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Abstract

This study attempts to identify how perceived high performance work systems can result in negative psychological outcomes, specifically referring to job burnout, job anxiety, role stress and job insecurity among executives in the banking industry. Although there is increasing research on how HPWS can create a competitive advantage for organizations in terms of organization performance, many unanswered questions remain in this field such as the influence it has on employees. Hence, the research problem addressed in this study is to identify whether HPWS result in negative psychological outcomes among executives in selected licensed commercial in Sri Lanka. As the first phase of the study, the data were collected from a convenient sample of 150 executives in selected licensed commercial banks in Sri Lanka with a structured questionnaire, which consisted of 44 question statements in a five point Likert Scale. Following that, in phase two, 06 interviews were conducted in order to variates the findings of the survey questionnaire. This ensures data triangulation of this research. According to the statistical findings of Pearson’s Product Moment Correlation and Regression Analysis, high performance work systems are having a strong positive relationship with employees’ negative psychological outcomes as a collective aspect. However when taking job burnout, job anxiety, role stress and job insecurity separately, the relationships are divergent and gives different results. Since high performance work systems will have a substantiate impact on employees’ negative psychological outcomes as a whole, an organization should more focused on mitigating such negative psychological aspects holistically, rather than just taking remedial actions to avoid individual psychological outcomes.

Keywords: High Performance Work Systems, Employees’ Negative Psychological Outcomes, Job Burnout, Job Anxiety, Role Stress, Job Insecurity

Introduction

Human Resource Management (HRM) is considered as one of the strategic functions in an organization due to its invaluable contribution towards organization success. High Performance Work Systems (HPWS) has emerged as a special area of interest as a part of this strategic aspect of HRM. HPWS is known as a set of interrelated HR practices designed to
enhance employees’ skills, commitment, and productivity in such a way that employees become a source of sustainable competitive advantage. These practices include rigorous recruitment and selection procedures, performance contingent incentive compensation systems, management development and training activities linked to the needs of the business, and significant commitment to employee involvement (Becker & Huselid 1998). Although there is increasing research on HPWS and its effects on organization performance, many unanswered questions remain in this field such as the influence it has on employee goals (Chaudhuri 2009). Hereby, little attention has been paid to the effects of HPWS have on human resources, better known as employees.

Many researchers believe there is a potential for contradictory effects on workers in HPWS, instead of increased commitment occurring, there is increased control, and there is more than passing resonance with earlier managerial strategies to control worker behaviour and effort, such as Taylorism (Ramsey et al. 2000). This can be explained by the fact that organizational performance might seem more important to organizations than employee outcomes. However, it is important that organizations realize, both healthy and productive workforce is eventually most valuable. Therefore, due attention has to be paid not only to organizational outcomes, but to employee outcomes as well.

Therefore, this article is intended to add to the body of work on HRM by researching the neglected role of employees as the primary recipients of HPWS. The central aim of this study is to determine whether perceived HPWS can create negative psychological outcomes among employees. This research sets out to close this gap through employee outcomes of HPWS in the Sri Lankan context. It is also important to note that the findings of this study have highlighted the darker side of HPWS from the perspective of job-demand theory which creates a paradox with previous research findings of HPWS.

**Problem Background and Problem of the Study**

Guest (1997) was one of the earliest researchers in the field to highlight the importance of the employees, based on the assumption that improved performance in an organisation will be achieved through its employees. This clearly shows the importance of employee contribution towards the success of any organization. While early research on HPWS tended to test associations between HPWS practices and organizational performance, more recently there has been a growth in research which has focused explicitly on the implications of HPWS for employees (Ramsey et al. 2000). HPWS generally give rise to positive impacts on employees by increasing their commitments in workplaces (Huselid 1995). While some argued this actually have considerable negative impacts on employees with increasing possibilities of imposing strains caused by stress and intensity of such work places (Chaudhuri 2009). However according to several other scholars such as Ramsey, Scholar and Harley (2000), Danford and others (2008), reported mixed findings on how HPWS affect on employee well-being. As per Kumar (n.d.) HPWS can lead to increased workloads, job insecurity, and declining influence on the job and reduced quality of work life. Therefore, a closer look at the employee perspective on HRM is needed.
As most research findings show that there is a positive impact of HPWS on organizational performance, this study expects to look at the same concept (HPWS) in a conflicting perspective. This creates a paradox within HPWS that will ultimately question whether these novel concepts in HR practice, actually benefit employees’ well-being. Therefore the problem addressed in this study is to investigate whether perceived high performance work systems can result in negative psychological outcomes among executives in selected licensed commercial banks in Sri Lanka.

