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High-Involvement Management, Economic Recession, Well-Being and Organizational Performance

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Abstract

High-involvement management was introduced as a means of overcoming economic crises; but it has been argued that the inevitability of cost-cutting measures when organizations face such crises would undermine its efficacy. This paper first presents theories of why tensions may exist between high-involvement management and actions typically taken by management during recessions, such as wage and employment freezes. It then reports research aimed at testing whether the performance effects of high-involvement management were lower in organizations where management took such actions to combat the post-2008 recession, due to their adverse effects on employees' job satisfaction and well-being – and even whether high-involvement management still had a performance premium after the recession. Using data from Britain's Workplace Employment Relations Survey of 2011, the research shows that both dimensions of high-involvement management – role- and organizational-involvement management – continued to be positively associated with economic performance as the economy came out of recession. Recessionary actions were negatively related to both employee job satisfaction and well-being, while job satisfaction mediated the relationship between role-involvement management and economic performance, which is consistent with mutual gains theory. However, recessionary action reduced the positive effect that role-involvement management had on job satisfaction and well-being, and thus may have reduced its positive performance effects. In the case of organizational-involvement management, it reduced the level of job dissatisfaction and ill-being, suggesting that it may provide workers with more information and greater certainty about the future.

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3 **HIGH-INVOLVEMENT MANAGEMENT, ECONOMIC RECESSION, WELL-**
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5 **BEING AND ORGANIZATIONAL PERFORMANCE**
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7 High-involvement management is a term coined by Ed Lawler (1986) to describe an
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9 approach to management centred on employee involvement. When first introduced some
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11 thirty years ago, it was heralded as a means of overcoming economic crises at both the
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13 organizational and national levels; but critics were quick to argue (often in conferences but
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15 less so in print) that the inevitability of cost-cutting measures and work intensification when
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17 organizations face such crises would undermine high-involvement management (Godard,
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19 2004; Legge, 2005; Thompson & Harley, 2007). It was assumed that such actions in
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21 recessionary times conflict with the principle of mutuality underlying high-involvement
22
23 management. Managers then face a “fundamental dilemma of how to square increasing
24
25 empowerment with the reduced commitment” and satisfaction induced by the kinds of
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27 changes in employment relations that recessionary actions entail (Cappelli, 1999: 46). This
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29 may lead managers adopting a high-involvement approach to abandon it (or those
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31 contemplating introducing it to postpone this), or alternatively to minimize cost-cutting and
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33 reorganizations to avoid undermining it. The argument that recessionary action will
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35 undermine high-involvement management, however, does not necessarily assume its
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37 abandonment, but rather that such action will reduce the approach’s efficacy and perhaps
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39 ultimately the depth of its application. High-involvement management may thus co-exist with
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41 recessionary actions, meaning the issue becomes the extent to which its assumed performance
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43 effects are reduced when recessionary action is taken. It may be that organizations adopting
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45 high-involvement management are still outperforming others after recession, as the theory
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47 underlying the concept predicts, but that the link between high-involvement management and
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49 performance is weakened in workplaces that had adopted cost-cutting counter-recession
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51 actions.
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3 The claims for a tension between high-involvement management and recessionary action
4 have been typically asserted with little expansion of the processes involved; it is rather taken
5 for granted that management will sooner or later have to make what Godard & Delaney
6 (2000: 489) call “tough decisions” which mean that the effects of high-involvement
7 management “wear off”. Underlying this is a mutual gains perspective on high-involvement
8 management, according to which management approaches can be mutually beneficial to
9 employers and employees (Van De Voorde, Paauwe, & Van Veldhoven, 2012), and in
10 contrast, a conflicting outcomes perspective on recessionary actions as they are seen as
11 typically entailing economic gains for employers at the expense of employees’ satisfaction
12 and well-being. It is the likelihood of these negative employee outcomes that is the source of
13 the tension between high-involvement management and recessionary action, and that are
14 likely to limit the mutual gains from the former.
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30 This paper reports a study that is designed to examine whether this tension manifests itself
31 through recessionary action reducing the positive effects of high-involvement management
32 on employee and employer outcomes. As the foundation of the claims about this tension is
33 based on a mutual gains perspective, we introduce this in the first part of the paper, building
34 particularly on Wood, Van Veldhoven, Croon, & De Menezes’s (2012) conception of high-
35 involvement management, before introducing the concept of recessionary action. Since the
36 claims for a tension have not been strongly articulated, we next rationally reconstruct the
37 underlying theory, which we take to be underpinned by social exchange theory and associated
38 psychological contract and signalling theories. This theory predicts that there should be an
39 interaction effect between high-involvement management and recessionary action on the
40 employee outcomes that mediate the relationship between high-involvement management and
41 organizational performance.
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3 In the second part of the paper we report the results of our study that was designed to test
4 this prediction as well as the foundation of the theory underlying it: that high-involvement
5 management is positively associated with high performance and employee outcomes while
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10 recessionary action is negatively associated with employee outcomes. In so doing, we are
11 also examining whether high-involvement management still has a performance premium
12 following the recession. If it is found that the premium is undermined by the recession then
13 this represents an undermining of the notion that high-involvement management deserves the
14 status of a best-practice model. It implies that any performance benefits are at best contingent
15 on macro-economic circumstances, or at least on how managements react to them, and at
16 worst are short-term or unsustainable at least in the current economic regime. If however this
17 is not the case and high-involvement management is still correlated with organizational
18 performance then it reinforces claims about its unique virtues. Nonetheless, it could still be
19 that the extent of this comparative advantage is reduced through the impact of recessionary
20 action on staff morale. The paper thus contributes to our understanding of high-involvement
21 management and is the first robust empirical testing of a longstanding issue in the human
22 resource management (HRM) discourse relating to the incompatibility of cost-cutting
23 measures and employee involvement.

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41 The study focuses on the recession in Britain following the 2008 financial crisis, which
42 provides a good opportunity to test the interactions between high-involvement management
43 and recessionary action, not least because the recession was severe and relatively long-
44 lasting. It uses the latest British Workplace Employment Relations Survey (WERS)
45 conducted in 2011, which was towards the end of the recession. This enables us to assess the
46 situation as an economy emerged from it. Moreover, the 2011 WERS provides us with a
47 unique opportunity, as questions on the impact of recession and measures taken to combat its
48 effects were included in the WERS series for the first time.
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THEORETICAL BACKGROUND

High-involvement Management

High-involvement management is an approach, or underlying orientation, on the part of management that is aimed at enhancing the economic performance of organizations. Indeed, Lawler popularized it under the label of “Creating high performance organizations” (Lawler, Mohrman, & Ledford, 1995), and subsequently tended to use this term rather than high-involvement management. Job design for enrichment was the bedrock of its original conception, as well as Walton’s (1985) similar high-commitment management concept. The hallmark of high-involvement management was that it would reverse the narrow job specifications and rigid divisions of labor associated with Taylorism which was assumed to be the dominant approach to job design. The results of experimentation in job enrichment suggested that wider changes were required both to make the job redesign process work well and to encourage innovation. Employees needed to be aware of the wider context of their jobs, participate in this wider context, and be trained accordingly, especially if they were to contribute to innovation, including in the design of their jobs and the surrounding work organization. High-involvement management was the result of this recognition of the value of extending participation beyond job discretion.

