# CHOICE OF EMPLOYEE-ORGANIZATION **RELATIONSHIP:** INFLUENCE OF EXTERNAL AND INTERNAL ORGANIZATIONAL FACTORS

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## ABSTRACT

We initially pose the paradox that employers facing competitive environments simultaneously desire both flexibility in the employment and termination of employees and flexibility of operations afforded by committed employees. Utilizing previous conceptualizations in the literature, two general forms of the employment relationship (i.e., "job-focused" and "organization-focused") that can achieve one or the other of these over-arching objectives are described. By drawing on several theoretical perspectives such as strategic choice, resource dependence, equity theory, and institutional theory, the paper identifies factors that can influence employers' preferences for the type of employee-organization

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relationship. These factors are categorized into two sets, those external to the organization and those internal to it, and specific propositions are advanced that link particular factors with their effect on different forms of employment relationship. The paper concludes with overall implications of the propositions and suggestions for future research priorities.

#### INTRODUCTION

In the past decade, a number of changes have been witnessed in the employment practices of organizations. The large-scale restructuring of companies like General Electric resulted in the elimination of thousands of managerial and professional jobs. While initially shocking, this phenomenon soon became a common practice among companies in competitive industries (Buono & Bowditch, 1989). Blueston and Harrison (1988) reported that in the United States nearly 600,000 middle-and upper-level executives lost their jobs between 1984 and 1986. Between 1987 and 1991, it has been estimated that over 85% of *Fortune* 1000 companies eliminated white-collar jobs, impacting more than five million jobs (Cameron, Freeman, & Misha, 1991; Cascio, 1993). At the same time, there is a corresponding increase in the use of temporary workers and independent contractors (Belous, 1989; Davis-Blake & Uzzi, 1993). Belous (1989) judged that about 25% of all U.S. workers in 1988 were nonpermanent or part-time.

While these practices provide efficiency in human resource utilization, they may have a negative effect on employee commitment (e.g., Buono & Bowditch, 1989). Therefore, it is interesting that another development in the same period is the greater use of high commitment (Lawler, 1988, 1992) or participation programs (Kanter, 1985, 1989) by many companies. Lawler, Mohrman, and Ledford (1992) described the wide-spread use of involvement teams and semiautonomous work team designs in Fortune 1000 companies. In these programs, work groups and individuals are empowered to make decisions traditionally reserved for management. Thus, team members are expected to commit themselves to using their increased autonomy in the interests of the organization. We suggest that there is a paradox inherent in these two approaches to employee-organization relationships. Is it possible for organizations to have both the freedom to terminate workers and expect them to be committed to the organization at the same time? If these approaches are in conflict, when do employers adopt one type of practice versus the other, and is it ever possible to adopt both at the same time?

In this paper, we argue that both types of approaches are adopted to provide the employer with different types of flexibility important for the organization's success, if not survival. In addition, we identify a host of environmental-, organizational-, and job-level factors that may influence the choice of the type of employee-organization relationship by employers. As seen below, many of the factors may be working at cross-purposes for any given job or set of employees. Yet, we propose that this initial articulation of factors will help to identify the conditions that push employers into the potentially paradoxical condition described above.

In the sections to follow, we first develop the logic for when an employer will seek flexibility in the employment and termination of workers, and when it will seek flexibility through committed employees. Here, we also describe two general forms of the employment relationship between the employee and the employer that are implied by the employment practices used to obtain the different types of flexibility desired by the employer. The two forms are related to previous conceptualizations of employment relationships found in the existing literature. Second, we analyze factors that may influence employer preference for one form of employment relationship versus the other. We organize these factors into two categories, factors external to the organization and factors internal to the organization. We draw on several theoretical perspectives, including the strategic choice perspective, resource dependence, equity theory, structural and technological imperatives, and institutional theories, to justify the relevance of each factor in influencing the preference for one form of employment relationship versus another by the employer. Formal propositions are offered throughout this section. The propositions are not intended to be exhaustive, but rather to be illustrative. We conclude with some discussion of the implications of these ideas for future research and practice in the design and choice of employment relationship between the employee and the employer.

The following discussion of factors takes as its point of departure the assumption that the organization's key executives scan the environment, consider relevant alternatives and their consequences, and make reasoned trade-offs. In other words, the choice of a particular form of employee-organization relationship is a relatively rational decision-making process. Of course, we recognize that no choice process is entirely rational (e.g., Dutton & Jackson, 1987; Mintzberg, 1987; Narayanan & Fahey, 1982). Nevertheless, while making no claims for managerial omniscience or cool rationality, we believe that laying out the "rational model" provides a useful point of departure. Following the tradition of Woodward (1965), we suggest that a useful empirical question would be whether those relationships which more closely conform to the following rationalistic predictions are indeed associated with higher levels of performance.

## TYPES OF FLEXIBILITY AND EMPLOYEE-ORGANIZATION RELATIONSHIPS

## Flexibility in Hiring and Firing

"Increasing international competition and the rapid pace of technological change are favoring organizations that are lean, fast, and flexible" (Miles, 1989,

p. 9). A quote like this has appeared regularly in the management literature in recent years (e.g., Kanter, 1989; Quinn, 1992). Clearly, one of the major challenges facing organizations under intense competition and rapid technological change is that to survive, firms need flexibility on a number of dimensions (Blyton & Morris, 1992). We suggest that one type of flexibility desired by an employer is flexibility in the employment and termination of workers (i.e., freedom to adjust its work force as situation demands). To obtain this type of flexibility, many organizations engage in major reductions of their work force along with contracting for, or "externalizing" work previously performed by the core workers (Belous, 1989). Clearly, an important benefit of externalization of work is flexibility in adjusting the number and the skills of employees to cope with fluctuations in work loads (Davis-Blake & Uzzi, 1993; Pfeffer & Baron, 1988). For example, externalization may allow the firm to acquire highly specialized skills needed for a specific project without investing in the development of such skills among existing employees (Lazerson, 1988). In general, when the employer cannot forecast or control the fluctuation in the demands of its products (or services), flexibility in the employment and termination of its workers is desired. Human resource practices used to obtain this kind of flexibility result in what we label a "jobfocused" relationship between the employer and the employee.

The job-focused relationship is concerned primarily with encouraging a high level of task performance from employees, without requiring their commitment to, or concern for, the organization's overall success or survival. A contract, written or oral, explicitly defines the expectations of the employer in terms of outputs required of the employee and payments offered by the employer. Here, rewards are based entirely upon the employee's performance of specific tasks. Beyond the payment for agreed-upon outputs, neither the employee nor the employer is obligated to continue the contract. Examples of this type of employment relationship are that of physicians with the hospitals where they have "staff privileges," bond traders with their institutions, or contractors with their client organizations. It is not expected, for example, that a contractor will help another employee in the company unless this is prespecified in the contract. Another example of this form of employment relationship is that of new accountants in public accounting firms. They have specific sets of duties to perform, and know that there is a low probability that their employment will continue beyond the normal duration of two to five years.