**Research Framework**
The central aim of this study was to ascertain the relationship between perceived HPWS and employees’ negative psychological outcomes, specifically in relation to job burnout, job anxiety, role stress and job insecurity. The relevant schematic diagram which can be referred as the conceptual framework can be demonstrated as follows.

Figure 1: Conceptual Framework of Perceived HPWS and Employees; Negative Psychological Outcomes.

According to Gulzar et al. (2014) the research findings indicated that employee perception about HPWS plays a significant role in employee psychological outcomes including: anxiety, job burnout and role overload. These findings are also consistent with findings of previous studies done by Spector et al. (2010), Fox et al. (2001) and Jensen et al. (2013). This shows that if the employees of the organizations believe that HPWS has an increased possibility of imposing strains, anxiety, frustration, burnout, overload causes by intensity and stress of such work places (Chaudhri 2009). Thus in this study it is predicted that perceived HPWS positively associates with employees’ negative psychological outcomes.

Hₐ: Perceived High Performance Work Systems positively contribute towards Employees’ Negative Psychological Outcome.
Few studies on HPWPs or related management practices have focused on the negative wellbeing effects like employee burnout that may result from increased employee exploitation. Burnout occurs as a result of unrelieved work stress or when stress persists and is not managed effectively. It has been shown by pragmatic conclusions that elevated level of fatigue and stumpy level of commitment to work comprise the contrary range of work-related exhaustion (Demerouti et al. 2010). In respect of HPWS, feelings of unfairness and executive restrictions cause amplified exhaustion levels and this burnout leads to both inactive and active counter productive work behavior against the association and its associates (Demerouti et al. 2010). Godard (2004) found that employees who worked in organizations that adopted high levels of HPWPs reported more experiences of stressful work. Therefore it is anticipated that there is a positive relationship between perceived HPWS and job burnout.

H_0: Perceived High Performance Work Systems positively contributed towards Job Burnout.

The concept of organizational anxiety is particularly relevant during organizational change, when both organizations and individuals within them are under stress (Cooper et al. 2002). Many organizational changes involve sharp transitions (such as HPWS), and sometimes chaos, as inevitable by-products of the process (Jick & Peiperl 2003) which cause uncertainty, stress and anxiety. If specialized and stressful workplace is not controlled properly and lacks, in some way, the factor of organizational justice then it can result in anxiety at the workplace which can consequently result in counterproductive work behaviour (Jex et al. 2001). Hence it is expected to have a positive relationship between perceived HPWS and job anxiety.

H_0: Perceived High Performance Work Systems positively contributed towards Job Anxiety.

Role stress is the stress experienced by the persons because of their role (job) in the organization. They assume a role based on the expectation of the self and others at work place. According to role theory, every position in an organization should have a clear set of responsibilities so that management can give appropriate guidance and employees can be held accountable for performance. If people do not know the extent of their authority and what is expected of them, they may hesitate to act and be fearful about the potential repercussions for making decisions (Jackson & Schuler 1985). Therefore it can be anticipated that HPWS can create role stress among employees due to its complexity in absorbing the right practices.

H_0: Perceived High Performance Work Systems positively contributed towards Role Stress.

Proponents of HPWS often argue that employment security is an important part of the implicit contract in the high performance work organization (Pfeffer 1998). The "risk" associated with HRM innovations that increase workplace efficiency is the possibility of decreased demand for labour and subsequent employee attrition. Evidence suggests that some firms adopt high performance work systems in part to reduce union influence, although other objectives (for example, cost reduction, improved product quality) tend to be more important (Godard 1998). This might create a negative feeling among workers, questioning the threat that HPWS creates for their jobs. Therefore the following hypothesis can be developed.

Method

Study Design
The objective of this research study is to determine the relationship between perceived HPWS and employees’ negative psychological outcomes. This research study is a analytical study in nature since it engage in hypothesis testing. This research study is a Field Study, which is done in the natural setting. A correlational study is conducted in the natural environment of the organization with minimal interference by the researcher with the normal flow of work. (Sekaran & Bougie 2010). This research study is carried out once and represents a snapshot of one point in time, therefore can be considered as a Cross Sectional Study. Furthermore, according to this research the unit of analysis is the individual. The researcher will collect data from each individual executive as the unit of analysis in selected licensed commercial banks and treat each employee’s response as an individual data source.