Using the terminology of Wall, Wood & Leach (2004a), high-involvement management thus entails two dimensions: role-involvement management, which concentrates on an employee’s core job, and organizational-involvement management which involves workers participating in decision-making – beyond the narrow confines of the job – in the wider organization. Role-involvement management, also known as empowerment or enriched job design, is an approach to the design of high-quality jobs that allows employees an element of discretion and flexibility over the execution and management of their primary tasks. Organizational-involvement management, in Wood et al.’s (2012) terms, is an approach to

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3 management that encourages greater proactivity, flexibility and collaboration amongst
4 workers through the use of practices that offer opportunities for organizational involvement,
5 either directly – through idea-capturing schemes, team work and flexible job descriptions – or
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7 indirectly, through the disclosure of financial information, specific training for involvement,
8 or appraisal systems. Its focus is on the intelligent coordination of actions, through greater
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10 understanding and internalization of objectives, in order to overcome the restrictive
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12 communication problems that were endemic to Taylorism (Gittell, Seidner, & Wimbush,
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14 2010; Heckscher, 1994).
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21 In the literature on high-involvement management's performance effects the two
22 dimensions are typically discussed in an undifferentiated way, although there has been a trend
23 to neglect role-involvement management, as Wood & Wall (2007) demonstrate. Equally, in
24 discussions of high-involvement management's effects on employee attitudes there is little
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26 differentiation. We will use the term high-involvement management when referring to both
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28 role- and organizational-involvement management collectively but our analysis will
29
30 concentrate on differentiating between them. As management orientations that pervade the
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32 entire workplace, both dimensions of high-involvement management are conceptualized at
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34 the organizational level.
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43 **The Mutual Gains Perspective of High-involvement Management**

44 The mutual gains model of HRM, which underlies the promotion of high-involvement
45 management as a management technology, assumes a 'win-win' situation for both employees
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47 and their employers. It is therefore a distinctive management approach as it offers high levels
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49 of satisfaction and well-being to employees, encourages positive employee attitudes towards
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51 the organization, and produces superior organizational performance. The empirical evidence
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thus far tends to support this characterization, as studies of high-involvement management's

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4 effects on employee outcomes have largely revealed benign effects on, for example, job
5 satisfaction (e.g. Appelbaum, Bailey, Berg, & Kalleberg, 2000; Macky & Boxall, 2007, 2008;
6 Mohr & Zoghi, 2008; Wood et al., 2012), while the large volume of research on its (and
7 related concepts') effects on a range of operational (productivity and quality) and financial
8 measures of organizational performance suggests that it has positive consequences (reviews
9 include Combs, Liu, Hall, & Ketchen, 2006; Wall & Wood, 2005; Wood, 1999; Wright &
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Expectations about the positive impact of high-involvement management on employee
outcomes typically build on the theories of job redesign. The foundation of these theories is
the assumed ability of good job design to satisfy employees' need for autonomy and
challenge, and hence fulfil intrinsic motivational needs as opposed to extrinsic needs for high
wages and job security (e.g., Humphrey, Nahrgang, & Morgeson, 2007; Van Der Doef &
Maes, 1999). Similar thinking has been applied to the broader high-involvement management
as authors assume that the motivational effects of organizational-involvement management
are the same as those associated with role-involvement management. For example, Barling,
Kelloway, & Iverson (2003: 277) write that high-involvement management will enhance job
satisfaction through creating a "better work environment for employees". The enhanced
variety, autonomy, skill utilization and meaningfulness provided by role-involvement
management may also apply to organizational-involvement management.

However, as Wood et al. (2012) suggest, the increased satisfaction derived from
organizational-involvement management may rather stem from outcomes other than intrinsic
satisfaction. These might include increased social contact, heightened understanding of the
organizational context and the improved coordination of activities within the organization.
Such factors may increase employees' social satisfaction, well-being and self-esteem, and
promote feelings that they are valued by the organization, and that their lives are manageable,

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3 comprehensible and coherent (Mackie, Holahan, & Gottlieb, 2001). It is because of such
4 benign effects of both dimensions of high-involvement management on employee satisfaction
5 and well-being that recessionary action, which is assumed to have contrasting negative
6 effects, is thought to clash with it.
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12 The strong mutual gains theory of high-involvement management posits that not only can
13 it produce gains for both employers and employees, but that the positive outcomes for
14 employees account for much of its performance effects (Gardner, Wright, & Moynihan,
15 2011; Jiang, Lepak, Hu, & Baer, 2012; Macky & Boxall, 2007). We expect this to apply to
16 both dimensions of high-involvement management regardless of possible differences in the
17 sources of satisfaction and well-being associated with each.
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25 Employee outcomes are indeed the most prominent intermediate variables in the recent
26 studies that have gone beyond correlating high-involvement management (or other HRM
27 concepts) with performance outcomes by testing potential mediators of the relationship. The
28 highly correlated job satisfaction and organizational commitment have been especially
29 prominent (Elorza, Aritzeta, & Ayestarán, 2011; Gong, Law, Chang, & Xin, 2009; Katou &
30 Budhwar, 2006; Messersmith, Patel, Lepak, & Gould-Williams, 2011; Paul & Anantharaman,
31 2003; Wood et al., 2012). Collectively, such mediation studies offer considerable support for
32 the theory that employee outcomes form the mechanism that links high-involvement
33 management to organizational performance. Since such a theory is central to the hypothesis
34 that high-involvement management and recessionary actions conflict, we thus first test a
35 similar mediation hypothesis to that in these studies:
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50 *Hypothesis 1: Role- and Organizational-Involvement Management are positively related*
51 *to the economic performance of an organization and this is mediated by job satisfaction*
52 *and well-being.*
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4 The strong mutual gains theory, however, goes further and assumes a type of mutuality
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6 between employers and employees that extends to mutual respect, awareness of overlapping
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8 interests and a recognition that employees' contributions will be reciprocated by appropriate
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10 behaviors and rewards from employers. It is thus consistent with social exchange theory, the
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12 kernel of which is the obligation that people have to reciprocate others' acts and that people
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14 are in turn motivated by the returns that their actions can be expected to solicit from others
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16 (Blau, 1964). The way in which recessionary actions may violate this norm of reciprocity lies
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18 at the heart of concerns that they may clash with high-involvement management. Thompson
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20 & Harley (2007: 161) for example write that, "In circumstances where downsizing and
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22 perpetual restructuring are the norm..., progressive objectives in work and employment
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24 spheres [by which it is clear from their next sentence they mean the pursuit of high
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26 performance work systems] are difficult to sustain". Drawing on social exchange theory, we
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28 will now develop a more articulated theory of the tension between high-involvement
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30 management and recessionary action that goes beyond the blanket concern that has been
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32 expressed over the years. We will first introduce further the concept of recessionary action.
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39 **Recessionary Action**

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42 Recessionary actions are associated with downsizing and short-term cost-cutting measures
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44 adopted in response to economic or financial crises. Such actions are generally taken to
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46 involve lay-offs and employment moratoriums, intensification of work demands,
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48 reorganizations and delayering, wage cuts or freezes, reductions in hours, and changes in
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50 employment contracts. All these actions can be seen as part of a cost-reduction approach (see
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52 Cascio, 2005; Roche & Teague, 2014) or a retrenchment strategy (Dedee & Vorhies, 1998;
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54 Latham & Braun, 2011), which aims to minimize any decline in an organization's financial
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56 performance over the course of a turbulent economic period. The primary intention behind
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3 recessionary action is to reduce costs, but in some cases it may also create revenue – for
4 example, if changes in work organization result in improved quality or wage freezes allow
5 the firm to reduce prices and increase unit sales. Dedee & Vorhies (1998) argue that, at least
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10 for small businesses, the use of recessionary or retrenchment actions are almost inevitable if
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12 firms are to survive, and later recover from, a recession.

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14 Recessionary actions should in practice reduce some of the organizational slack, or X-
15 inefficiencies (Leibenstein, 1966), in the organization unless the changes are simply
16 adjustments to meet declining demand (re-optimization in economics' terms). As Cascio
17 (2005) stresses, recessionary actions such as downsizing are most likely to increase
18 productivity, but less likely to improve return on assets and other indicators of financial
19 performance – particularly if they entail indiscriminate cost-cutting or are not allied to
20 revenue-enhancing measures. Datta, Guthrie, Basuil, & Pandey's (2010) summary of the
21 downsizing literature shows that such productivity gains were found in several but not all
22 studies. However, the downside of recessionary actions that may be hidden in the economic
23 indicators is their potential negative effect on the morale of the workforce, the magnitude of
24 which may be so great as to offset any direct effects they may have on performance and
25 hence explain the negative relationship between downsizing and performance found in some
26 studies. We can expect such recessionary actions – especially if they reduce wages (nominal
27 or real) and increase the intensity of work – to reduce pay and job satisfaction, increase stress
28 and anxiety, and create a greater sense of uncertainty, insecurity and incoherence in
29 employees' minds. This hypothesis is supported by studies of reorganizations and downsizing
30 (Burke & Greenglass, 2007; Cappelli, 1999: 122–128; Grunberg, Moore, & Greenberg, 2001;
31 Quinlan & Bohle, 2009, Sverke, Hellgren, & Näswall, 2002) and more generally by Datta et
32 al.'s (2010) review of downsizing studies. Since the tension between high-involvement
33 management and recessionary action rests on the latter's assumed negative effects, we test:
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3 *Hypothesis 2: Recessiary action is negatively associated with job satisfaction and well-*
4 *being.*
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10 **High-involvement Management and Recessiary Action**