The job-focused relationship finds its conceptual parallels in Etzioni's (1961) utilitarian involvement, Ouchi and Johnson's (1978) Type A organization, Ouchi's (1979, 1980) market form of control, Walton's (1985) control strategy, Lawler's (1988) job-involvement management approach, Osterman's (1988) industrial model, Arthur's (1992) cost-reducing human resource system, and Mahoney and Watson's (1993) authoritarian model of work force governance, among others. To illustrate, according to Etzioni (1961), the utilitarian form of employee compliance is based on performance of a specific job with explicit rewards. Employees' psychological involvement in the organization is not expected. The Type A organization (Ouchi & Johnson, 1978) maintains control through tight monitoring of employees, and utilizes mechanisms such as rules, specific job descriptions, and explicit evaluation. In the market form of control (Ouchi, 1979, 1980), exchange is based entirely on measurable outputs and the price mechanism. Lawler's (1988) job-involvement management approach involves specific rules and tight controls. Decision making by the employee is restricted to only the job. Similarly, both the control strategy (Walton, 1985) and the cost-reduction human resource system (Arthur, 1992) focus on tight job descriptions and explicit rules. "Employee attention is limited to performing the individual job" (Walton, 1985, p. 81). Further, in the authoritarian model of workforce governance (Mahoney & Watson, 1993), employee behavior and descretion is limited to that specified in the employment contract. Finally, Osterman explained, "In this [industrial] model work is organized into a series of tightly defined jobs with clear work rules and responsibilities attached to each classification" (1988, p. 64). A common characteristic of these conceptualizations is the limited obligation between the employee and the employer. The employee is expected to give undivided attention toward a wellspecified set of tasks and for which the employer pays a wage premium, but the employee does not receive fringe benefits or training beyond those required to perform the immediate job.

The job-focused employee-organization relationship has both advantages and disadvantages for the employer. One advantage is that responsibilities are clearly defined. Another advantage is that the organization can hire or fire employees in response to changing environmental demands. A major disadvantage to the employer is that inflexibility is introduced to the job in that employees will not be willing to undertake tasks not previously specified. The lack of flexibility may also manifest itself when changes to the organization occur, such as a shift in technology, that require renegotiation of the contract.

The job-focused relationship also has advantages and disadvantages for the employee. One advantage is that jobs are clearly defined, so that the employee knows precisely the expectations of the employer. Disadvantages include the perception that the organization has no long-term interest in them and the narrow definition of the job. However, in a tight labor market, this type of employment relationship may bring greater short-term payoffs to an employee who is willing to forgo the advantages of long-term employment.

# Flexibility in Deployment of Employees

A second type of flexibility desired by employers under competitive pressure and rapid changes in technology is a greater degree (than before) of employee flexibility, discretion, and commitment to the success of the organization. To

meet the demands of rapid changes in both market conditions and technology, firms need flexibility in terms of employee skills for assignment to different tasks and flexibility in terms of mobility for assignment to different geographical locations. As Atchison (1991, p. 58) noted, "Technology has made the work environment more complex and requires employees to change the way they perform their jobs. Flexibility is now a major requirement. Employees must be able and willing to do different tasks every day." Concomitantly, there has been a shift to organizations with fewer hierarchical levels. In these organizations, employees have more autonomy and discretion; that is, they have been "empowered" (Lawler, 1992). Because employers need to be assured that these employees exercise their autonomy in the organizations' interests, employees' commitment to the organization has become a central concern. For example, an executive of General Electric was quoted as saying, "We are looking for people to make a commitment" (Pare, 1989, p. 199). To obtain this type of employee flexibility, many firms have developed what have been called "high commitment" policies and skill-based pay systems (e.g., Lawler, 1992). Strauss (1987) predicted that high commitment policies (i.e., those designed to develop broadly trained employees who identify with the organization, and who are prepared for and trusted to exercise discretion) will be a norm of the future. An expected benefit of these types of high commitment policies is that employees will be more willing to assume a wider number of tasks and assignments than was characteristic of the traditional industrial model of employee-organization relationship (cf. Osterman, 1988). Thus, the other archetypal approach to meeting the demands of technological change and to being responsive to changing market conditions is to seek flexibility in broadly trained workers with greater discretion, workers who are willing to accept varying assignments and retain a commitment to the organization and its interests. Human resource practices used to obtain this type of flexibility result in what we label an "organization-focused" employee-organization relationship.

The goal of this form of employee-organization relationship is to solicit a broader range of behaviors and stronger commitment from employees than simply the single-task performance desired in the job-focused employeeorganization relationship. However, it should not be implied that task performance is unimportant in the organization-focused relationship. Rather, other contributions are also desired in addition to those required to complete assigned tasks. For example, the actions the organization seeks may range from the employee's willingness to accept a geographical transfer to the employee's organization relationship focuses the employee's attention on the larger company that uses this form of relationship is the "old" IBM, a firm that, until recently, never had a layoff. It was (and perhaps still is) believed by IBM management that people who are not worried about being laid off are more flexible and willing to make the changes expected of them by the company. IBM engaged in extensive training and retraining, and financed large-scale relocation of its work force to new sites while employees accepted these relocations as part of the relationship. Digital Equipment is another firm that followed a no-layoff rule and had extremely fluid work rules and job descriptions (Osterman, 1988).

Several familiar characterizations of similar forms of employment relationship include Lawler's (1986, 1988, 1992) high-involvement approach, Walton's (1985) commitment strategy, Osterman's (1988) salaried model, Arthur's (1992) commitment maximizing human resource system, Etzioni's (1961) normative involvement, Ouchi and Johnson's (1978) Type Z organization, Ouchi's (1979, 1980) clan form of control, and Mahoney and Watson's (1993) employee involvement model of workforce governance. According to Osterman, "Although [salaried] employees have job descriptions,... They are subject to revision by superiors, and the employees are prepared to take on new activities as demanded" (1988, p. 65). The highinvolvement approach (e.g., Lawler, 1988) relies on self-management and employee participation in decisions that extend far beyond any single employee's own job. Similarly, in the employee involvement model of workforce governance (Mahoney & Watson, 1993), employees participate in organizational decisions and enjoy greater discretion in their jobs. In the commitment strategy (Walton, 1985) and the commitment maximizing human resource system (Arthur, 1992), jobs are broadly defined, and participative decision making and extensive training are common. Further, "individual responsibility is extended to upgrading system performance" (Walton, 1985, p. 81). Likewise, Type Z firms and the clan type of organizations achieve control through developing strong organizational identification rather than identification with the incumbent's profession or occupation (Ouchi & Johnson, 1978). In general, this form of employment relationship involves jobs that are broadly defined, employees who have a high level of involvement in the organization, and who are prepared to take on additional tasks as required. In return, the employer offers a wide-ranging set of obligations including investing in the employee's career and extended benefits.

The major advantage to the employer of the organization-focused employment relationship is the employee's willingness to forgo short-term advantages (i.e., in exchange for expected long-term returns). Although the job-focused employment relationship permits flexibility in hiring and firing, the organization-focused relationship provides flexibility in the assignment of existing employees to other positions within the firm, as well as flexibility in assigning tasks to the employees. Such flexibility is possible because the employees are willing to respond to a whole range of organizational needs, such as working inconvenient overtime. Further, they are more willing to develop skills particular to that one organization, or to allow themselves to become somewhat professionally rusty while completing tasks the organization urgently needs. Disadvantages to the employer include the costs involved in making long-term obligations to workers and occasionally placing a less skilled employee-trainee in a position rather than going outside the company for someone who already has the skills.

The major advantage of the organization-focused relationship to the employee is greater personal security. Further, because employees' job scope is broad, they may find the additional autonomy preferable to the heavy controls characteristic of the job-focused approach. However, there are several disadvantages. For example, skills learned by employees may not be transferable to other organizations (Nelson & Winter, 1982). These firmspecific skills or "asset specificity" (Williamson, 1975) can greatly limit their employability in the external labor market. Also, employees may become so engaged in their work that their personal lives suffer (Jelinek & Schoonhoven, 1990).

