

ALL THAT GLITTERS IS NOT GOLD: JOB INSECURITY AND THE ROLE OF HR DEVOLUTION

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ANJA FEIERABEND

SENIOR RESEARCH ASSOCIATE

Chair in Human Resource Management, University of Zurich

Plattenstrasse 14, 8032 Zurich, Switzerland

Phone: +41 44 634 29 30, email: anja.feierabend@business.uzh.ch

ANNA SENDER

SENIOR RESEARCH ASSOCIATE

Center for Human Resource Management, University of Lucerne

Frohbrugstrasse 3, PO Box 4466, 6002 Lucerne, Switzerland

Phone: +41 41 229 58 62, email: anna.sender@unilu.ch

All that glitters is not gold: Job insecurity and the role of HR devolution

ABSTRACT

Although research has explored the role of supervisors (e.g. in terms of leader-member exchange or supervisory support) for the effects of employees' job insecurity, the results are not conclusive. In this study we explored the role of line managers from a different angle and investigated whether the involvement of line managers in HR responsibilities (i.e. devolution of HR) moderated the relationship between job insecurity and both job satisfaction and turnover intention. In the analysis we linked individual employee data from Swiss HR Barometer 2014 and organizational data from the 2014 Cranet survey in Switzerland. Contrary to our predictions, we found that in organizations where devolution of HR was high, the negative relationship between job insecurity and job satisfaction as well as the positive relationship between job insecurity and turnover intention were stronger. Avenues for future research and implications for practitioners are discussed.

Keywords:

job insecurity, HR devolution, turnover intention, job satisfaction.

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INTRODUCTION

Devolution of Human Resource (HR) tasks, that is the involvement of line managers in HR responsibilities such as recruitment, selection, pay or workforce reduction (Brewster, Brookes, & Gollan, 2015; Cascón-Pereira, Valverde, & Ryan, 2006), has received growing interest from both practitioners and scholars. While line managers have always been involved to some extent in people management, increasing HR responsibilities of line managers has become a global trend (Andolšek & Štebe, 2005; Ryu & Kim, 2013). Consequently, scholars have explored effects of involvement of line managers in HR responsibilities such as pay, benefits, workforce reduction for organisations empirically finding both positive and negative effects (e.g., Bainbridge, 2015; Conway & Monks, 2010; Kulik & Perry, 2008; Morley & McConville, 2006, Perry & Kulik, 2008, 2008; Whittaker & Marchington, 2003). However, little research has been devoted to the effects of devolved HRM responsibilities on employee level outcomes (for exception see Thornhill & Saunders, 1998), especially in times of uncertainty.

In view of fast paced economic environment many organisations engage in restructuring, mergers, acquisitions and other structural changes which may induce employees' perceptions of job insecurity (Sverke & Hellgren, 2002). However, job insecurity, a "sense of powerlessness to maintain desired continuity in a threatened job situation" (Greenhalgh & Rosenblatt, 1984, p. 438), can have severe negative consequences for organizations in terms of employee attitudes (e.g., job satisfaction), behavioural intentions (e.g., turnover intention) as well as performance (Cheng & Chan, 2007; Sverke & Hellgren, 2002). These negative effects of job insecurity may threaten the realisation of expected benefits from implemented structural changes. Consequently, organizations are interested in

measures which can be helpful to reduce negative effects of job insecurity on employee attitudes and behaviours.

Given that feelings of job insecurity seem inevitable in current economy more research focusing on potential buffers which reduce the negative effects of job insecurity is needed. For example, scholars have explored the buffering role of line managers in terms of leader-member exchange (Cheng, Huang, Lee, & Ren, 2012; Loi, Ngo, Zhang, & Lau, 2011; Probst, Jiang, & Graso, 2016) or supervisory support (Lim, 1997) for employee reactions to job insecurity. However, the results on the role of supervisors in attitudinal and behavioural responses to insecurity are mixed. Furthermore, scholars have largely explored individual perceptions and evaluations of the relationship with direct supervisor. Less is known on whether companies can provide advantageous organisational contexts in which supervisors can effectively influence employees' responses to job insecurity.