This research study adopted a sequential approach and was conducted in two phases. A protocol consisting of a questionnaire (written hard copies and online questionnaires created through Google Forms) and interviews are used to obtain data. This research study focuses on the non-probability sampling as there are many licensed commercial banks in Sri Lanka and for the purpose of the study the researcher only selected 150 executives from the selected 3 licensed commercial banks. The sample method reflects convenient sampling. Moreover, phase 2 of the research process emphasizes on generating more descriptive and comprehensive information on the research study to validate the findings of the survey questionnaire. For this purpose, interviews were conducted with 6 executives from each selected bank.

Measures
According to this research study, a five point Likert scale ranging from ‘strongly disagree to strongly agree’ have been used to measure the five variables (perceived HPWS, job burnout, job anxiety, role stress and job insecurity) in the research model. The variables of the study constitute interval scales.

The independent variable of this research study is the perception of executives in licensed commercial banks, on high performance work systems. This variable is measured by a survey done on HPWS in Ireland which was designed and administered with by Heffernan in 2012 and the items were adapted accordingly to suit the local context. This part of the questionnaire consists of 22 question statements from which 15 items assessed the dimension of employee skills and organizational structure and 7 of its items measure employee motivation. These include practices such as Recruitment and Selection, Payment Systems and Pay Determination, Training and Development, Employee Involvement, Performance Management and Succession Planning.
The dependent variable of Employees’ Negative Psychological Outcomes is measured using four underlying dimensions namely; job burnout, job anxiety, role stress and job insecurity. Questions pertaining to these variables have been also adapted from previously developed validated scales.

Job burnout was measured by Maslach Burnout Inventory (1982) which has been proven to be a reliable and valid instrument of burnout. Originally the measure included 22 items. However for the purpose of this research, only 8 questions were used. These question statements cover the three dimensions of job burnout, which are emotional exhaustion, reduced personal accomplishment and depersonalization.

The questionnaire for measuring Job Anxiety was also a standard questionnaire, which was originally developed by Srivastava and Sinha (1997), which is known as the Job Anxiety scale. It contains 4 questions covering recognition, human relations at work, rewards and punishment and capacity to work.

The Role Stress has been developed to measure the various role-based stresses relevant to work life. It comprises of inter role distance, role stagnation, role overload resource inadequacy. This scale was originally developed by Pareek in 1983.

The final dimension, which is Job Insecurity, was measured by Borg’s (Borg & Elizur 1992) Job Insecurity scale. This includes 6 statements relating to cognitive job insecurity and affective job insecurity.

Upon receipt and review of the completed questionnaire, a follow-up interview was conducted to discuss and to ask the participants to explain their ideas in more detail and/or elaborate on what they have stated in the questionnaire. The researcher used a non-directive style of interviewing using open-ended questions allowing the participants the freedom to control pacing and subject matter of the interview. The researcher recorded the information from the telephone interview by making hand-written notes. The information will then be used to support the findings from the survey questionnaire in the discussion section.

Validity and Reliability

The content A pilot test was carried out using 15 respondents (executives) from the selected Licensed Commercial Banks to test the reliability of the study. The Cronbach’s alpha test is used to measure the internal item consistency reliability of the instruments used to collect data (Kottawatta 2014). As shown in Table 1, the results of the Cronbache’s alpha test are reasonable enough to ensure the reliability of this study.

Validity of the instruments was ensured by the conceptualization and operationalization of the variables (Kottawatta 2014).
Table 1: Cronbach’s Alpha Coefficients

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Cronbach’s Alpha</th>
<th>No of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived HPWS</td>
<td>0.925</td>
<td>22</td>
</tr>
<tr>
<td>Job Burnout (JB)</td>
<td>0.803</td>
<td>08</td>
</tr>
<tr>
<td>Job Anxiety (JA)</td>
<td>0.816</td>
<td>04</td>
</tr>
<tr>
<td>Role Stress (RS)</td>
<td>0.725</td>
<td>04</td>
</tr>
<tr>
<td>Job Insecurity (JI)</td>
<td>0.888</td>
<td>06</td>
</tr>
</tbody>
</table>

Techniques of Data Analysis

For the purpose of analysing the data obtained via questionnaires is analysed using the Computer Based Statistical Data Analysis Package, SPSS (Version 16.0). A pilot test is done to check the validity and reliability of the instruments used in the survey questionnaire. Several descriptive and inferential statistical methods such as frequency distribution, measure of central tendency, measure of dispersion, correlation and simple regression are used to analyse and evaluate data statistically. Data analysis includes both univariate and bivariate analyses.

Results

To investigate the responses for independent and dependent variables of the executives in the banking industry, univariate analysis was used and the results are depicted in Table 2.