#### Summary

In summary, based on observations of employment practices used by employers in recent years to attain different types of flexibility, we identified two general forms of employee-organization relationship with conceptual parallels to a number of existing typologies of employment relationship found in the literature. Table 1 summarizes these various conceptualizations. It is quite clear that one form of relationship focuses on the job primarily and a bounded relationship, while the other form focuses on the organization as well as an extended relationship between the employee and the employer. Further, one form may be characterized as involving primarily what Blau (1986) called economic exchange, while the other form, in addition, includes some features of a social exchange relationship. According to Blau (1986), the most basic and crucial distinction between economic and social exchange entails unspecified obligations. Economic exchange involves specific commodities and services and is present-oriented, while social exchange involves open-ended obligations and is future-oriented. Writers on workforce governance have noted that the type of exchange relationship varies with changes in the form of governance (e.g., Kaufman, Lewin, & Adams, in press; Mahoney & Watson, 1993). For example, Mahoney and Watson (1993) suggested that in authoritarian forms of workforce governance, the exchange relationship is primarily economic, in which employees adhere to contracts that describe the behaviors expected of them. With the increased employee participation inherent in employee involvement forms of workforce governance, Mahoney and Watson (1993) suggest that social obligations beyond that described by a purely economic exchange are introduced.

Authors	Nature of Employee-Organization Relationship		
	Job-focused	Organization-focused	
Etzioni (1961) Ouchi & Johnson (1978) Ouchi (1980) Walton (1985) Lawler (1988) Osterman (1988) Arthur (1992) Mahoney & Watson (1993)	Utilitarian Type A organization Market Control Job-involvement Industrial model Cost reduction Authoritarian	Normative Type Z organization Clan Commitment High-involvement Salaried model Commitment maximizing Employee involvement	

Table 1. Conceptualizations of Employee-Organization Relationship

It should be acknowledged also that the two forms of employee-organization relationship described here are treated as extreme cases or pure forms. In reality, the employee-organization relationships found in most organizations are likely to be of a less extreme form than those described here, though we argue that they will tend to be more similar to one form or the other. In other words, these two forms are intended to be prototypic rather than representative of all possible forms of employee-organization relationship chosen by employers.

We further acknowledge that in most organizations, we expect to find both forms of employment relationship, though the proportion of its employees under each form of relationship may differ. We offer three different scenarios to illustrate how these two forms of employment relationship may be used in combination in different organizations. The first scenario is one in which the organization uses the organization-focused approach with most of its employees and the job-focused approach with only jobs that are clearly peripheral to the core production function of the organization. These include such tasks as security services, ground keeping, building maintenance, or payroll processing. These tasks may be contracted out (if performed off company premises), contracted in (if performed on company premises), or performed by permanent part-time employees. The "old" IBM is a classic example of this type of organization. While most of the employees in old IBM had an organization-focused relationship with the company, many "peripheral" workers did not. Figure 1A is a visual representation of this "organizationfocused" company.

A second scenario is one in which the company uses the job-focused approach with most of its employees and the organization-focused approach with only a small group of core employees. The accounting consulting firm is a classic example of this type of organization. All of the junior accountants expect no commitment from the employer in terms of a long-term relationship, and training is restricted to only skills relevant for the current job. The core

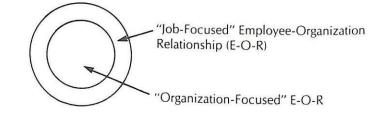


Figure 1. The primarily "Organization-Focused" company

Figure 1. The primarily "Job-Focused" company

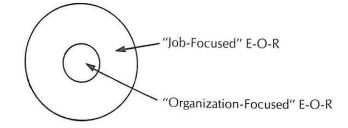
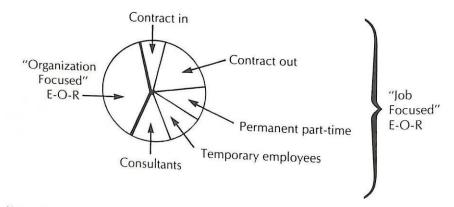


Figure 1. The "Mix-Focused" company



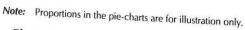


Figure 1. Nature of employee-organization relationship—Three scenarios.

employees, in this case partners of the company, have "tenure" with the company, and the nature of employment relationship is highly characteristic of the "organization-focused" approach. Figure 1B is a visual representation of this "job-focused" company.

A third scenario is one in which a company uses, equally extensively, both the job-focused and the organization-focused employment approaches. Further, this type of company uses the job-focused approach for jobs that are both core and peripheral to the company's production function. For example, a company may hire an executive on a contingent basis (Fierman, 1994), or it may contract out its entire training function. Some employees may even have the "permanent temporary" status, implying that the employee is not to expect a permanent employment arrangement with the company. Often, these employees do not receive any benefits that are enjoyed by permanent employees. Figure 1C gives a visual picture of this "mix-focused" company.

Clearly, the two forms of employee-organization relationship proposed here differ quite substantively in a variety of ways, and have different benefits and costs to the two parties involved. Further, both forms exist in different degrees in different organizations. What might determine the adoption of each form, and what affects the adoption of both forms? Below, we address this question of determining factors.

## FACTORS INFLUENCING THE CHOICE OF EMPLOYEE-ORGANIZATION RELATIONSHIP

Drawing on a variety of theoretical perspectives, we identify a number of factors that may influence the adoption of different forms of employee-organization relationship by employers. While any attempt to organize such a wide array of theoretical perspectives is difficult, we have found it best to categorize them by factors that are either external or internal to the organization. External factors are those that originate outside of the organization and affect large numbers of organizations (e.g., governmental regulation or technological change). Internal factors would be those that are particular to individual organizations. Further, factors in both groupings may affect the organization as a whole or individual jobs. We have tried to be explicit about these effects throughout. The mix of these factors, the ways in which the potentially conflicting pressures impinge on the relationships, are, we suggest, one of the primary reasons for the paradox described in the introduction.

# Factors External to the Organization

Here, we address five features of organizations' environments that may place pressures on organizations to adopt particular forms of employee-organization relationship. These are governmental regulation, organizational legitimation, level of economic development, nature of the labor force, and environment and technology.

## Government Regulation

Historically, the U.S. government has played an important role in regulating the nature of employment relationship that firms may have with their employees. Wage and hour laws focus on improving the employees' lot in the economic exchange. Unions rose to represent the interests of the employees with attention primarily on wages and working conditions. Government intervention, therefore, in part may be responsible for the creation of the industrial model of employee relations (Osterman, 1988), which is characterized by explicit work rules, well-specified duties, and circumscribed obligations by employers. In some European countries, the government even legislates the protection of jobs for workers. For example, Spain's Labor Ministry must approve all employee layoffs, and if the labor union opposes the layoff (which would be likely), the Ministry is obligated to investigate. Employers responded by splitting their workforce into a "core" who are fully protected by law, and a "periphery" of temporary workers who are not protected by such regulations. This response may have accounted for the fact that Spain has the highest proportion of its workforce employed as temporary workers in the European Union. In general, government legislation of the employment relationship, especially job security protection, appears to have led to an increased use of externalization through such practices as temporary workers, part time employees, and contractors. The employment relationship with employees in these jobs is typical of the job-focused approach. However, for those jobs with legal mandate for job security protection, an organization-focused relationship is inevitable. In this case, we expect that the employer will seek reciprocal commitment from those employees to whom they are obligated to grant job security on the one hand, and externalize as many other tasks as possible on the other hand. Thus, we propose:

**Proposition 1.** The employer is more likely to use an organization-focused employment relationship with employees in jobs with legal protection of job security, and a job-focused relationship with employees in jobs without legal job security protection.