In this study we explore the moderating role of devolution of HR responsibilities to line managers in the relationship between job insecurity and both job satisfaction and turnover intention. We contribute to the literature in four ways. Firstly, we contribute to the literature by exploring effects of HR devolution for employees. Research focused mainly on effects of devolution for organisations, HR professionals and line managers and scholars have called for exploring perceptions of other stakeholders such as lower level employees (Brewster et al., 2015; Perry & Kulik, 2008). Secondly, from Conservation of Resources (COR) theory (Hobfoll, 1989) perspective we explore how devolution of HR may influence employees' reactions to job insecurity. Thus, we respond to calls in the literature to explore the role of line management in managing insecurity and change (Brown, Kulik, Cregan, & Metz, 2015). Thirdly, we investigate how organizational level condition (i.e., devolution of HR) impacts individual reactions to insecurity. Job insecurity has largely focused on individual level buffers to reactions to insecurity (e.g., Cheng et al., 2012; Lim, 1997; Loi et al., 2011; Probst et al., 2016; Witte & Cuyper, 2015) leaving organization level buffers less explored. Fourthly,

we focus on both qualitative and quantitative insecurity (Hellgren, Sverke, & Isaksson, 1999). Whereas quantitative job insecurity captures worries about job loss, qualitative job insecurity includes concerns about maintenance of the job's quality in the future for example in terms of development opportunities or pay. So far, most research has neglected qualitative insecurity (Richter, Näswall, Bernhard-Oettel, & Sverke, 2014; Witte et al., 2010) in spite of its stronger effects on attitudinal and behavioural outcomes (Hellgren et al., 1999; Sender, Arnold, & Staffelbach, 2016).

IMPACT OF JOB INSECURITY ON JOB ATTITUDES AND BEHAVIOURAL INTENTIONS

Job insecurity can be defined as employees' "perception of a potential threat to continuity in his or her current job" (Heaney, Israel, & House, 1994, p. 1431). Importantly, job insecurity is a perceptual, subjective phenomenon (Greenhalgh & Rosenblatt, 2010; Hellgren et al., 1999) and as such it can be experienced by workers in everyday work life to a different degree (Sverke & Hellgren, 2002). Although early research has mostly measured job insecurity in a unidimensional manner, more recently scholars have focused on different dimensions of job insecurity (Hellgren et al., 1999). Following Greenhalgh and Rosenblatt (2010), Hellgren and colleagues (1999) defined quantitative job insecurity as employees' worries about the future existence of the present job. In turn, qualitative job insecurity captures "threats of impaired quality in the employment relationship, such as deterioration of working conditions, lack of career opportunities, and decreasing salary development." (Hellgren et al., 1999, p. 182). Consequently, scholars have continued to explore both quantitative and qualitative dimensions of job insecurity both theoretically and empirically (e.g., Cuyper, Witte, Kinnunen, & Nätti, 2010; Richter et al., 2014; Sender et al., 2016; van den Broeck et al., 2014)

Conservation of Resources (COR) theory provides a useful theoretical approach to explain why job insecurity relates negatively to job satisfaction and positively to turnover

intention (Cuyper, Mäkikangas, Kinnunen, Mauno, & Witte, 2012; Jiang & Probst, 2016; Probst et al., 2016). COR theory posits that individuals are motivated to retain, protect and acquire resources (Hobfoll, 1989). Resources include aspects which are instrumental for individuals in terms of goal attainment (Halbesleben, Neveu, Paustian-Underdahl, & Westman, 2014). When individuals experience the threat of resource loss, actual resource loss, or a lack of resource gain after resource investment they experience strain (Hobfoll, 2001). Therefore, employees who are confronted with quantitative or qualitative job insecurity and experience threat to their valued resources such as job or its valued features (e.g. development opportunities, pay) are likely to experience strain. Specifically, given that a threat of a stressful event (e.g., job loss) may have as negative consequences as the event itself (Lazarus & Folkman, 1984), feelings of job insecurity may lead to strain and thus affect employee attitudes.