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12 Discussions of how recessiary actions may limit the sustainability of high-involvement
13 management (or associated concepts like HRM), as we have seen, are based on presenting
14 them as alternatives which in combination will create tensions, with the dissatisfactions
15 generated by recessiary actions reducing or even dominating over the satisfaction
16 employees derive from high-involvement management. Following social exchange theory we
17 expect recessiary action to represent a violation of the specific psychological contract
18 associated with high-involvement management (Elorza et al., 2011; Gould-Williams &
19 Davies, 2015; Van De Voorde et al., 2012: 392), and in so doing, reduce its efficacy.
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30 High-involvement management involves, implicitly or explicitly, a psychological contract
31 between the employer and employee in which employees are asked to be more engaged and
32 involved in their work, and encouraged to use their initiative and creativity, and readily
33 identify with the goals of the organization. To paraphrase managers espousing such a change
34 of policy: “in the past workers were asked to park their brains on the clothes peg as they
35 entered the workplace; now we are asking them to bring them to work”. In return, it is
36 anticipated that employees will have more fulfilling jobs, be supported by a caring and fair
37 management, and share in the increased prosperity of the enterprise through, for example,
38 gain-sharing incentive schemes.
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50 Recessiary actions such as wage freezes and increasing workloads may constitute
51 significant changes in employees’ effort-reward bargain and hence may be perceived as
52 breaches of the psychological contract implied by high-involvement management. Moreover,
53 recessiary actions are typically instigated without any employee involvement, and any
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3 representative involvement through, for example, trade unions will typically relate to how,
4 rather than whether, they will be implemented. Recessionary actions in a high-involvement
5 regime are thus occasions where employees may believe that the organization has failed to
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10 fulfill its promise of involvement or their expectation that involvement will be reciprocated
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12 with some degree of job security, high wages, development and promotion opportunities, or a
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14 reduction in hindrance stressors. Employees' affective reactions to such contract breaches are
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16 typically manifested in dissatisfaction, anxiety and feelings of betrayal (Conway & Briner,
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18 2002).
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21 The situation is compounded by uncertainties created by the messages that emanate from
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23 management as the success of social exchange depends partly on trust which is heavily
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25 influenced by the signals the employer gives employees. According to signalling theory, such
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27 messages are especially significant because employees have incomplete information, so
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30 employees interpret the information they receive about the organization as signals of the
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32 organization's characteristics (Connelly, Certo, Ireland, & Reutzel, 2011; Ehrhart & Ziegert,
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34 2005). The implementation of high-involvement management entails messages that sit
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36 alongside the activities that constitute it and, in Erhnrooth and Bjorkman's (2012: 1115)
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38 terms, supplement the "technical rationality" of high-involvement management. The signals
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40 such messages provide relate to expected behaviors of employees which include being
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42 proactive, collaborative and committed to making the organization successful, and how these
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44 behaviors will be rewarded and valued if they are enacted. In the absence of recessionary
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46 actions, providing employees with opportunities to fulfill their needs for autonomy and
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49 participation may in particular be interpreted by employees as a signal that the organization is
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51 supportive and cares about its employees' welfare. However, the messages entailed in
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53 defensive recessionary actions, or that managers relay when implementing them, may
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55 reawaken, or raise afresh, uncertainties in employees' minds about the extent to which the
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3 organization values them and the genuineness of management's aspirations for involvement
4 and the possibilities of realising them. The implication is that the efficacy of high-
5 involvement management may be reduced by a clash of signals and by increased uncertainty
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10 surrounding the sincerity of the very communications employees are using to overcome
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12 information deficits.

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14 On the basis of both psychological contract theory and signalling theory we thus
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16 hypothesize that when organizations enact recessionary actions that are perceived to breach
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18 the psychological contract, they create dissatisfactions, anxieties and feelings of violation in
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20 employees, and uncertainty over the intentions behind the involvement strategy, and these
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22 may reduce high-involvement management's impact on performance. The core test of the
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24 tension between recessionary action and high-involvement management is thus the effect of
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26 such action on the relationships between high-involvement management and job satisfaction
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28 and well-being, the first link in the mediation chain of the strong mutual gains theory. We
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30 thus test:

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34 *Hypothesis 3: The interactions between recessionary action and a) role-involvement*
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36 *management and b) organizational-involvement management are negatively related to*
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38 *job satisfaction and well-being.*
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42 Since recessionary actions are significant changes in employees' effort-reward bargain, it
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44 may be argued that the second link in the mediation chain, between employee outcomes and
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46 economic performance, is also moderated by the degree of recessionary action. Such
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48 violations in existing norms have long been associated with employees restricting their output
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50 as they compensate for their dissatisfaction with such changes. Such reactions are most
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52 vividly portrayed in studies of piecework (Baldamus, 1961; Lupton, 1966: 68). Employees
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54 may also be concerned that by increasing their output they may be accentuating an excess
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3 labor situation. Thus, an employee may react to recessionary action by reducing effort or
4 initiative, as a form of tit-for-tat retaliatory action. This implies the following hypothesis:
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7 *Hypothesis 4: The interactions between recessionary action and a) job satisfaction and b)*
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9 *well-being are negatively related to the economic performance of the organization.*

10 11 12 13 14 **STUDY**

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16 The study was designed to test the hypotheses using secondary data from the 2011 WERS.
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18 As we conceive high-involvement management as a managerial approach or orientation, we
19 measure role- and organizational-involvement management by latent variables based on
20 analysis of sets of practices – manifest variables in statistical terms. We operationalize the
21 concept of economic performance through three items available in the 2011 WERS: financial
22 performance (typically profit in private firms), labor productivity, and quality. The first two
23 are used in most studies of the high-involvement management–performance relationship
24 (Wall & Wood, 2005: Table 1), the third to a lesser extent. We operationalize well-being
25 through two variables: job satisfaction and well-being. Job satisfaction is an evaluation of
26 how satisfied people are with their job overall, or with the various facets of their job, while
27 well-being is a psychological state which we measure by combining the two ranges of
28 feelings identified in the circumplex theory of emotions – from anxiety to calmness and
29 depression to enthusiasm (Warr, 2007). These well-being variables are measured at the
30 employee level, while the dimensions of high-involvement management and economic
31 performance are measured at the organizational level. We also measure recessionary action at
32 the employee level, on the basis of the actions experienced by employees.
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The Data

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3 The data used are from two elements of Britain's 2011 WERS. The organizational-level
4 data are derived from a management survey, based on interviews of managers in workplaces.
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6 The individual-level data are from a questionnaire survey of employees, completed in
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8 workplaces included in the management survey. The fieldwork for 2011 WERS was carried
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10 out between March 2011 and June 2012. For full details of the survey see Van Wanrooy et al.
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12 (2013:199–216).
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16 The management survey entails face-to-face interviews with the senior manager at the
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18 workplace with day-to-day responsibility for industrial relations, employee relations or
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20 personnel matters in the workplace. The majority of these managers are not personnel
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22 specialists. Workplace managers act as informants about their workplace, and so the data
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24 collected in these interviews relates to the features of their workplace and not their personal
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26 viewpoint. The employee-level data for 2011 WERS were collected through a self-
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28 completion questionnaire distributed to 25 randomly selected employees at workplaces where
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30 management interviews were undertaken.
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34 The 2011 WERS study covered the private and public sectors and workplaces in all
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36 industrial sectors except those engaged in primary industries, private households with
37
38 domestic staff, and establishments with fewer than five employees. However, we confine our
39
40 analysis to private firms because the reliability of the economic performance measures in the
41
42 public sector is questionable. The working sample is 11,538 employees nested within 1,119
43
44 workplaces. The median number of respondents in sampled workplaces was 12, and the range
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46 was from 5 to 24.
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50 Response rates are only available for the whole 2011 WERS sample. The rate for the
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52 management survey was 46%, lower than that achieved in 2004 WERS (64%). The 2011
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54 WERS team attribute this to the difficult economic climate and a general long-term decline in
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56 responses to business and social surveys, but also note that the "rates for WERS remain
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3 highly credible, given the prevailing environment and the large scale, complexity, and
4 richness of the survey” (Van Wanrooy et al., 2013:8). Managers gave permission for
5 interviewers to select a sample for the survey of employees in 81% of workplaces where
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10 management surveys were conducted. Interviewers then placed a total of 44,371
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12 questionnaires in these workplaces. 21,981 were returned, giving a response rate of 50%
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14 among all sampled employees, which compares favorably with the 54% in 2004 when viewed
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16 in the context of the fall in the response rate for the management survey.
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21 **The Measures**