Governments can also indirectly affect the nature of employee-organization relationship, either through its institutional force or through its control over resources. There is a growing body of evidence that many employment practices are developed in response to governmental actions (Baron, Dobbin, & Jennings, 1986; Edelman, 1990). For example, several observers (Belous, 1989; Waller, 1989) have noted that U.S. government officials express increased concern about the exploitation of temporary workers and independent contractors. Indeed, Davis-Blake and Uzzi (1993) found that organizations with strong government scrutiny of their employment practices were less likely to use part-time workers. Further, the granting of governmental work contracts are influenced in part by an employer's reputation in progressive human resource practices. In fact, Federal government contractors have specific obligations in terms of employment of women and minority workers. Thus, we suggest that organizations which are relatively more dependent on government approvals, regulations, government contracts, and government employers themselves would feel some pressure to adopt organization-focused relationships.

**Proposition 2.** Governmental organizations and organizations highly dependent on them are more likely to adopt an organization-focused rather than a job-focused employment relationship with employees.

## Institutional Legitimacy

All organizations must maintain their legitimacy in the societies in which they operate (Meyer & Rowan, 1977; Powell & DiMaggio, 1991). Modern organizations exist in highly elaborated institutional environments, and they gain legitimacy and resources needed to survive when they adopt rules and practices that are isomorphic with the institutional environment. Organizations that conform with institutional rules or norms are "assumed to be oriented to collectively defined, and often collectively mandated, ends" (Meyer & Rowan, 1977, p. 349). Further, "The incorporation of structure ... reflecting the latest expert thinking or those with the most prestige, makes the credit position of an organization more favorable" (p. 351). Because organizations in the same industry tend to have similar institutional origins, they tend to have similar human resources practices, regardless of the technical demands of the work (Eisenhardt, 1988). Thus:

**Proposition 3.** Organizations in the same industry are more likely to have relatively similar employee-organization relationships with employees than organizations in different industries.

Imitation of competitors' practices, clearly, is not the only approach to maintaining legitimacy. Competitors in the same industry are only one of the multiple sets of social actors in the organization's network of exchanges. As Udy (1970) observed, institutional environments are pluralistic. In search of external support from the multiple groups, organizations may adopt many responses. Organizations may incorporate norms consistent with those external groups which have a higher prestige or standing than others. That is, they may enhance their legitimacy by seeking to be seen as "better" than others. For example, at present there are various awards and "lists" on which many companies may wish to appear, such as Working Mother's "The 100 Best Companies to Work For," Forbes' "Best Small Companies," or Fortune's "Excellent Companies." In examining the criteria for such awards and acknowledgments, it appears that they emphasize many elements of the organization-focused relationship in terms of expanded obligations to employees. The employment practices of Fortune's excellent companies are characterized to be highly employee-oriented with good benefits. Some of these excellent companies are known for their no-layoff policy or practices. Workforce reorganizations that eliminate jobs tarnish a firm's reputation (Belous, 1989; Osterman, 1988). While there might be many complex reasons why companies seek such recognition, there can be no doubt that a sizable number of companies institute certain organization-focused programs expressly because they wish to compete for such recognition. Therefore:

**Proposition 4.** Organizations seeking recognition as model employers are more likely to adopt an organization-focused than a job-focused employee-organization relationship with employees.

The importance of other actors in an organization's network is receiving increased attention in recent years. Many authors argue that the network is becoming an increasingly prevalent form of interorganization relationship (e.g., Jarillo, 1988; Kanter, 1989; Powell, 1990), and these partnerships and alliances are a necessary response to competitive pressure. Although many use the term "network" to refer to any long-term relationship, even the relatively distant ones between suppliers and customers (e.g., Perrow, 1993), here we focus on those networks that involve a high degree of reciprocity and mutually supportive actions (Powell, 1990). That is, in these relationships organizational participants become involved in one anothers' operations. Kanter (1989) observed that these cooperative agreements "involve unprecedented levels of sharing and commitment" (p. 119). One consequence of network participation, then, is extensive communication and sharing of management information and practices. This extensive communication and the desire for acceptance by network members, that is, legitimacy, is expected to lead to similarity in management practices, including employee-organization relationships. We thus posit:

**Proposition 5.** Organizations in the same network are more likely to adopt a similar form of employee-organization relationship than organizations in different networks.

#### Economic Development

The level of a society's economic development also may influence the choice of employee-organization relationship. Jobs in less developed countries are expected to more likely be job-focused than those in the more developed societies for two reasons. First, employers in wealthier societies may find that they simply must pay more to retain employees of a certain skill level, because wealthier societies offer more opportunities to their residents. Further, even employees whose jobs may be more appropriate for the job-focused relationship find themselves in greater contact with employees whose employers make a greater commitment to them. That is, their "comparison other" (Adams, 1965) would be different than a similarly-skilled employee in a less developed society. Thus, we expect level of societal economic development to influence both opportunities and expectations:

**Proposition 6.** Organizations in more economically developed societies are more likely to have an organization-focused relationship with their employees than organizations in less developed societies.

## Nature of the Labor Force

We consider the effect of the labor force on forms of employee-organization relationship in terms of both its availability and its characteristics. We suggest that when the supply of labor for a particular job is plentiful, organizations will be tempted to use the job-focused relationship. The organization-focused employment approach overall entails more obligation on the part of the employer, and may be more costly in the short-term. Therefore, where labor supply is plentiful, employers may want to conserve their money and limit their future obligations by offering the more limited job-focused relationship. Conversely, when the labor supply is tight organizations may want to make themselves a more attractive employer by offering the organization-focused relationship. Therefore:

**Proposition 7.** Organizations are more likely to use a job-focused employment relationship with employees in jobs with an abundant labor supply, while for jobs with a tight labor supply, they are more likely to use an organization-focused employment relationship.

Also relevant in considering the influence of the labor force is its demographic characteristics and its social values. In terms of demographic profile, there is increasing heterogeneity of the labor force in terms of race, gender, ethnicity, and national origin in the United States and in multinational corporations (Johnston & Packer, 1987). Historically, there is a high level of occupational segregation with women and racial and ethnic minorities occupying relatively less skilled and lower paying jobs than white men. Although there has been a steady increase of these "nontraditional" workers in the professional and managerial jobs traditionally dominated by white men, women and minorities still have difficulty in moving up the organizational hierarchy (Morrison & Von Glinow, 1990). One possible explanation has been that women and minorities receive fewer developmental opportunities than their white-male counterparts (Ohlott, Ruderman, & McCauley, 1994). These developmental opportunities include job rotations and challenging assignments where the employees learn skills necessary for higher level positions. In other words, women and minorities may have a different employment relationship with their employers than white men who are in comparable positions. While many employers are engaging in programs to advance the careers of women and minorities (Jackson & Associates, 1992), the reality remains that they are underrepresented in higher level positions in the organizations. Though this may change in the future, Ohlott et al. (1994) found that women and minorities were still receiving relatively less investment by their employers in their careers. Hence we propose:

**Proposition 8.** Organizations are more likely to have a job-focused employment relationship with women and minorities than with white men in comparable positions.