Table 2: Univariate Analysis

<table>
<thead>
<tr>
<th>N</th>
<th>Valid</th>
<th>Perceived High Performance Work Systems</th>
<th>Employees’ Negative Psychological Outcomes</th>
<th>Job Burnout</th>
<th>Job Anxiety</th>
<th>Role Stress</th>
<th>Job Insecurity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.56</td>
<td>4.41</td>
<td>4.61</td>
<td>4.26</td>
<td>4.45</td>
<td>3.95</td>
<td></td>
</tr>
<tr>
<td>Median</td>
<td>5.00</td>
<td>4.00</td>
<td>5.00</td>
<td>5.00</td>
<td>5.00</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>Mode</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.527</td>
<td>.601</td>
<td>.710</td>
<td>.926</td>
<td>.629</td>
<td>.942</td>
<td></td>
</tr>
<tr>
<td>Variance</td>
<td>.277</td>
<td>.361</td>
<td>.504</td>
<td>.857</td>
<td>.396</td>
<td>.887</td>
<td></td>
</tr>
<tr>
<td>Skewness</td>
<td>-.558</td>
<td>-.467</td>
<td>-2.287</td>
<td>-1.283</td>
<td>-.869</td>
<td>-.862</td>
<td></td>
</tr>
<tr>
<td>Std. Error of Skewness</td>
<td>.207</td>
<td>.207</td>
<td>.207</td>
<td>.207</td>
<td>.207</td>
<td>.207</td>
<td></td>
</tr>
<tr>
<td>Kurtosis</td>
<td>-1.030</td>
<td>-.643</td>
<td>6.350</td>
<td>1.374</td>
<td>.622</td>
<td>.716</td>
<td></td>
</tr>
<tr>
<td>Std. Error of Kurtosis</td>
<td>.411</td>
<td>.411</td>
<td>.411</td>
<td>.411</td>
<td>.411</td>
<td>.411</td>
<td></td>
</tr>
<tr>
<td>Range</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

As per the statistics presented in Table 2, level of perceived high performance work systems, employees’ negative psychological outcomes, job burnout, job anxiety, roles stress and job insecurity of executives in the three selected licensed commercial banks are approximately normally distributed. This is evident by considering the values of skewness and kurtosis. According to the mean values obtained for each variable, all the variables are above the moderate level where as the lowest mean value is represented by job insecurity.
The Pearson’s Product Moment Correlation was used as a bivariate analysis to investigate the relationship between perceived high performance work systems and employees’ negative psychological outcomes including job burnout, job anxiety, role stress and job insecurity of executive employees in selected licensed commercial banks. The statistical results of Pearson’s Product Moment Correlation are illustrated in Table 3.

<table>
<thead>
<tr>
<th>Correlation</th>
<th>ENPO</th>
<th>JB</th>
<th>JA</th>
<th>RS</th>
<th>JI</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.709**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

As per the above statistics of Pearson’s correlation, employees’ negative psychological outcomes has a correlation value of 0.709, which indicates that there is a strong positive relationship between perceived high performance work systems and employee’s negative psychological outcomes. When considering job burnout and role stress, indicates a moderately strong positive relationship. However, in contrary both job anxiety and job insecurity variables provides moderately weak positive relationship with the independent variable having a correlation of 0.358 and 0.414 respectively. Nevertheless, the found relationships are statistically significant as the correlations are significant at 0.01 level (2-tailed).

The results of simple regression analysis of the independent variable (Perceived High Performance Work Systems) against the dependent variables (employees’ negative psychological outcomes, job burnout, job anxiety, role stress and job insecurity) are demonstrated in Table 4.

<table>
<thead>
<tr>
<th>Variables</th>
<th>PHPWS with ENPO</th>
<th>PHPWS with JB</th>
<th>PHPWS with JA</th>
<th>PHPWS with RS</th>
<th>PHPWS with JI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Method</td>
<td>Linear</td>
<td>Linear</td>
<td>Linear</td>
<td>Linear</td>
<td>Linear</td>
</tr>
<tr>
<td>R - Square</td>
<td>0.503</td>
<td>0.321</td>
<td>0.128</td>
<td>0.326</td>
<td>0.171</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.499</td>
<td>0.316</td>
<td>0.122</td>
<td>0.321</td>
<td>0.165</td>
</tr>
<tr>
<td>F</td>
<td>136.624</td>
<td>63.748</td>
<td>19.903</td>
<td>65.177</td>
<td>27.938</td>
</tr>
<tr>
<td>Significance</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>B - Constant</td>
<td>0.717</td>
<td>1.132</td>
<td>1.389</td>
<td>1.335</td>
<td>0.571</td>
</tr>
<tr>
<td>b - Value</td>
<td>0.809</td>
<td>0.763</td>
<td>0.630</td>
<td>0.682</td>
<td>0.741</td>
</tr>
</tbody>
</table>