Responses to increased workplace stress may include both physiological and psychological reactions (Dwyer & Ganster, 1991). For example, employees may report lower job satisfaction and use withdrawal as a coping mechanism (Dwyer & Ganster, 1991), for example in the form of turnover intention (Dekker & Schaufeli, 1995; Hellgren et al., 1999; Sender et al., 2016). In line with COR theory individuals facing threat of losing valued resources attempt to “actively set about positioning themselves and their resources in an advantageous position” (Hobfoll, 2001, p. 352). Specifically, individuals become more defensive in the resource investment and “scale back on resource investment or invest in behaviors that are more strategic in their use of resources” (Halbesleben et al., 2014, p. 1346). Consequently, withdrawal in the workplace in the form of turnover intention may be a possible coping strategy for employees in order to limit further resource investment at the current employer and engage their resources more strategically for example by looking for another job (Sender et al., 2016). Additionally, given that job insecurity constitutes a threat to satisfaction of employees’ needs in terms of employment as such as well as valued job

features (Heaney et al., 1994), employees may report lower job satisfaction in order to distance themselves from the stressor and cope with experienced stress (Davy, Kinicki, & Scheck, 1997).

Empirical research largely confirms the negative impact of job insecurity on job satisfaction and turnover intention. Meta-analytic studies report medium and significant correlations between job insecurity and both job satisfaction and turnover intention (Cheng & Chan, 2007; Sverke & Hellgren, 2002). Studies which explored consequences of both qualitative and quantitative dimensions of job insecurity found that qualitative job insecurity more strongly, compared to quantitative counterpart, relates to both job satisfaction and turnover intention (Hellgren et al., 1999; Sender et al., 2016). Therefore, we argue that both qualitative and quantitative insecurity relate negatively to job satisfaction and positively to turnover intention.

Hypothesis 1: Quantitative job insecurity relates negatively to job satisfaction (1a) and positively to turnover intention (1b).

Hypothesis 2: Qualitative job insecurity relates negatively to job satisfaction (2a) and positively to turnover intention (2b).

DEVOLUTION OF HR RESPONSIBILITIES TO LINE MANAGERS

In this study we explore whether employees' reactions to job insecurity differ depending on the extent of devolution of HR in their organisations. Devolution, i.e. assignment of personnel or HR responsibilities to line managers outside of HR department (Brewster et al., 2015; Cascón-Pereira et al., 2006) is a growing and global trend (Barling & Kelloway, 1996; Perry & Kulik, 2008). Devolution of HR to the line is a component of strategic HRM and an attempt to better link people management with objectives of organization by assuring partnership between HR professionals and the line managers in organization's HRM responsibility (Beeck, Wynen, & Hondeghem, 2016; Brewster et al., 2015).

Devolution of HR implies that significant HR responsibility is vested in line managers (Hutchinson & Purcell, 2010). The rationale behind devolution is that line managers at the lower levels of organisation interact with their subordinates on the daily basis and due to proximity to the employees can potentially significantly influence their attitudes and behaviours (Budhwar, 2000; Hutchinson & Purcell, 2010). Thus, line managers may be more effective in translating of the organizational strategy for employees so that employees better understand what is expected from them (Shipton, Sanders, Atkinson, & Frenkel, 2016). Additionally, frequent interactions with subordinates should allow for quick response to employees concerns regarding HR strategy and policies (Currie & Procter, 2001; Whittaker & Marchington, 2003). In organizations where devolution of HR is greater, people management practices may be more aligned with business strategy (Gilbert, Winne, & Sels, 2011). Importantly, devolution of HR responsibilities to the line is a part of strategic HRM, shifting the role of HR professionals from administrative expert to strategic agents (Kulik & Perry, 2008) allowing at the same time for reduction of costs (Kulik & Bainbridge, 2006; Larsen & Brewster, 2003; Lawson, Mouly, & Dakin, 1999).

Although devolution seems to be a global trend (Perry & Kulik, 2008), in some contexts organizations are more likely to devolve HR responsibilities to the line. For example, it has been found that in cultures low in power distance (i.e., with the higher acceptance of unequal power distribution in society; House, Hanges, Javidan, Dorfman, & Gupta, 2004), HR decisions are more likely to be devolved (Gooderham, Morley, Parry, & Stavrou, 2015). Furthermore, in countries with more stringent employment legislation (e.g., with greater extent of dismissal procedures), devolution of HR to the line is more likely (Gooderham et al., 2015). Research has shown that devolution of HR is more common in small rather than large companies (Andolšek & Štebe, 2005; Poole & Jenkins, 1997) and in private rather than public organisations (Poole & Jenkins, 1997). In terms of HR responsibilities which are subject to devolution, line managers are more likely involved in decision making regarding increasing /

decreasing number of employees and selection as opposed to industrial relations (Andolšek & Štebe, 2005).