Finally, we expect the educational level of employees to affect an employer's preference for forms of employment relationship as well. The average educational level of the American work force is increasing steadily (Fombrun, 1984). A high level of education raises employees' aspirations and career goals, suggesting a desire for fulfillment beyond simply completing a limited range of duties (Angle, Manz, & Van de Ven, 1985). Part of this fulfillment may come from involvement in the organization in the form of participation in decisions beyond the employee's own job. Employers may respond to this increased expectation of employees by adopting the organization-focused instead of the job-focused employment relationship. Further, employees with greater educational levels tend to be more articulate, have greater selfconfidence, and are more willing to express their opinions on a wider array of organizational issues than employees with less education. Thus, employers would have more confidence in them in terms of potential contributions than employees with less education. Therefore, we expect the educational level of the employees to have an effect on an employer's choice of employeeorganization relationships.

**Proposition 9.** Organizations are more likely to use an organizationfocused employment relationship with employees with greater education than with less education.

#### Environment and Technology

Here, several features of organizations' environments are addressed which we believe will influence choice of employee-organization relationship. First, environmental variability, especially in terms of fluctuations in product demand, is examined, and then the influence of technology is discussed.

Different aspects of the organization's environment may be more or less uncertain. For example, demand for the organization's services may be predictable and stable, but the technology to produce those services can be undergoing a fundamental revolution. Further, environmental variability and technological uncertainty may have a more pronounced effect on some occupations than on others. For example, Osterman (1988) discusses the traditional split in the human relations treatment of white-collar workers whose output does not vary greatly with product demand cycles, and production workers who could be either very busy or completely idle at different points in the cycle. Thus, we would expect environmental and technological effects to operate at the job level.

We expect that variation in demand for the organization's products and services will have two different kinds of effects. The first type of uncertainty we address is wide fluctuations in product demand that tend to be relatively certain. For example, retailers need more sales clerks during the Christmas season, and swim suit manufacturers are busier in the winter preparing inventory for spring sales. In a recent study of employment externalization, Davis-Blake and Uzzi (1993) found that predictable fluctuations in demand led to greater use of temporary workers and independent contractors. Thus:

**Proposition 10.** Organizations with predictable wide fluctuations in demand for products are more likely to use a job-focused than an organization-focused employment relationship with employees.

However, we expect that demand uncertainty will have the opposite effect. Here, organizations will need the widest possible flexibility in the deployment of existing employees because they cannot forecast employment needs and write clear short-term contracts when demand is highly uncertain. We believe that it is this kind of demand uncertainty brought on by increasing international competition which has led many such as Kanter (1985, 1989) and Lawler (1986, 1992) to advocate a shift to the organization-focused relationship for the large organizations they advise. Therefore:

**Proposition 11**. The greater the uncertainty in the demand for an organization's products and services, the more likely they are to use an organization-focused employment relationship with employees.

Technology is important for analyzing employment practices because changes in the technology could require substantial changes in how human resources are managed (Flamholtz, Randle, & Sackman, 1986). For example, one predicted consequence of rapid technological change is a trend toward smaller, "leaner" organizations (Flamholtz et al., 1986; Miles, 1989). This prediction has implications for managing employee-organization relationship.

The general technological environment can be characterized in terms of its degree of uncertainty and complexity, and the rate of change. Uncertainty can be described as the amount of nonroutineness and unpredictability in the organization's technological environment (Burns & Stalker, 1961; Lawrence & Lorsch, 1967; Perrow, 1967; Thompson, 1967). A firm with a highly uncertain technological environment requires jobs that are designed to enable employees to cope with a high degree of nonroutineness and unpredictability. Such nonroutineness means that tasks do not have established methods or techniques for their completion, and that employees are required to perform a variety of tasks (Perrow, 1967). Because of their mastery of a variety of skills, and their flexibility, employees are more likely to be able to cope with a highly uncertain environment effectively. Thus, conditions of high technological uncertainty would favor the use of the organization-focused employment relationship with employees.

Technological complexity refers to the number and diversity of elements or factors that must be confronted simultaneously by an organization (Bourgeois, 1980; Perrow, 1967; Scott, 1987). Further, complex technology requires employees to monitor and control the technology (Woodward, 1965). Thus, jobs in a highly complex environment are structured to permit employees to handle the bombardment of diverse elements, and to give them the ability to monitor their own work. Jobs associated with the organization-focused form of employment relationship involve broad responsibilities, and employees are prepared to help the organization reach its overall goals; thus, the employee is better prepared to contend with complex technological change. The organization-focused employment relationship appears to be appropriate for a highly complex technological environment.

The technological environment may have either a fast or a slow rate of technological change (Andrews, 1980; Bourgeois, 1980). A faster rate of technological change indicates a less stable environment. In order to keep pace effectively with rapid technological change, an organization will need to give its employees latitude to make decisions quickly, in response to rapid changes. To accomplish this, the organization might structure jobs with a wide range of responsibilities. The following proposition summarizes the effect of general technological environment on the employee-organization relationship.

Proposition 12. Organizations are more likely to use an organizationfocused employment relationship with employees when their environments are characterized by a high degree of technological uncertainty, complexity, and rate of change.

## Factors Internal to the Organization

These are features of the organization or its participants that tend to originate from within the organization. Factors in this category include business strategy, organizational structure, tradition and preferences of the organization's executives, labor unions, and job characteristics. We begin with the factor which has received the most extensive direct scholarly attention: the employeeorganization relationship as a strategic management decision.

### **Business Strategy**

The basic premise of strategic human resource management is that an organization's business strategy can be developed and implemented more successfully when the company's human resources are linked to the firm's overall strategic plan (Butler, Ferris, & Napier, 1991; Dyer, 1985; Kochan, McKersie, & Cappelli, 1984; Wright & McMahan, 1992). Most of this scholarship proposes how different business strategies can be enhanced by appropriate human resource practices. For example, Schuler and Jackson (1987) argued that business strategies can be implemented by employing various human resource practices to elicit the appropriate behavior from employees. Drawing from Porter's (1980) model of competitive advantage, the authors presented three business strategies that would enable firms to gain competitive advantage: cost reduction, in which firms seek to gain competitive advantage by providing products and services at a lower cost than their competitors; innovation, in which firms hope to attain competitive advantage by developing new products and services; and quality enhancement, in which firms aim to gain competitive advantage by offering high quality products and services. The authors proposed that different human resource practices will facilitate competitive advantage in each of these business strategies. Thus, organizations undertaking a cost reduction strategy seek to maximize efficiency through management controls. Jobs in these firms would be defined narrowly, pay would be market-based, and training would be minimal. This appears to be similar to the job-focused relationship.

Alternatively, the human resources practices advocated for the other two strategies are consistent with what we are calling the organization-focused relationship. They suggest that organizations seeking an innovative strategy would use practices that encourage the exchange of ideas through cooperative, interdependent behaviors among employees. Thus, performance appraisals would be long-term and group-based, jobs would permit employees to develop skills useful in a range of positions in the firms, and compensation would incorporate a mix of options (i.e., stocks, bonuses, and salary). Finally, organizations pursuing a quality enhancement strategy would utilize human resource practices that enhance highly reliable behaviors in employees and permit flexibility in job assignment. These practices incorporate extensive training, high levels of employee participation in decisions relating to individual jobs, and performance appraisals that are results-oriented.