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23 **Role-involvement management.** Three job-design practices, adapted from measures of
24 control or autonomy developed at the University of Sheffield’s Institute of Work Psychology
25 (Jackson, Wall, Martin, & Davids, 1993), are used to create this measure. These are based on
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27
28 information from the management survey on a typical employee in the largest occupational
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30 group within the workplace, and comprise: 1) method control: discretion over how the work
31
32 is done, 2) timing control: control over the pace at which the work is carried out, and 3) task
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34 variety: variety in the work. Respondents were asked to gauge the extent to which individuals
35
36 in the largest occupational group had: “discretion over how they do their work”, “control over
37
38 the pace at which they work” and “variety in their work”, using a four-fold categorical scale:
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40 “a lot”, “some”, “a little”, and “none”.
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46 **Organizational-involvement management.** Following De Menezes & Wood’s analysis
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48 of the 1998 WERS data (2006), and consistent with items included in Lawler (1986) and
49
50 Walton’s (1985) frameworks and other studies of high-involvement management, the
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52 measure of organizational-involvement is based on nine items. Six items were measured in
53
54 binary form: 1) quality circles (“Do you have groups at this workplace that solve specific
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56 problems or discuss aspects of performance or quality? They are sometimes known as quality
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3 circles or problem-solving or continuous improvement groups”), 2) suggestion schemes
4 (management uses suggestion schemes to consult with employees), 3) induction (a standard
5 induction program designed to introduce new employees in the largest occupational group to
6 the workplace), 4) interpersonal skills training (employees in the largest occupational group
7 have received off-the-job training on one or both of improving communication and team
8 working in the past year), 5) team briefing (the workplace has briefing groups, or team
9 briefings for all workers in a section, where work organization is discussed), and 6)
10 information disclosure (management gives regular information on one or more of the
11 financial position of the establishment, internal investment plans and staffing plans).
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22 Three practices were measured categorically: 1) functional flexibility (the extent to which
23 those in the largest occupational group are formally trained to do jobs other than their own),
24 2) team work (core occupational groups work in formally designated teams), and 3) appraisal
25 (percentage of the non-managerial staff in the workplace that has its performance formally
26 appraised). The practices were measured by asking the respondent to gauge the extent to
27 which a practice was used on a graded scale: 1) “All (100%), 2) “Almost all” (80–99%), 3)
28 “Most” (60–79%), 4) “Around half” (40–59%), 5) “Some” (20–39%), 6) “Just a few” (1–
29 19%), 7) “None” (0%).
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40 **Recessionary Action.** This was measured as an index or formative scale of the total
41 number of recessionary actions experienced by the employee that had been taken in the
42 workplace. It is based on a question that asked: “Did any of the following happen to you as a
43 result of the most recent recession whilst working at this workplace?”, where respondents
44 ticked all responses that applied to them in a list of actions that comprised: 1) “my workload
45 increased”, 2) “my work was reorganised”, 3) “I was moved to another job”, 4) “my wages
46 were frozen or cut”, 5) “my non-wage benefits (e.g. vehicles or meals) were reduced”, 6) “my
47 contracted working hours were reduced”, 7) “access to paid overtime was restricted”, 8) “I
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3 was required to take unpaid leave”, 9) “access to training was restricted”, and 10) “other”.
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5 Respondents were also given two other options: “none of the above” to ensure accuracy, and
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7 “I was not working at this workplace during the recession” to allow for recent recruits to the
8
9 workplace.

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11
12 Respondents tended to only experience one action, as the median and modal score on the
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14 index was 1 (24% experiencing one action, 31% two or more with two% experiencing four or
15
16 more). This reflects the fact that workplaces tended to use only a few actions in response to
17
18 the recession and the actions can be substitutes for each other; for example an organization
19
20 can reduce its costs by wage cuts or improving productivity through work reorganizations
21
22 (which may not be readily achieved if wages are cut). The median total number of the
23
24 identical actions reported to have been used in a workplace was again 1, and Spearman’s rank
25
26 correlation between this and the scores on the recessionary experience index is 0.29, which
27
28 adds validity to the latter measure though it also reflects the fact that individuals in the same
29
30 workplace were not all equally affected by recessionary action and the distribution of both
31
32 measures is highly skewed towards 0 and 1. An ICC-value of 0.19 for the measure of
33
34 recessionary experience confirms this as 19% of the variability in it is explained by
35
36 workplace membership and 81% by individual characteristics. It is partly because of this that
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38 we selected the employees’ own account of recessionary experience for our study.
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43 **Economic Performance.** This was measured by a composite measure based on the
44
45 combined scores on three measures: financial performance, labor productivity and quality
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47 (Cronbach’s alpha = 0.64). These measures are based on a rating made by the managerial
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49 respondent during the interview, according to a five-point scale that ranged from “a lot below
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51 average” to “a lot better than average” as gauged against the “branch of industry” which the
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53 workplace was in. A high value represents high performance.
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4 **Job satisfaction.** The measure of job satisfaction in WERS is adapted from items from a
5
6 range of surveys; the rationale behind it is presented in Rose (2007) and it has been used in a
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8 number of WERS-based studies including Bryson, Cappellari & Lucifora (2010) and Wood
9
10 et al. (2012). The measure of job satisfaction is based on respondents' satisfaction with eight
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12 facets of work: 1) the amount of influence the person has over their job, 2) the amount of pay
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14 received, 3) the sense of achievement obtained from their work, 4) the scope for using
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16 initiative, 5) the training received, 6) job security, 7) involvement in decision-making, and 8)
17
18 the work itself. Respondents rated their satisfaction on a five-point scale: "very dissatisfied",
19
20 "dissatisfied", "neither satisfied nor dissatisfied", "satisfied" or "very satisfied". Principal
21
22 component analysis confirmed a single dimension that explains 54% of the variance, for
23
24 which factor loadings ranged from 0.56 to 0.81. Job satisfaction is measured by the mean of
25
26 the scores for each item, but when five or more items were not present, the measure was
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28 coded as missing. The scale has a Cronbach's alpha of 0.87.
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34 **Well-being.** This is measured by the three negative items from each of Warr's job-related
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36 anxiety–calmness and depression–enthusiasm scales (1990), based on answers to the
37
38 question: "Thinking of the past few weeks, how much of the time has your job made you
39
40 feel...[this state]?", for each of six negative states – tense, depressed, worried, gloomy, uneasy
41
42 and miserable. These are assessed on a five-point scale: "all of the time", "most of the time",
43
44 "some of the time", "occasionally" or "never". Well-being is measured by the mean of the
45
46 scores for each emotional state, but the measure was coded as missing where three or more
47
48 items were not present. The scale has a Cronbach's alpha of 0.91.
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52 **Control Variables.** In testing our hypotheses, we included control variables at the
53
54 workplace level and the individual employee level, selected in light of theories of
55
56 organizational performance, employee satisfaction and well-being, and of previous studies
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3 based on the WERS series (e.g. Bryson, Charlwood, & Forth, 2006; Gazioglu & Tansel,
4
5 2006).

6
7 At the workplace level we included:

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10 Employment size of workplace. The logarithm of the total number of employees in the
11
12 workplace.

13
14 Part of a larger organization. This is 1 where the workplace is part of a larger organization,
15
16 and 0 for a single site organization.

17
18 Trade union recognition. This is 1 in workplaces where at least one trade union is
19
20 recognized by management for collective bargaining, and is 0 otherwise.

21
22 Industry. Eleven industry dummy variables using the Standard Industrial Classification,
23
24 with wholesale and retail as the reference category.

25
26 Impact of the recession. This is a measure of the extent to which the workplace has been
27
28 adversely affected by the recent recession.

29
30 The following controls were included at the employee level: gender (1 for women, 0 for
31
32 men), whether the respondent has a degree (1) or not (0), age (in bands, 16 to 17, 18 to 21, 22
33
34 to 29, 30 to 39, 50 to 59, 60 to 64, and 65 and over, with 40 to 49 as the reference category),
35
36 workplace tenure, total hours worked, weekly wages, and whether the employee was a
37
38 member of the largest occupational group.