Research on consequences of devolution indicates that it can have both positive and negative effects on organizations (Bainbridge, 2015; Khan, 2012). For example, devolution may impact the perception of people management effectiveness positively (Perry & Kulik, 2008) and enhance the reputation of the HR department in the organisation (Kulik & Perry, 2008). However, scholars have argued that benefits of devolution of HR responsibilities to the line managers may be overestimated due to challenges related to effective implementation of such approach (Renwick, 2003). For example, research has found that in spite of devolution, HR involvement of HR in strategic issues is still limited (Cunningham & Hyman, 1999; Renwick, 2003; Thornhill & Saunders, 1998). Furthermore, due to short termism of line managers, the strategic approach to HRM can also be threatened (McGovern, Gratton, Hope-Hailey, Stiles, & Truss, 1997).

For line managers fulfilling their role within HR responsibilities may be challenging due to time constraints and focus on immediate business goals (Perry & Kulik, 2008; Whittaker & Marchington, 2003). Therefore, less effective people management and greater frustration, strain and interpersonal conflicts experienced by line managers may follow (Conway & Monks, 2010; Morley & McConville, 2006). Importantly, as a result of devolution HR consistency may be affected (Khan, 2012). Due to assignment of HR responsibilities to the line it may be challenging to maintain the consistency of the delivery of HR across line managers and employees and assure standardisation within the organization (Kulik & Bainbridge, 2006; Kulik & Perry, 2008; Nehles, van Riemsdijk, Kok, & Looise, 2006). Furthermore, research found that line managers do not have necessary HR skills (Hutchinson & Purcell, 2010; Nehles et al., 2006) and do not receive adequate training (Conway & Monks, 2010; Hutchinson & Purcell, 2010) to effectively execute tasks assigned to them. Lack of HR skills, inadequate training combined with time constraints may result in

minimalist approach to HR by line managers which may negatively influence investments in the employee training and career development (Harris, Doughty, & Kirk, 2002; McGovern et al., 1997). Given the mixed results on the effects of devolution of HR the question whether and how devolution of HR responsibilities to the line impacts employees still requires more research attention (Ryu & Kim, 2013).

MODERATING EFFECT OF DEVOLUTION OF HR

In this study we explore whether the extent of devolution of HR responsibilities to line managers in the organisation may influence employees' job attitudes as a reaction to their individual perceptions of job insecurity. Surprisingly little research has focused on the role of line managers in managing insecurity perceptions especially on the attitudinal and behavioural reactions in the workplace (for exception see Cheng et al., 2012; Hu & Zuo, 2007; Lim, 1996; Probst et al., 2016). Moreover, results are not conclusive (Probst et al., 2016). For example, whereas Lim (1996) using data from MBA alumni in the US showed that supervisory support buffers the effect of job insecurity on job satisfaction and Hu and Zuo (2007) using employee data from 10 enterprises in China found that leader-member exchange moderated the relationship between job insecurity and commitment, Cheng and colleagues (2012) using longitudinal data from nurses in a hospital in China found no moderating effects of leader-member exchange in the relationship between job insecurity and organizational commitment. Furthermore, Loi and colleagues (2011) using sample of individuals in state owned enterprise found moderating effects of leader-member exchange on the relationship between job insecurity and altruism (but not work performance) and Probst and colleagues (2016) using employee data from mining industry found that leader-member exchange buffered the effects of job insecurity on reported accidents and health complaints.

Given mixed results on the role of supervisor in employee responses to job insecurity (Probst et al., 2016), in this paper we shift the focus from the individual perceptions of the quality of the relationship with the supervisor to line manager's actual responsibility in HR

topics. In situation of insecurity employees likely expect support and instrumental help from their supervisor in order to protect themselves from loss of resources. Given that devolution of HR in the area of workforce expansion and reduction is more likely than in other HR areas (Andolšek & Štebe, 2005), in organisations which HR responsibilities have been devolved to the line managers, employees may have more access to information and influence on planned job cuts or budget reductions, which are key components of qualitative and quantitative insecurity. Thus, by including the devolution of HR responsibilities to line managers in the job insecurity literature we enrich the debate on the role of line managers in managing negative effects of job insecurity.