Although Schuler and Jackson (1987) did not test their propositions, similar ideas received support in a study by Arthur (1992). In a sample of 40 steel minimills, two categories of human resources practices were identified. Arthur labeled them commitment maximizing and cost reduction. Commitment maximizing practices were associated with jobs that were broadly, rather than narrowly, defined; that involved a high percentage of skilled workers; that utilized self-managing teams; that had extensive training and development, and that tended to pay higher wages. Cost reduction practices were associated with narrowly defined jobs, a lower percentage of skilled workers, limited training, and lower wages. These two categories of human resources practices were linked to two forms of competitive strategy, which Arthur (1992) drew from Porter's model (1980) of competitive advantage. The commitment maximizing practices were associated with firms pursuing a differentiation strategy of seeking to differentiate themselves from other firms in an industry on the basis of something other than cost. The cost reduction practices were associated with firms pursuing a low cost strategy, which seeks to gain competitive advantage by producing products at the lowest cost. Thus, this work in strategic human resources management suggests:

**Proposition 13.** Organizations pursuing a low cost business strategy are more likely to use a job-focused employment relationship with employees, while those pursuing differentiation based on innovation or quality are more likely to use an organization-focused employment relationship with employees.

#### Organizational Structure

We address two features of structure: centralization and organizational size. Centralization is the extent to which decisions are made by executives and managers, whereas in decentralized organizations, comparable decisions are delegated to those at lower levels of the organization. Three decades ago, Burns and Stalker (1961) argued that centralization reduced the flexibility needed by companies operating in more dynamic environments. More recently, Kanter (1985) and Lawler (1986, 1992), among others, have argued that companies must become more flexible by allowing wider participation in decision making. Further, Davis-Blake and Uzzi (1993) found that organizations high in "bureaucratization" had comparatively more of their work externalized. This suggests that highly centralized organizations use the job-focused approach rather than the organization-focused approach. Therefore:

**Proposition 14.** Highly centralized organizations are more likely to use a job-focused than an organization-focused employment relationship with their employees, while highly decentralized organizations are more likely to use an organization-focused than a job-focused employment relationship with their employees.

A major structural variable that influences employment practices is the size of the organization. Large firms can use internal labor markets that have career ladders, more promotional opportunities, and broader training (Baron, Davis-Blake, & Bielby, 1986). Thus, large organizations may find it easier to employ an organization-focused approach to the employee-organization relationship. However, to gain some flexibility without disrupting the organization's routine practices, large organizations tend to use contractors more often than parttime workers (Davis-Blake & Uzzi, 1993). For these reasons, we expect large organizations to have both organization-focused and job-focused employment relationships with employees:

**Proposition 15.** Larger organizations are more likely than smaller organizations to use both an organization-focused and a job-focused employment relationship with employees.

#### Tradition and Preferences

Certainly organizational choices about employee-organization preferences are not solely (or perhaps even dominantly) influenced by environmental and technological pressures. People do what they have always done, the way they learned, and with which they now feel comfortable. Further, because human resources systems involve people and their livelihoods, they involve moral questions that would not be raised in working with other kinds of "resources." That is, we expect employers to attempt to develop employee-organization relationships which they judge to be "good," "sophisticated," or "right" irrespective of other demands. We discuss these issues as the effects of tradition drawing on research in "corporate culture," and the effects of preferences building on studies of managerial values.

Culture with its basis in expectations, values, beliefs, and assumptions would be expected to play a large part in choice of employee-organization relationship (e.g., Deal & Kennedy, 1983; Denison, 1990; O'Reilly, 1989; Ouchi & Wilkins, 1985; Schein, 1985). For example, both O'Reilly (1989) and Schein (1985) viewed culture as a form of social control. Denison (1990) proposed that certain cultural traits and the strength of such traits could enhance the performance of an organization. Most of these cultural researchers assume a "unitary" model of culture, and that organizations vary in terms of the strength (i.e., defined as consensus, intensity, and consistency) of its cultural traits and values. However, there is some dispute about whether or not organizations could be seen as having "unitary" cultures (Gregory, 1983; Martin, 1992; Safford, 1988). Martin (1992), especially, has argued for a multiple perspective approach to analyzing culture, and she proposed three perspectives: integration, differentiation, and fragmentation. She, however, acknowledged that at any point in time, one perspective may be more descriptive of an organization's culture than the other two perspectives.

We propose that the form of employee-organization relationship will vary depending on the prevalent culture of the firm or department. For example, if an organization is best described by the integration perspective, there is a high degree of consensus and intensity regarding the basic values, beliefs, and assumptions that govern behavior and decisions in the organization. Homogeneity describes both observable behavior and underlying assumptions and values. In terms of the relationship between the employee and employer, it could be either job-focused or organization-focused, depending on the specific values or beliefs being shared by members in that culture. According to the differentiation perspective, the organization is comprised of multiple subcultures with the beliefs and values differing across subcultures, but consensus within each subculture. The implication for the employment relationship is that it may differ in different subcultures. Finally, the fragmented culture is characterized by fluidity and ambiguity regarding the beliefs and values, and there is vastly different understanding of acceptable behaviors. Consequently, ambiguity surrounds the employment relationship as well. Even employees in the same work group or doing the same job may not understand or agree what are the expected job behaviors, and what are the rewards that they can expect in return. These analyses are consistent with a functional view of culture (i.e., culture influences managerial choices and practices and, consequently, employee behavior and attitudes [Deal & Kennedy, 1983; O'Reilly, 1989; Schein, 1985]). Therefore, it is proposed that:

**Proposition 16.** Organizations with an integrative culture are more likely to adopt either a job-focused or an organization-focused employment relationship with employees, while organizations with either a differentiated or a fragmented culture are more likely to adopt a mixture of both a job-focused and an organization-focused employment relationship with employees.

We expect that the substantive values of different organizational cultures should be reflected in different preferences for the types of employeeorganizational relationship. O'Reilly, Chatman, and Caldwell (1991) identified seven factors in their analysis of the culture of accounting firms. We suggest that three of these (i.e., innovation, respect for people, and team orientation) provide a good description of an organization-focused relationship. For example, they found that the value of "rule oriented," which would be necessary for the narrower focus of the job-focused relationship, loaded negatively on the factor of innovation. Thus, we expect:

Proposition 17. Organizations emphasizing the cultural values of innovation, respect for people, and team orientation are more likely to use an organization-focused employment relationship with employees than organizations that do not emphasize these values.

Those in a position to establish employee-organizational relationships often take a strong personal interest in establishing procedures and practices in which they believe. The popular literature on entrepreneurs is rife with statements by executives about the kinds of employee-organization relationship they sought to establish. While the debate continues on whether leaders can create and sustain culture (Martin, Sitkin, & Boehm, 1985; Schein, 1985), most managers believe they have some choice in this matter and do attempt to exert control based on their own preferences.