39 40 41 42 43 44 45 **Analysis Procedure**

46
47 We tested hypotheses 1 and 2 by a single multilevel path analysis model that estimates
48
49 simultaneously (a) the direct effects of role- and organizational-involvement management and
50
51 recessionary action on job satisfaction and well-being, and (b) the indirect effects of role- and
52
53 organizational-involvement management on economic performance via job satisfaction and
54
55 well-being. Recessionary action, job satisfaction and well-being were specified as employee
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3 Level-1 variables, whereas role- and organizational-involvement management and economic
4 performance were specified as workplace Level-2 variables.
5
6

7 Intra-class correlations for the employee-level variables signified that there was significant
8
9 variation in responses across workplaces: for job satisfaction, ICC1 = 0.11 and ICC2 = 0.58;
10 for well-being, ICC1 = 0.08 and ICC2 = 0.50; for recessionary action, ICC1 = 0.19 and ICC2
11 = 0.72. Multilevel analysis was used to allow for such variation. The model was estimated by
12 means of the robust maximum likelihood estimator in the Mplus software program (version
13 7.1). Indirect effects were calculated based on the product-of-coefficients ($\alpha\beta$) approach
14 (MacKinnon, Fritz, Williams, & Lockwood, 2007), where $\alpha\beta$ is the product of the regression
15 path between the predictor and the mediator (α) and the regression path between the mediator
16 and the outcome (β). Confidence intervals (95%) for the $\alpha\beta$ coefficients were generated by
17 the distribution of the product of coefficients method (MacKinnon et al., 2007). This method
18 involves converting α and β parameters into z-scores, multiplying these z-scores, and
19 comparing the result to a table of critical values to allow statistical inference.
20
21

22 Hypotheses 3 and 4, which involve the moderating effect of recessionary action, were
23 tested by including four sets of interaction terms in the multilevel path model used to test
24 hypotheses 1 and 2. Job satisfaction and well-being were regressed on role- and
25 organizational-involvement management, recessionary actions and the two interactions
26 between the involvement management variables and recessionary action, whereas economic
27 performance was regressed on role- and organizational-involvement management,
28 recessionary action, job satisfaction, well-being, and two interaction terms – one between job
29 satisfaction and recessionary action, and the other between well-being and recessionary
30 action.
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RESULTS

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3 Table 1 shows the means and standard deviations of all the variables included in our
4 analyses and the correlations between them. The results are consistent with expectations
5 except that recessionary action is negatively correlated with economic performance.
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11 *Insert Table 1*
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15 The proportion of variance explained (R^2) in our model by the control variables without
16 any predictors was 9% for economic performance, 44% for job satisfaction, and 41% for
17 well-being. After the predictors were included in the model, the R^2 increased substantially for
18 economic performance (by 5%), job satisfaction (by 14%), and well-being (by 16%). The
19 change in R^2 after the interaction terms were added to the job satisfaction model was 3%,
20 while the changes for the economic performance and well-being models were not substantial.
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32 **The Mutual Gains Perspective of High-involvement Management**

33 As presented in Part A of Table 2, which shows standardized regression coefficients for
34 our multilevel path analysis model, role-involvement management is positively associated
35 with job satisfaction, but not significantly associated with well-being or economic
36 performance. Organizational-involvement management, on the other hand, is positively
37 associated with economic performance, but not significantly associated with job satisfaction
38 or well-being.
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49 *Insert Table 2*
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53 Job satisfaction is related to economic performance, but well-being is not. The mediation
54 analysis revealed that one of the four possible mediation paths is significant – the indirect
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3 effect of role-involvement management on economic performance through job satisfaction.
4 The effect is positive, as expected (Part B of Table 2). This mediation explains the lack of a
5 direct relationship between role-involvement management and economic performance. Job
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10 satisfaction, in contrast, does not mediate the relationship between organizational-
11 involvement management and economic performance, while well-being does not mediate the
12 relationship between either role- or organizational-involvement management and economic
13 performance. Thus, the key element of the mutual gains theory, as specified in Hypothesis 1 –
14 that high-involvement management is positively related to employee outcomes, which in turn
15 mediate a positive relationship with the economic performance of the organization – is only
16 supported for the role-involvement management, job satisfaction and economic performance
17 path.
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30 **Recessionary Action and High-Involvement Management**

31 The analysis confirms that recessionary action is significantly negatively related to both
32 job satisfaction and well-being (Part A of Table 2). Thus Hypothesis 2, the foundation of the
33 argument that recessionary action and high-involvement management may conflict, is
34 supported.
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41 The tests of Hypotheses 3 and 4, which examine the interaction effects of high-
42 involvement management and recessionary action on various relationships, revealed
43 significant interaction effects for the involvement–employee outcomes relationships. The
44 interaction between role-involvement management and recessionary action is negatively
45 associated with both job satisfaction and well-being, which is consistent with Hypothesis 3
46 (Table 3). The interaction between organizational-involvement management and recessionary
47 action is also significant, but positively related to both job satisfaction and well-being. This
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3 does not support Hypothesis 3 as it means that job satisfaction and well-being increase as
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5 both recessionary action and organizational-involvement management increase.
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11 *Insert Table 3*
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14 To identify the nature of the interactions and facilitate interpretation, we performed simple
15 slopes analysis to determine whether the moderated effects differ significantly from zero for
16 specific values of the moderator (Preacher, Curran, & Bauer, 2003). We examined three
17 conditional values of the moderator, recessionary action – no action, one action and two
18 actions. At no action ($\beta = 0.20, p < .001$) and one action ($\beta = 0.12, p < .001$), role-
19 involvement management is associated with increased job satisfaction (see Figure 1).
20 However, at two recessionary actions role-involvement management is not significantly
21 associated with job satisfaction ($\beta = -0.03, p > .05$). These results indicate that the increase in
22 job satisfaction due to role-involvement management does not occur in workplaces where
23 employees experience multiple recessionary actions.
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38 *Insert Figure 1*
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43 The analysis also revealed a positive relationship between role-involvement management
44 and increased well-being where recessionary action was not experienced ($\beta = 0.09, p < .05$),
45 but the link between role-involvement management and well-being is insignificant when one
46 action ($\beta = 0.01, p > .05$) or two actions ($\beta = -0.07, p > .05$) were experienced (Figure 2).
47 This means that the relationship between role-involvement management and well-being is
48 only significant where no recessionary action was experienced.
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Insert Figure 2

For organizational-involvement management, the simple slopes analysis revealed an association with lower job satisfaction ($\beta = -0.12, p < .05$) where there was no recessionary action, but when two actions were experienced ($\beta = 0.11, p < .05$), it is associated with higher job satisfaction (Figure 3). No significant relationship was found between organizational-involvement management and job satisfaction when one action was experienced ($\beta = 0.00, p > .05$). Thus, organizational-involvement management is more likely to improve employees' job satisfaction where employees' experience of recessionary action is relatively high.

Insert Figure 3

Similarly when no action is experienced ($\beta = -0.15, p < .01$), organizational-involvement management is associated with lower levels of well-being (see Figure 4). There is no such association when either one action ($\beta = -0.03, p > .05$) or two actions were experienced ($\beta = 0.08, p > .05$). The implication of these analyses of the interaction effects between organizational-involvement management and recessionary action is that organizational-involvement management is reducing the negative impact of recessionary action on job satisfaction or well-being.

Insert Figure 4

The interaction between recessionary action and either job satisfaction or well-being is not related to economic performance (Table 3). Hypothesis 4 is thus not supported. Tests to

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3 assess whether the mediating role of job satisfaction or well-being is contingent on the level
4 of recessionary action confirmed it is not. This means that the reduction in the satisfaction
5 associated with role-involvement management as a consequence of recessionary action will
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10 reduce its effect on organizational performance. Since well-being is not related to
11 performance the reduction of this associated with recessionary action will not have such
12 adverse effects on performance.
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18 **Summary of results**
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21 The extent to which the hypotheses are supported is summarized in Table 4. Job
22 satisfaction is a significant factor in explaining the positive relationship between role-
23 involvement management and the economic performance of an organization, and this
24 supports the mutual gains model. The results involving organizational-involvement
25 management indicate that it improves the economic performance of an organization, but that
26 this relationship is explained neither by employees' job satisfaction nor by well-being. The
27 findings for recessionary action show that employees' experience of such action is negatively
28 related to both job satisfaction and well-being.
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41 *Insert Table 4*
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45 Our central concern – that this negative effect of recessionary action will reduce the
46 impact of high-involvement management on employee outcomes and organizational
47 performance – is supported for role-involvement management. The extent to which job
48 satisfaction and well-being are positively affected by role-involvement management is
49 reduced by recessionary action. However, only job satisfaction mediates the role-
50 involvement–organizational performance relationship. This indicates that the decrease in job
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3 satisfaction's relationship with role-involvement management, which is precipitated by
4 recessionary action, reduces the impact of this type of involvement management on
5 organizational performance. Nonetheless, recessionary action does not moderate the
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10 relationship between job satisfaction or well-being and economic performance.