COR theory (Hobfoll, 1989) suggests that resources influence not only the level of stress but also potentially stressor – strain relationship. If individuals have plenty of resources, those existing resources favour further resource acquisition and lead to gain spiral. Individuals with less resources are more susceptible to further resources loss which leads to loss spirals (Hobfoll, 1989). In other words, “those who are well resource endowed due to their own efforts and their place in the society are better able to plan for future contingencies, invest resources for further resource enhancement and place themselves in positions that allow for risk minimisation and resource maximisation. In contrast those who are lacking resources cannot risk resource investment because they either have no appropriate resources to invest or must keep resources in reserve for emergency contingencies” (Hobfoll, 1989), p. 352)

Social support provided by supervisors may constitute an important resource for individuals coping with job insecurity. Social support in line with COR theory constitutes a valued resource for individuals (Halbesleben et al., 2014) and includes emotional support (providing care or empathy), access to information and instrumental support (various sorts of practical help; Peeters & Le Blanc, 2001). Specifically, social support has been identified as a coping resource (Lazarus & Folkman, 1984), which helps individuals to utilise coping strategies more effectively. For example, given that the uncertainty about the continuance of

one's job motivates individuals to seek information from their immediate workplace (Kramer, 1999), social support fosters access to information and enables alternative solutions to the stressful situation (Näswall, Sverke, & Hellgren, 2005; Schreurs, van Hetty Emmerik, Günter, & Germeys, 2012). Consequently, if employees face potential resource loss and have no or few other resources (e.g., social support), they likely experience more strain (Jiang & Probst, 2014).

Given that in line with COR theory individuals who have more resources are in a better position to cope with the consequences of a threat of resource loss, access to information may buffer the negative effects of job insecurity. For example, employees with access to timely and correct information on the current and future developments in the organisation may be more certain about their own positions within the organisation (Cheng et al., 2012), which may reduce the negative consequences for individuals (Dekker & Schaufeli, 1995). Thus, by devolving HR responsibilities to line managers in the HR processes, organisations may create a context in which employees have opportunity to obtain timely and correct information and this way limit the negative consequences of job insecurity (Brown et al., 2015). Empirical research supports the role of access to information in buffering the effects of insecurity. For example, Jiang and Probst (2014) using data from employees from six different organizations found that the positive perception of organizational communication buffers the effect of job insecurity on job satisfaction, health complaints and number of work accidents.

Furthermore, in organizations where devolution of HR responsibilities to line managers is greater employees may experience a greater sense of personal control over their current employment situation. Job insecurity is related to "sense of powerlessness to maintain desired continuity in a threatened job situation" (Greenhalgh & Rosenblatt, 1984) p. 438) and thus is primarily a function of the perception of lack of control (Barling & Kelloway, 1996). Control at work may be an important resource not only reducing job insecurity but also

buffering its effects on negative outcomes (Bussing, 1999). In line with COR theory individuals experiencing job insecurity having resources which allow for alternative strategies to gain control again (e.g., training), may be better equipped to maintain their current resources and acquire new resources in the organisation (Cheng et al., 2012). For example, when HR responsibilities have been devolved, line managers participate in decision making regarding employee development, recruitment, or layoffs. Thus, having such managers allows employees to potentially receive more career-enhancing opportunities and have more influence on key decisions (Loi et al., 2011). Consequently, devolution of HR may help insecure employees to cope with the feeling of powerlessness and uncontrollability at work (Heaney et al., 1994; Loi et al., 2011; Witte, 1999). Given that in organizations where devolution of HR is high supervisors are more able to provide employees with instrumental help, line managers are likely more valuable resources to employees. Some empirical research confirms that job control may buffer against job insecurity (Cheng, Mauno, & Lee, 2014). For example, Cheng and colleagues (2014) using three-wave longitudinal data, showed that job control was the strongest lagged buffer against job insecurity in relation to vigour at work. Moreover, Probst (2005) showed that employees with greater opportunities for participative decision-making experienced fewer negative consequences of job insecurity in terms of job, co-worker and supervisor satisfaction as well as turnover intention. Devolution of HR can indirectly (through supervisor) create opportunities for individuals to influence decisions salient in coping with experienced insecurity.