Executives' preferences and values, therefore, may play a role in establishing different employment approaches. However, there is difficulty in directly measuring executives' values. They have to be inferred from personal characteristics or actual actions. Hambrick and Mason (1984) offered a solution to this problem by introducing an "upper echelons perspective" which states that "organizational outcomes-strategic choice and performance levels-are partially predicted by managerial background characteristics" (p. 193). They considered background variables such as age, education, functional track, socioeconomic roots, and other characteristics to be indicators of different perspectives and values. Therefore, drawing on their work, we suggest that values regarding preferred employee-organization relationships may be gleaned from the functional background of the organization's executives. According to recent research (e.g., Frank, Gilovich, & Regan, 1993), individuals with training in economics tend to behave in more self-interested ways, and are less likely to cooperate than individuals trained in other disciplines. Individuals with training in economics learn that people are selfinterested and opportunistic, and this assumption influences how these individuals interact with others. Along the same line, Guth and Tagiuri (1965) observed that executives with economically oriented personal values tended to emphasize profitability, while executives whose primary personal values were social in nature tended to emphasize "truth and honesty" in relation to suppliers, dealers, and employees. Thus, we propose that executives trained in economics or coming from occupations dominated by economic training, such as finance, will prefer the job-focused relationship in ensuring employee contribution. This form of relationship seems more comfortably closer to a market orientation, and leaves the organization less subject to exploitation by opportunistic employees. Based on the above analyses, we offer the following proposition:

**Proposition 18.** Organizations run by executives from economics or finance functions are more likely to use a job-focused employee-organization relationship with their employees than organizations run by executives from other functions or disciplines.

Further, it seems that executives with homogeneous backgrounds are likely to gravitate to one particular type of employee-organizational relationship. Demographic homogeneity is associated with group cohesiveness (O'Reilly, Caldwell & Barnett, 1989) and similarity in perspectives (Wiersema & Bantel, 1992). Cohesiveness and similarity in perspectives are associated with consensus (Janis, 1972). Therefore, greater homogeneity among executives in terms of background should lead to greater homogeneity in the preference of employeeorganization relationship within the organization. Therefore:

**Proposition 19.** Organizations with executives of homogeneous backgrounds are more likely to adopt one type of employee-organization relationship, while organizations with executives of heterogeneous backgrounds are more likely to adopt both the job-focused and the organization-focused employment relationship with employees.

### Labor Unions

Traditionally, unions are interested in restricting management discretion in the assignment of duties and in hiring or firing decisions (Jacoby, 1985). This has led to the development of explicit rules, clear delineation of job duties and responsibilities, and the seniority rule for layoffs. Though management reserves the right to vary the size of its work force as it wishes (Osterman, 1988), such rules also restrict flexibility in the deployment of its workers. Thus, traditional unionism leads to the development of a job-focused employment relationship. Recently, however, unions have begun to expand their roles beyond the bargaining of wages and working conditions and are involved in issues of work design and employee participation in management decisions (Lawler & Ozley, 1979). Quality of work life programs often are products of union-management enhancing organizational performance by agreeing to expanded job responsibilities by employees. In return, management provides employees with opportunity to participate in decision making and some degree of employment security. That is, labor unions have sought to negotiate greater organizational obligations to provide security in exchange for a lessening of employee protection through inflexible rules. Conversely, in organizations with hostile labor-management relations, the employer would be unwilling to trust employees sufficiently to implement the organization-focused relationship. Therefore, it seems that the influence of unions on employment practices is not so much its presence or absence, but whether the relationship between the two is collaborative or hostile. Hence, we develop the following proposition.

**Proposition 20.** Organizations where union and management have successfully collaborated are more likely to have an organization-focused employment relationship with employees in the unionized jobs than organizations where union-management relationship is wholly adversarial.

### Job Characteristics

We propose that certain job characteristics can influence the control and monitoring of employees, and these in turn influence the nature of employment relationships with employees. These job characteristics are the technical, informational, and skill complexity of the job, the degree to which performance is measurable, and the amount of real-time interpersonal interaction required. Finally, the criticality of the job for strategy implementation is considered.

A job can have degrees of technical, informational, and skill complexity. Davis-Blake and Uzzi (1993) found a high level of technical and informational complexity in the job to be negatively associated with the use of temporary workers. This is because performance in informationally complex jobs is difficult to monitor or to observe, and so the incumbents must be given the discretion to do their jobs (Baron et al., 1986). As noted above, we expect that organizations will have to substitute employee-commitment controls when they are prevented from using formal external controls. Further, employees working in complex jobs need to have both high skill levels and multiple types of skills. That is, these employees are relatively more valuable to the organization, and so the organization would be more willing to offer to such employees more in the way of future obligations. Thus, this proposition is offered:

**Proposition 21**. Organizations are more likely to use an organizationfocused than a job-focused employment relationship for jobs high in technical, informational, and skill complexity.

There might be jobs with relatively complex skill requirements, but their outputs may be easily assessed or measured. For example, research and

publication involve both creative and technical skills, and yet the performance of professors can be assessed relatively easily by evaluating the quality of published articles and books. Also, the success of software programs can be assessed relatively easily by their reliability in performance and sales, and yet the skills involved in developing them are far from being simple. Auditors are another example of jobs involving complex informational requirements, but their outputs in terms of completed audits that meet regulatory requirements are fairly straightforward. For these reasons, we treat the measurability or assessability of performance as a factor separate from technical, information, or skill complexity. We posit that for jobs with highly measurable or assessable outputs, the organization will use a job-focused relationship with their incumbents. Conversely, for jobs with low assessability, the organizationfocused employment relationship is likely to be adopted. This articulation parallels that of Ouchi and Johnson (1978) who suggested that performance in highly specialized jobs (i.e., those found in Type A organizations) is assessed using hard measures of output; however, performance in less specialized jobs (i.e., those found in Type B organizations) relies on behvaioral controls rather than on hard measures.

**Proposition 22.** Organizations are more likely to use a job-focused employee-organization employment relationship for jobs with high performance assessability, and an organization-focused relationship for jobs with low performance assessability.

Jobs also vary in the degree of interdependence between the target job and others in terms of work flow, and the need for real-time interpersonal communication (Thompson, 1967; Van de Ven, Delbecq, & Koening, 1976). Thompson's (1967) reciprocally interdependent workers must continually share information in order to perform effectively (i.e., his example was a surgical team). Another example is the aerospace design team described by Galbraith (1973). These design teams may work independently much of the time, but need frequent communication as they proceed because each team's design decisions affect the other teams' activities. Success in performance is facilitated by knowledge of other individuals and other jobs. Such knowledge takes time to develop, and a longer-term employment relationship is important for interactions in interdependent jobs influence the form of employment relationship with employees.

**Proposition 23.** Organizations are more likely to use an organizationfocused than a job-focused employment relationship with employees in jobs that involve a high degree of real-time interpersonal interactions with other jobs. Finally, there has been a great deal of attention directed toward the importance of knowing and enhancing organizational "core competencies" in the strategic management literature (Barney, 1991). Such core competencies would be represented through an organization's "core" jobs (i.e., jobs that are critical to the organization's success in implementing its business strategy) (Atchison, 1991). We expect that the organization will encourage a high level of organizational commitment from the incumbents of these jobs. Therefore, organizations would want to manage their greater dependency on these jobs by using an organization-focused employee-organization relationship.

**Proposition 24**. Organizations are more likely to use an organizationfocused employment relationship with employees in core jobs that are critical to the organization's strategy implementation than in jobs that are more peripheral and less important.

### CONCLUSION

A wide variety of different economic, legal, market, structural, technological, social, and individual factors that may affect an employer's choice of forms of employee-organization relationship have been proposed. These propositions are summarized in Table 2. While some of these propositions are more intuitive than others, we have purposely suggested some that may be more debatable or controversial. Further, variables at different levels of analysis are offered. Any attempt to link causes at multiple levels of analyses with such a complex dependent variable is subject to over generalization. Nevertheless, we believe that the alternative (i.e., treating the nature of the employee-organization relationship as if it existed outside of context, subject only to the decision of one or a few executives) is even more misleading. The employee-organization relationship is important to organizations and employees. It is fraught with symbolism, and is constrained by forces beyond the control of human resources professionals.

