employed in your firm. Please mark on the scale to what extent you agree with the following statements describing the HR practices.

	Strongl disagre	•	Neutr	al	Stro agr	٠,	
SELECTION							
1. I was hired to this job through a process involving interviews, tests	1	2	3	4	5	6	7
2. I was hired based on my ability to work as a team member	1	2	3	4	5	6	7
3. I was hired from among many job candidates	1	2	3	4	5	6	7
4. I was hired because I was the best candidate	1	2	3	4	5	6	7
5. The company promotes from within	1	2	3	4	5	6	7
6. I was hired because of my potential to learn	1	2	3	4	5	6	7
TRAINING							
1. The training I receive is continual	1	2	3	4	5	6	7
2. I receive job specific training	1	2	3	4	5	6	7
3. I receive training to develop firm-specific skills and knowledge	1	2	3	4	5	6	7
4. The training I receive emphasizes on-the-job experiences	1	2	3	4	5	6	7
PERFORMANCE APPRAISAL							
1. My performance appraisal is based on fair and measurable results	1	2	3	4	5	6	7
2. My performance appraisal includes goal setting with my manager/team leader	1	2	3	4	5	6	7
3. I receive performance appraisals with professional feedback	1	2	3	4	5	6	7
COMPENSATION							
1. I receive incentives based on team performance	1	2	3	4	5	6	7
2. My compensation package includes a fair and adequate benefits package	1	2	3	4	5	6	7
3. My compensation includes high wages compared to my colleagues in other firms	1	2	3	4	5	6	7
4. My incentive system is tied to my job performance	1	2	3	4	5	6	7
5. My compensation depends on my performance	1	2	3	4	5	6	7

ITEMS MEASURING PSYCHOLOGICAL EMPOWERMENT

This scale aims to measure the extent to which you see yourself as an "empowered" employee, i.e. feeling competent, feeling autonomous in your work etc. Please mark on the scale to what extent you agree with the following statements.

	Strongly disagree		0,		al Stro agr		,
MEANING							
1. The work I do is very important to me	1	2	3	4	5	6	7
2. My job activities are personally meaningful to me	1	2	3	4	5	6	7
3. The work I do is meaningful to me	1	2	3	4	5	6	7
COMPETENCE							
1. I am confident about my ability to do my job	1	2	3	4	5	6	7
2. I am self-assured about my capabilities to perform my work activities	1	2	3	4	5	6	7
3. I have mastered the skills necessary for my job	1	2	3	4	5	6	7
SELF-DETERMINATION							
1. I have a significant autonomy in determining how I do my job	1	2	3	4	5	6	7
2. I can decide on my own how to go about doing my work	1	2	3	4	5	6	7
3. I have a considerable opportunity for independence and freedom in how I do my		•	•		_	_	_
job	1	2	3	4	5	6	7
IMPACT							
1. My impact on what happens in my department is large	1	2	3	4	5	6	7
2. I have a great deal of control over what happens in my department	1	2	3	4	5	6	7
3. I have a significant influence over what happens in my department	1	2	3	4	5	6	7

ITEMS MEASURING PERCEPTION OF PROCEDURAL AND DISTRIBUTIVE JUSTICE

This scale aims to measure the extent to which you think that the company you work for fairly distributes the outcomes (i.e. pay, responsibilities). The scale also measures to what extent you see the procedures leading to these outcomes as fair. Please mark on the scale to what extent you agree with the following statements.

	Strongly disagree		Neu	utral	Stro	ongly ee	
DISTRIBUTIVE JUSTICE							
1. My work schedule is fair	1	2	3	4	5	6	7
2. I think that my level of pay is fair	1	2	3	4	5	6	7
3. I consider my work load to be quite fair	1	2	3	4	5	6	7
4. Overall, the rewards I receive here are quite fair	1	2	3	4	5	6	7
5. I feel that my job responsibilities are fair	1	2	3	4	5	6	7
FORMAL PROCEDURES							
1. Job decisions are made by the manager in an unbiased manner	1	2	3	4	5	6	7
2. My manager makes sure that all employee concerns are heard before job decisions are made	1	2	3	4	5	6	7
3. To make job decisions, my manager collects accurate and complete information	1	2	3	4	5	6	7
4. My manager clarifies decisions and provides additional information when requested by employees	1	2	3	4	5	6	7
5. All job decisions are applied consistently across all affected employees	1	2	3	4	5	6	7
6. Employees are allowed to change or appeal job decisions made by the manager	1	2	3	4	5	6	7
INTERACTIONAL JUSTICE							
When decisions are made about my job, my manager treats me with kindness and consideration	1	2	3	4	5	6	7
2. When decisions are made about my job, my manager treats me with respect and dignity	1	2	3	4	5	6	7
3. When decisions are made about my job, my manager is sensitive to my personal needs	1	2	3	4	5	6	7
4. When decisions are made about my job, my manager deals with me in a truthful manner	1	2	3	4	5	6	7
5. When decisions are made about my job, my manager shows concern for my rights as an employee	1	2	3	4	5	6	7
6. Concerning decisions made about my job, my manager discusses the implications of the decision with me	1	2	3	4	5	6	7

7. My manager offers adequate justification for decisions made about my job	1	2	3	4	5	6	7
8. When making decisions about my job, my manager offers explanations that make sense to me	1	2	3	4	5	6	7
9. My manager explains very clearly any decision made about my job	1	2	3	4	5	6	7

ITEMS MEASURING HUMAN CAPITAL

This scale measures the level of skills and knowledge you possess. Please mark on the scale to what extent you agree with the following statements

	Strongly disagree Neutral agre Strongly agre 1 2 3 4 5 6 1 2 3 4 5 6 1 2 3 4 5 6 1 2 3 4 5 6 1 2 3 4 5 6		0,				
1. I am highly skilled	1	2	3	4	5	6	7
2. I am widely considered the best in our industry	1	2	3	4	5	6	7
3. I am creative and bright	1	2	3	4	5	6	7
4. I am an expert in my particular job and function	1	2	3	4	5	6	7
5. I develop new ideas and knowledge	1	2	3	4	5	6	7

ITEMS MEASURING IN-ROLE AND EXTRA-ROLE PERFORMANCE TOWARDS THE ORGANIZATION

This scale measures your perception of your basic task performance as well as the performance which goes beyond the scope of duties specified in your job description. Please mark on the scale to what extent you agree with the following statements.

	Strongly disagree			eutral		ongly ree	r
1. I adequately complete assigned duties	1	2	3	4	5		7
2. I fulfill responsibilities specified in the job description	1	2	3	4	5	6	7
3. I perform tasks that are expected from me	1	2	3	4	5	6	7
4. I meet formal performance requirements of the job	1	2	3	4	5	6	7
Now, consider the extent to which you go beyond the formal requirements of the job in the following ways:							
I attend functions that are not required but that help the organizational image (e.g., charity events)	1	2	3	4	5	6	7
6. I attend and participate in voluntary meetings regarding the organization	1	2	3	4	5	6	7
7. I defend the organization when other employees criticize it	1	2	3	4	5	6	7
8. I show pride when representing the organization in public	1	2	3	4	5	6	7
9. I offer ideas to improve the functioning of the organization	1	2	3	4	5	6	7