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12 In contrast, neither of the employee outcomes mediates the positive relationship between
13 organizational-involvement management and organizational performance, nor is the positive
14 relationship between organizational-involvement management and these outcomes weakened
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17 by recessionary action. The opposite is in fact the case: that the negative effect of
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20 recessionary action on job satisfaction and well-being is reduced as organizational-
21 involvement management increases.
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26 27 **DISCUSSION AND CONCLUSION**

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30 The research has shown that as Britain came out of the recession, both dimensions of high-
31 involvement management continued to yield a performance advantage for those firms using
32 it. However, the performance effects of role-involvement management were reduced, but not
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35 totally undermined, by actions taken in response to the recession as these had negative effects
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38 on employees' job satisfaction. They also reduced well-being but this did not knock-on to
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41 reduce economic performance. There is thus some tension between role-involvement
42 management and recessionary action, as the strongest critics of high-involvement
43 management often implied there would be. All the recessionary actions are capable of
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46 increasing the effort-reward ratio for employees, either by reducing rewards or increasing the
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49 demands, or of being interpreted as a reduction of the value the organization places on them.

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52 Conversely, the positive performance effects of organizational-involvement management
53 were not reduced by recessionary action. First, the impact of organizational-involvement
54 management had the effect of reducing the negative impact of recessionary action on job
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3 satisfaction and well-being. Second, neither of these employee outcomes mediated the
4 relationship between organizational-involvement management and economic performance, as
5 Wood et al. (2012) showed had been the case in 2004.
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10 The research has shown that the two dimensions of high-involvement management behave
11 differently. The mutual gains theory of high-involvement management fits the role-
12 involvement–job satisfaction–performance nexus. Moreover the mutual gains theory that
13 recessionary action will reduce the efficacy of high-involvement management on
14 performance is also confirmed for role-involvement management. The study nonetheless
15 shows that the effects of this tension on job satisfaction are, however, only pronounced when
16 employees experience multiple recessionary actions. In contrast, the tension reduces well-
17 being even when a single action is experienced. But in this case, its effect has no knock-on
18 effect to performance. This difference suggests that the pleasure derived from work
19 enrichment, which is what job satisfaction captures, is more significant for performance than
20 any effect it may have on the level of arousal, which is what the well-being measure captures.
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30 In contrast, the results for organizational-involvement management are not consistent with
31 the mutual gains theory. Organizational-involvement management is positively related to
32 organizational performance, but any effects of this type of involvement on job satisfaction
33 and well-being are not moderated by recessionary action in the way the mutual gains theory
34 predicts. Rather, organizational involvement reduces the level of dissatisfaction and ill-being
35 amongst those experiencing high levels of recessionary action, suggesting that it may provide
36 workers with more information and greater certainty about the future.
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48 We can conjecture that this unhypothesized result – that enhanced involvement in the
49 organization attenuates the effect of recessionary action on employee outcomes – reflects the
50 way that information-sharing, participation in training programmes, and other processes
51 associated with organizational involvement enhance employees' knowledge, and perhaps
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3 provide employees with a more realistic appreciation of the organization's strategy and
4 reduce their uncertainty about the future, if not their fears. Part of this effect may be because
5 employees in organizational involvement regimes may have an input to the organizational
6 changes that constitute the recessionary actions affecting them (Probst, 2005: 322), though
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provide employees with a more realistic appreciation of the organization's strategy and reduce their uncertainty about the future, if not their fears. Part of this effect may be because employees in organizational involvement regimes may have an input to the organizational changes that constitute the recessionary actions affecting them (Probst, 2005: 322), though wholesale direct involvement in downsizing or similar decisions may be rare. In addition, employees being involved more in their jobs or the wider organization may buffer the extent to which any job insecurity they feel will have negative effects on their attitudes and well-being. Some studies have reported such effects (Bussing, 1999; Probst, 2005).

The unexplained positive effect that organizational-involvement management has on economic performance may reflect the way it improves work organization, coordination and collective action. To speculate further, perhaps the most telling aspect of organizational-involvement management is that it changes how people connect what they do with what others do, develop shared understandings, help each other out and learn from one another. Their ability to relate to each other as internal customers (albeit in most cases implicitly), for example, is enhanced as their appreciation of each other's role increases. This expansion of horizons and shared understandings through greater contact and integration increases the individual and collective human capital of the organization, alongside the social capital. In Wright & McMahan's (2011: 102) terms, it increases the "human capability" of the organization and in turn what Gittell et al. (2010) call the relational coordination of the organization. In this way, organizational-involvement management is diametrically opposed to piecework and other performance-related pay systems, which have long been known to limit people's horizons, thereby leading to tunnel vision and a lack of connection with the actions of fellow workers (Klein, 1976: 7). We might speculate that recessionary action may make some employees defensive and put a break on their proactivity and breadth of vision,

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3 but if so, the results of this study might suggest that organizational-involvement management
4 reduces any such effect.
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7 The main strength of our research is that it is based on a distinctive large, matched
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10 employer-employee dataset which is part of a WERS series that has a long pedigree and now
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12 covers workplaces with more than four employees in all sectors of the British economy,
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14 except mining and agriculture. The two involvement-management measures have been used
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16 elsewhere (De Menezes & Wood, 2006; Wood et al., 2012), and were taken from a wide
17
18 range of questions in the survey, reducing the potential for response sets or effects of the
19
20 ordering of questions. The data were collected at the workplace level, which is most
21
22 appropriate for measuring practices (Gerhart, Wright, McMahan, & Snell, 2000).
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25 The combined effects of the high-involvement management and recessionary action
26
27 variables are quite strong, and do not compare unfavourably with the results in the meta-
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29 analyses of Subramony (2009), on HRM practices and organizational performance, and of
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31 Harter, Schmidt, & Hayes (2002) on job satisfaction and organizational performance. The
32
33 interaction effects may appear rather small but that involving role-involvement management
34
35 and recessionary action is sufficient to reveal the tension between the two that will be
36
37 manifest in psychological contract violations in some workplaces. In extreme cases,
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39 recessionary action may move individuals closer to any critical tipping point in their job
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41 dissatisfaction, affecting their health and performance or leading to them leaving the
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43 organization.
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47 The study has two of the limitations of the majority of research on the human resource
48
49 management-performance link: its reliance on cross-sectional data and a single management
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51 respondent for the practices and performance data. However, the discreteness of the two
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53 dimensions of high-involvement management, role- and organizational-involvement
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55 management, and the diversity in the results of the tests for the mediating role of employee
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2 outcomes, suggests that common-method variance has not strongly affected our measures or
3
4 their links to performance. Tests to validate self-reported performance data against apparently
5
6 more objective audited accounting data have found a high degree of consistency (Wall et al.,
7
8 2004b). Moreover, our measures of recessionary action and high-involvement management
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10 are based on different informants.
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13 A mediation model such as the one used to test the strong mutual gains theory could be
14
15 consistent with a path model that reverses the direction of the paths we found for role-
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17 involvement management. For example, performance may lead to satisfaction, with worker
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19 satisfaction consequently encouraging managers to practice role-involvement management.
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21 But as Wood et al. (2012) argue, the job redesign case studies do not suggest that management
22
23 designs jobs with high levels of autonomy only when workers are satisfied, and the adoption
24
25 of new production methods appears to be a much stronger driver than worker satisfaction
26
27 behind attempts to increase organizational involvement. However, a potential direction of
28
29 causality problem is that workplaces with poor economic performance prior to the recession
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31 may have higher levels of recessionary action, and hence the experience of recessionary
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33 action is not independent of this prior performance. We have though controlled for the
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35 intensity of the recession in our analysis.
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40 The implications of the research for theory are that it suggests that the comparative
41
42 performance advantage of both dimensions of high-involvement management are sustainable
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44 over recessions, but in the case of role-involvement management negative effects on
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46 employees' satisfaction may reduce its efficacy. As no such effect exists for organizational-
47
48 involvement management the study reinforces the need to treat role- and organizational-
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50 involvement management as distinct approaches and since the mutual gains theory only
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52 applies to role-involvement management, further theoretical development is needed on
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54 organizational-involvement management. In particular, we need to develop and test further
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3 our speculations about what lies behind organizational-involvement management's
4 benevolent effects on organizational performance and the way in which it may reduce the
5 negative impact of recessionary actions on well-being. We also need to consider whether the
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10 theoretical conjectures we have made about how recessionary action cuts across role-
11 involvement management are what actually lies behind its adverse effects.