The propositions are intended to shed light on the paradox we introduced initially; that organizations seem to be simultaneously depending more on their employees and asking more from them while offering less in return. Organizations face a wide variety of pressures pushing them simultaneously toward both job-focused and organization-focused approaches, a situation similar to that portrayed in Figure 1C. However, can these two approaches be "blended," or are they inherently mutually contradictory? Blau (1986) suggested that while economic and social exchange relationships are different, they are stable in and of themselves. This implies that a "blend" would be unstable and may create confusion for participants. Do employees perceive conflicting messages when both forms of employment relationship are used concurrently in an organization, or is this strictly an academic perspective?

## Table 2. A List of Propositions on Factors Influencing the Choice of Employee-Organization Relationship

Government Regulatio Proposition 1:	The employer is more likely to use an organization-focused employmen relationship with employees in jobs with legal protection of job security, and a job-focused relationship with employees in jobs without legal job
	The employer is more likely to use an organization-focused employmen relationship with employees in jobs with legal protection of job security, and a job-focused relationship with employees in jobs without legal job
Proposition 1:	relationship with employees in jobs with legal protection of job security, and a job-focused relationship with employees in jobs without legal job
	security protection.
Proposition 2:	Governmental organizations and organizations highly dependent on them are more likely to use an organization-focused rather than a job- focused employment relationship with employees.
Institutional Legitimacy	/
Proposition 3:	Organizations in the same industry are more likely to have relatively sim ilar employee-organization relationships with employees than organiza- tions in different industries.
Proposition 4:	Organizations seeking recognition as model employers are more likely to adopt an organization-focused than a job-focused employee- organization relationship with employees.
Proposition 5:	Organizations in the same network are more likely to adopt a similar form of employee-organization relationship than organizations in differ- ent networks.
Economic Developme	
Proposition 6:	Organizations in more economically developed societies are more likely to have an organization-focused relationship with their employees than organizations in less developed societies.
Nature of the Labor Fo	rce
Proposition 7:	Organizations are more likely to use a job-focused employment relation ship with employees in jobs with an abundant labor supply, while for jobs with a tight labor supply, they are more likely to use an organization-focused employment relationship.
Proposition 8:	Organizations are more likely to have a job-focused employment rela- tionship with women and minorities than with white men in comparable positions.
Proposition 9:	Organizations are more likely to use an organization-focused employ- ment relationship with employees with greater than with less education.
Environment and Tech	nology
Proposition 10:	Organizations with predictable wide fluctuations in demand for product are more likely to use a job-focused than an organization-focused employment relationship with employees.
Proposition 11:	The greater the uncertainty in the demand for an organization's products and services, the more likely they are to use an organization-focused employment relationship with employees.
Proposition 12:	Organizations are more likely to use an organization-focused employ- ment relationship with employees when their environments are charac- terized by a high degree of technological uncertainty, complexity, and rate of change.

(continued)

Employee-Organization Relationship

	Factors Internal to the Organization
Pusinoss Stratogy	
Business Strategy	
Proposition 13:	Organizations pursuing a low cost business strategy are more likely to use a job-focused employment relationship with employees, while those pursuing differentiation based on innovation or quality are more likely to use an organization-focused employment relationship with employees.
Organizational Struct	ure
Proposition 14:	Highly centralized organizations are more likely to use a job-focused than an organization-focused employment relationship with their employees, while highly decentralized organizations are more likely to use an organization-focused than a job-focused employment relation- ship with their employees.
Proposition 15:	Larger organizations are more likely than smaller organizations to use both an organization-focused and a job-focused employment relation- ship with employees.
Tradition and Prefere	nces
Proposition 16:	Organizations with an integrative culture are more likely to adopt either a job-focused or an organization-focused employment relationship with employees, while organizations with either a differentiated or a frag- mented culture are more likely to adopt a mixture of both a job-focused and an organization-focused employment relationship with employees.
Proposition 17:	Organizations emphasizing the cultural values of innovation, respect for people, and team orientation are more likely to use an organization-focused employment relationship with employees than organizations that do not emphasize these values.
Proposition 18:	Organizations run by executives from economics or finance functions are more likely to use a job-focused employee-organization relationship than organizations run by executives from other functions or disciplines.
Proposition 19:	Organizations with executives of homogeneous backgrounds are more likely to adopt one type of employee-organization relationship, while organizations with executives of heterogeneous backgrounds are more likely to adopt both the job-focused and the organization-focused employment relationship with employees.
Labor Unions	
Proposition 20:	Organizations where union and management have successfully collabo- rated are more likely to have an organization-focused employment rela- tionship with employees in the unionized jobs than organizations where union-management relationship is wholly adversarial.
Job Characteristics	
Proposition 21:	Organizations are more likely to use an organization-focused than a job focused employment relationship for jobs high in technical, informa- tional, and skill complexity.

Table 2. (Continued)

(continued)

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Proposition 22:	Organizations are more likely to use a job-focused employee- organization employment relationship for jobs with high performance assessability, and an organization-focused relationship for jobs with low performance assessability.
Proposition 23:	Organizations are more likely to use an organization-focused than a job-
	focused employment relationship with employees in jobs that involve a
D	high degree of real-time interpersonal interactions with other jobs.
Proposition 24:	Organizations are more likely to use an organization-focused employ- ment relationship with employees in core jobs that are critical to the
	organization's strategy implementation than in jobs that are more peri- pheral and less important.

Table 2. (Continued)

Further, within one organization, different jobs may be more suitable to one approach than another, and organizations may face strong censure for the internal inequity produced if they responded solely to market pressures. Pearce (1993) found several psychological and management strains when employees and contract workers worked together on engineering projects. Would resentment develop among coworkers working side by side, with some under the organization-focused and others under the job-focused approaches? What are the implications of the competitive pressure for greater flexibility than before in both employment/termination and deployment on the human resources professionals' attempts to maintain internal fairness in organizations?

Finally, we have not dealt with the issue of the relative importance of each of the factors influencing the choice of the employment relationship. Even if it were subsequently demonstrated that many or most of these propositions were supported by appropriate empirical data, all of the ten categories of factors embedded in the propositions cannot be equally powerful in their effects. At this stage of our knowledge, it is not possible to rank order the factors in terms of the strength of their influence in determining organizations' choice of type of employee-organization relationships. However, we expect that certain internal and external factors are relatively more important than others in their effects. Based on the assumption that organizations exhibit a fair degree of inertia and that their cultures do not ordinarily change rapidly, we would predict that the factor of traditions/preferences would have the strongest effect of all. That is, once established, cultures and the traditional way of doing things will dominate in the determination of the employee-organizational relationships, as postulated in Propositions 16 and 17. Also clearly strong in their impacts should be two external factors, nature of the labor force and environment/technology. The former, nature of the labor force, is an external factor that every organization must contend with in one way or another, particularly in terms of labor supply and demand forces as indicated in Proposition 7. The latter, environment/technology, is also a powerful force for all organizations because of the necessity of coping effectively with environmental forces such as demand for the product (Proposition 10) and degree of technological uncertainty, complexity, or rate of change (Proposition 12) that cannot be ignored nor, typically, directly controlled. To summarize, we believe that all of the factors we have identified in our 24 propositions have some degree of influence on how organizations choose to relate to their employees, but that the pervasiveness and extent of influence will vary across the ten factors. A future research agenda priority would be to attempt to calibrate the relative importance of these various factors.

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