As per the above results of the regression analysis, the independent variable (i.e. Perceived High Performance Work Systems) is positively related with the five dependent variables. This is evident by the gradient of the regression (b-values) given in the analysis. The R squared values indicates the strength of association between the observed and predicted values of the dependent variables of the research study. As per the R-squared value, 50.3% of variance of perceived high performance work systems is explained by employees’ negative
psychological outcomes. However, in contrary the R-squared values of job anxiety (12.8%) and job insecurity (17.1%) indicate lower values in explaining the independent variable.

Nevertheless, it can be identified that there is statistical evidence to prove that there is a relationship between the independent and dependent variables of this research study.

**Discussion and Conclusion**

The main purpose of taking perceived high performance work systems as the independent variable is to understand the extent to which the executive employees in the selected licensed commercial banks believe that high performance work systems exist in their respective companies.

On average, the utilisation of HPWS in this research study was perceived by the respondents in different levels. A majority of 57.7% strongly agreed that high performance work practices exist in their companies whereas only a minimum amount disagreed. Furthermore, as per the descriptive statistics perceived high performance work systems has a mean value of 4.56 with a standard deviation of 0.527. Accordingly, it can be said that executives in selected licensed commercial banks perceive that high performance work systems exists to a larger extent.

This study differs from a majority of similar studies in that the measurement of the HPWS was garnered from employees rather than from senior managers. This is a critical distinction as it is arguably the employees’ perceptions of the presence and effectiveness of these practices that directly links to expected employee-level and organizational outcomes (Liao et al. 2009; Wall & Wood 2005).

According to the statistical findings between perceived high performance work systems and employees’ negative psychological outcomes (including job burnout, job anxiety, role stress and job insecurity), there is substantial statistical evidence to claim a strong positive relationship between these two variables. Accordingly, these findings support previous research findings as well. The research findings of Gulzar and others (2014) indicated that employee perception about HPWS plays a significant role in employee psychological outcomes including: anxiety, job burnout and role overload. These findings are also consistent with findings of previous studies done by Spectoret et al. (2010), and Jensen et al. (2013).

However, the individual variables coming under employees’ negative psychological outcomes such as job burnout, job anxiety, role stress and job insecurity have varying outcomes. For instance, correlation of role stress (r=0.571) and job burnout (r=0.566) have a moderately positive correlation with perceived high performance work systems. In contrary the impact of high performance work systems on job anxiety (r=0.358) and job insecurity (r=0.414) is relatively weak although it has a positive relationship. Nevertheless, it can be identified that there is a relationship between perceived high performance work systems and these variables.
Further the statistical analysis conducted for the hypothesis $H_a$, $H_b$, $H_d$ also shows significant results which indicates that Perceived HPWS have a strong impact on employees’ negative psychological outcomes, job burnout and role stress respectively. Therefore it can be seen that high performance work systems will have an impact on creating negative psychological outcomes as a whole, irrespective of each individual psychological outcome.

These findings are matched with the theoretical arguments given by Jex et al. (2001), which explains that if specialized and stressful workplace is not controlled properly and lacks, in some way, the factor of organizational justice then it can result in anxiety at the workplace which can consequently result in counterproductive work behaviour.

Since high performance work systems will have a substantiate impact on employees’ negative psychological outcomes as a whole, an organization should more focused on mitigating such negative psychological aspects holistically, rather than just taking remedial actions to avoid individual psychological outcomes. This means that if implementation of HPWS practices is not joined with a suitable increase in autonomy and control of employees, these set of integrated HR practices may have negative effects on employee perceptions about the workplace where they are working and can result in anxiety, role overload and burnout. The stress level of employees is increased if they feel that a more sophisticated human resource practice can increase pressure and anxiety if it is not properly communicated and fairly treated. And it can result in negative psychological outcomes.

This study provides a framework for HPWS appropriate for standardizing everyday practices. This research raises consciousness and provides primary guidelines to both public and private organizations to put together strategies on how to suitably deal with the different HPWS and employee negative psychological outcomes (job burnout, job anxiety, role stress and job insecurity) for the accomplishment of organizational goals and effectiveness. Overall, these findings shed new light on the mechanisms through which HPWS impact employee psychological outcomes and serve to bridge the gap between macro and micro perspectives of human resource management.

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