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14 The starkest implication for organizational policy is that recessionary action should
15 particularly be avoided if a workplace is practising role-involvement management. Indeed,
16 there is some evidence from Europe that some firms have avoided at least one type of action,
17 wage cutting, because of concerns about its effects on employee morale, attitudes and
18 commitment (Du Caju, Kosma, Lawless, Messina, & Rõõm, 2015). As curtailment of
19 recessionary action may not always be an option, we need to think about ways of reducing
20 the negative effects of recessionary action. Our research suggests that organizational-
21 involvement management is one such option. In addition, advocates of high-involvement
22 management have often argued that avoiding lay-offs and guaranteeing job security is crucial
23 for its success (Levine, 1995). Signalling that the organization cares about its employees
24 when faced with recessions may in certain circumstances be achieved, at least to some extent,
25 through having voluntary rather than compulsory redundancies once lay-offs have been
26 confirmed (Iverson & Zatzick, 2007). However, greater participation in the organizational
27 changes that may form part of any recessionary action could also help.

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45 Management's initial motivation for introducing high-involvement management may well
46 be important for the impact recessionary action has on it. If it is perceived to be based on the
47 employer's genuine desire to increase the participation and fulfillment of employees and, in
48 so doing (in modern stress theory terms), simultaneously accentuate the challenges of work
49 whilst reducing hindrance stressors, then serious participative discussion of how the
50 organization faces the recession may be feasible at all levels. However, the more depth the
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4 role-involvement management has, the greater the danger that recessionary action will cut
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6 across it. The need to address such issues highlights a more general problem within HRM.
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8 All too often, the focus is on processes rather than on content in delivery. For example,
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10 relating to involvement, such processes might include whether the information was disclosed
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12 to all people at the same time, whether appraisals were done on time, or whether the
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14 interpersonal skills training course went smoothly. In the case of recessionary action, the
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16 focus is similarly often confined to whether the information about the actions was given on
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18 time and whether the law was being followed. The focus should rather be on what actually
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20 happened in the course of these processes.
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24 For policy makers within governments, unions and other representative groups, the study
25
26 offers further grounds for them to encourage such practices and put job quality high on their
27
28 agendas. They might also encourage the more radical rethink of HRM mentioned above, so
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30 that the performance effects of organizational involvement are realized and any adverse
31
32 effects on well-being are avoided.
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35 While our research has been conducted in one country, Britain, a country in which the
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37 2008 recession was particularly strong, further work in other institutional contexts is required.
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39 It would be particularly interesting to replicate the study in coordinated economies such as
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41 Germany and the Scandinavian countries, as it has been argued that the conditions for high-
42
43 involvement management are more favorable in these places (Godard, 2004). The effect of
44
45 recessionary action on high-involvement management's impact on well-being and
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47 performance could go either way: these conditions could facilitate the participative handling
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49 of responses to the recession or provide the basis for intense pressure between involvement
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51 and recessionary actions.
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High-involvement management and recession

Table 1

Means, Standard Deviations (SD), Cronbach's alpha (α), and Correlations of Study Variables

Variables	Means	SD	α	1	2	3	4	5	6
1 Job satisfaction	3.55	0.74	0.87	1					
2 Well-being	4.00	0.87	0.91	0.50*	1				
3 Economic performance	3.77	0.58	0.64	0.08*	0.03*	1			
4 Role-involvement management	-0.06	0.45	-	0.10*	0.01	0.08*	1		
5 Organizational-involvement management	0.02	0.34	-	0.01	-0.01	0.15*	0.07*	1	
6 Recessionary action	1.13	1.350	-	-0.29*	-0.28*	-0.07*	-0.02	0.00	1

* $p < .01$

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High-involvement management and recession

Table 2

Two-level direct and indirect effects model: Paths and standardized regression coefficients

PART A: Direct effects	Betas (β)	<i>Errors</i>		
Role-involvement management → job satisfaction	0.21***			0.04
Role-involvement management → well-being	0.04			0.04
Role-involvement management → economic performance	-0.05			0.06
Organizational-involvement management → job satisfaction	-0.03			0.04
Organizational-involvement management → well-being	-0.07			0.04
Organizational-involvement management → economic performance	0.14**			0.04
Recessionary action → job satisfaction	-0.52***			0.04
Recessionary action → well-being	-0.48***			0.05
Job satisfaction → economic performance	0.50*			0.20
Well-being → economic performance	-0.33			0.19
		<i>95% Confidence intervals</i>		
PART B: Indirect effects	Betas (β)	<i>Errors</i>	Lower limit	Upper limit
Role-involvement management → job satisfaction → economic performance	0.10*	0.05	0.02	0.20
Role-involvement management → well-being → economic performance	-0.01	0.01	-0.05	0.01
Organizational-involvement management → job satisfaction → economic performance	-0.02	0.02	-0.06	0.02
Organizational-involvement management → well-being → economic performance	0.02	0.02	-0.01	0.07
<i>Proportion of variance explained: R² economic performance = 0.14; R² job satisfaction = 0.58; R² well-being = 0.57</i>				
<i>* p < .05; ** p < .01; *** p < .001</i>				

High-involvement management and recession

Table 3

Two-level interaction effects model: Paths and standardized regression coefficients

PART A: Direct effects	Betas (β)	Errors
Role-involvement management → job satisfaction	0.29***	0.06
Role-involvement management → well-being	0.13*	0.06
Role-involvement management → economic performance	-0.05	0.05
Organizational-involvement management → job satisfaction	-0.14*	0.06
Organizational-involvement management → well-being	-0.19**	0.07
Organizational-involvement management → economic performance	0.13*	0.06
Recessionary action → job satisfaction	-0.52***	0.04
Recessionary action → well-being	-0.49***	0.05
Job satisfaction → economic performance	0.44*	0.21
Well-being → economic performance	-0.29	0.19
PART B: Interaction effects	Betas (β)	Errors
Role-involvement management*Recessionary action → job satisfaction	-0.16*	0.06
Role-involvement management*Recessionary action → well-being	-0.15*	0.07
Organizational-involvement management*Recessionary action → job satisfaction	0.18**	0.06
Organizational-involvement management*Recessionary action → well-being	0.19*	0.07
Job satisfaction*Recessionary action → economic performance	0.35	0.55
Well-being*Recessionary action → economic performance	-0.38	0.55
<i>Proportion of variance explained: R² economic performance = 0.13; R² job satisfaction = 0.61; R² well-being = 0.58</i>		
<i>* p < .05; ** p < .01; *** p < .001</i>		

Table 4

Summary of Hypotheses

<p>Hypothesis 1</p> <p><i>Role- and Organizational-Involvement Management are positively related to the economic performance of an organization and this is mediated by job satisfaction and well-being.</i></p>	<p>Support for role-involvement management increases job satisfaction and this increases economic performance</p>
<p>Hypothesis 2</p> <p><i>Recessionary action is negatively associated with job satisfaction and well-being.</i></p>	<p>Total support as Support for recessionary action decreases job satisfaction and Support for recessionary action decreases well-being.</p>
<p>Hypothesis 3</p> <p><i>The interactions between recessionary action and a) role- and b) organizational-involvement management are negatively related to job satisfaction and well-being</i></p>	<p>Support for role-involvement management as its interaction with recessionary action decreases job satisfaction and well-being.</p> <p>[The interactions involving organizational-involvement management are significant but increase job satisfaction and well-being.]</p>
<p>Hypothesis 4</p> <p><i>The interactions between recessionary action and a) job satisfaction and b) well-being are negatively related to the economic performance of the organization</i></p>	<p>Not supported</p>

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Figure 1

Effect of the interaction between role-involvement management and recessionary action on job satisfaction

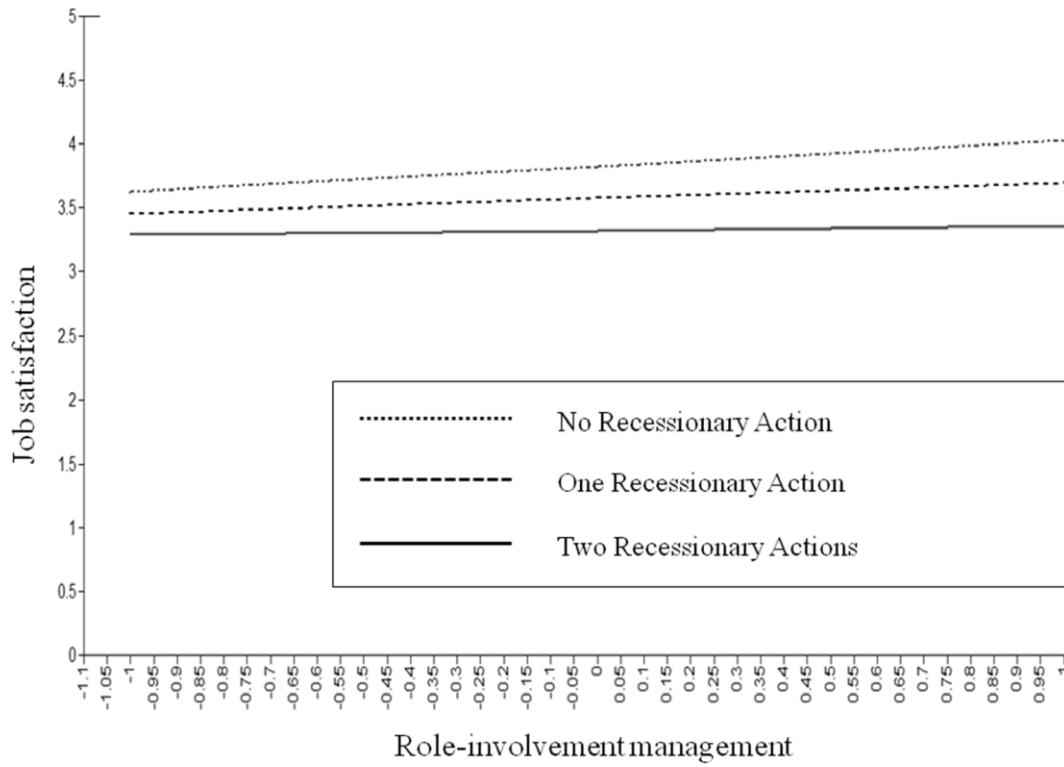


Figure 2

Effect of the interaction between role-involvement management and recessionary action on well-being

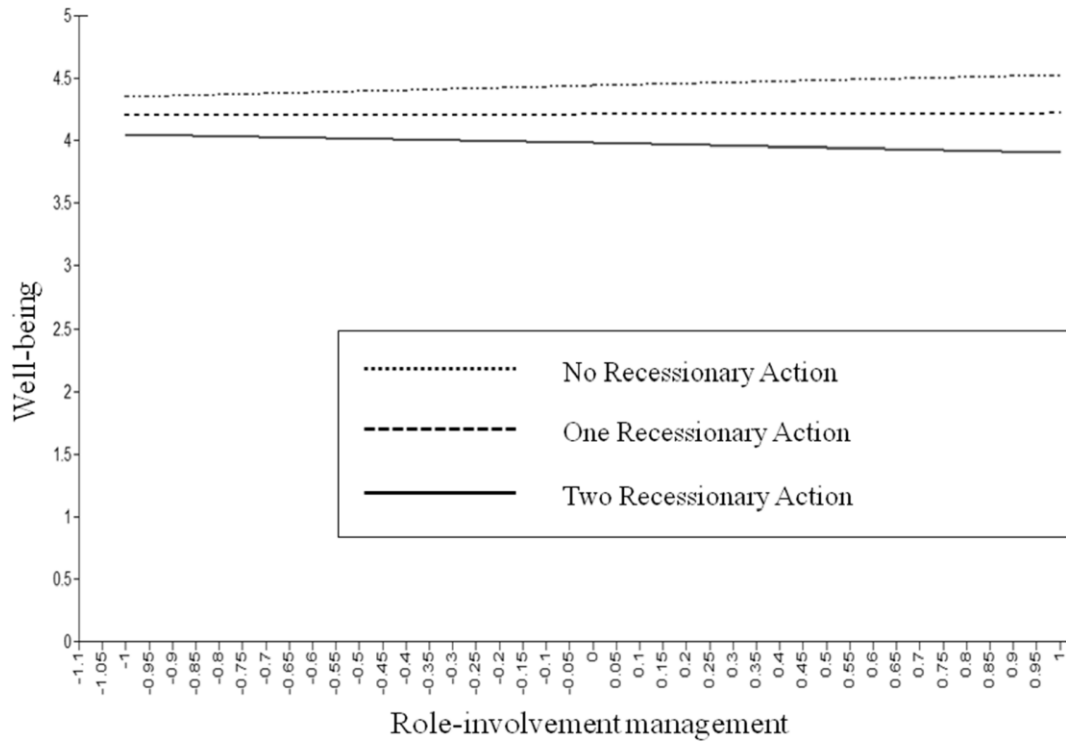


Figure 3

Effect of the interaction between organizational-involvement management and recessionary action on job satisfaction

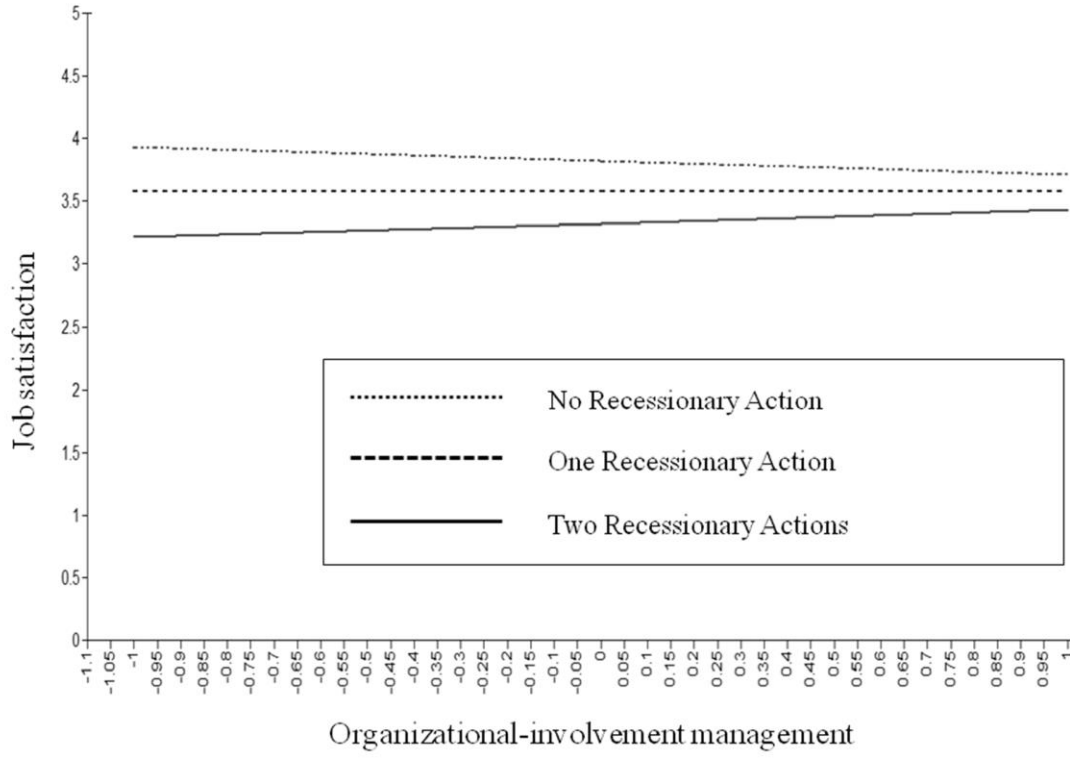


Figure 4

Effect of the interaction between organizational-involvement management and recessionary action on well-being