Although devolution of HR may, as we argued, positively influence the attitudes of the employees who feel insecure, some consequences of devolution of HR specifically in times of insecurity may produce the opposite effect. For example, considerable research on devolution of HR indicates its negative effects for HR consistency (Nehles et al., 2006; Renwick, 2003) and the quality of HR services delivered to employees (Harris et al., 2002; Hutchinson & Purcell, 2010; McGovern et al., 1997). Given that research has found injustice perceptions

as important amplifiers to job insecurity - work attitudes relationships (Brockner, 1990), lack of internal consistency resulting from devolution of HR may result in employees potentially perceiving HR related decisions as unfair. Furthermore, according to the attribution theory it is easier for individuals to cope with negative outcomes if they can attribute them externally (e.g., pay cut was decided by the HR department irrespectively of individual's performance) than internally (e.g., direct supervisor decided to implement a pay cut based on individual's performance; Kelley & Michela, 1980). Therefore, not buffering but amplifying effects of devolution of HR on the relationship between job insecurity and both job satisfaction and turnover intention could be observed.

Moreover, the argumentation leading to the buffering role of devolution of HR responsibilities to the line on job insecurity – job attitudes relationship assumes however that the quality of the working relationship with the supervisor in terms of leader-member exchange is good. Importantly, we do not argue that the effects of devolution replace the effects of the quality of the relationship with the supervisor in terms of leader-member exchange or supervisory support. If employees have poor working relationship with the supervisor they likely have less supervisor related resources in terms of information, emotional support and have less possibilities to influence vital decisions in the organization (Cheng et al., 2012; Hu & Zuo, 2007). Moreover, if employees have a poor working relationship with line managers in times of insecurity, greater HR responsibilities assigned to line managers can lead to more negative consequences for a given employee in terms of job loss or deterioration of job quality. Therefore, in this study we explore the effects of devolution of HR while controlling for leader-member exchange, thus holding the relationship with line managers constant. In a supplemental analysis we additionally explore how leader-member exchange and devolution simultaneously interact with job insecurity and influence employees' attitudes.

Given that research is not conclusive whether devolution of HR produces expected positive effects (Conway & Monks, 2010; Kulik & Perry, 2008; Morley & McConville, 2006; Perry & Kulik, 2008), we follow the assumption that the greater line management responsibility results in larger resources for employees in terms of social support, information and controllability of the work situation. Therefore, we argue that in organizations with greater extent of devolution of HR the effects of quantitative and qualitative job insecurity on both job satisfaction and turnover intention are stronger.

Hypothesis 3: Devolution of HR moderates the relationship between quantitative job insecurity and both job satisfaction (H3a) and turnover intention (H3b) such that these relationships are stronger when devolution of HR responsibility is low.

Hypothesis 4: Devolution of HR moderates the relationship between qualitative job insecurity and both job satisfaction (H4a) and turnover intention (H4b) such that these relationships are stronger when devolution of HR is low.

METHODS

Participants

In this study we combine the data collected in Switzerland from Swiss HR Barometer (individual level) and Cranet survey (organisational level). Data used in this study has been collected in 2014. The Swiss HR Barometer collects data in a two-year cycle from a representative sample of working individuals in Switzerland. In 2014 a representative sample of 2'579 employees was invited to take part in the survey (online or paper-pencil). 1'408 questionnaires were returned yielding response rate of 53.1%. Cranet survey collects factual information regarding organisations and their HR policies from over 30 countries in a four-year cycle. In Switzerland 1'412 organisations employing at least 100 employees received invitation to the personalised survey. 260 surveys were returned, which corresponds to response rate 18.4%. This response rate, although low, seems within the norm observed in management research surveys targeting managers (Baruch & Holtom, 2008).

Individual reports on employee demographics, attitudes and behavioural intentions were matched with organisational data on the devolution of HR based on the indication of the employer name in Swiss HR Barometer. Due to missing values we additionally eliminated four cases and the final sample amounts to 108 individuals. When comparing the main sample with the subsample selected for the purpose of this study we detected significant differences in terms of tenure (main sample mean = 121 months, subsample mean = 159 months), gender (main sample = 54.0 % male, subsample = 64.8 % male). However, age, intention to quit, job satisfaction, quantitative and qualitative job insecurity did not significantly differ between main sample and subsample used in this study. Average respondents' age was 42 years, 39% of respondents indicated to have supervisory position and 55% indicated to have children. In total employees were employed by 40 organisations. All companies included in the analysis indicated to have an HR department. Only 30% of the organisations employed less than 1'000 employees, thus our sample consists mostly of large organisations. Organisations were diverse in terms of industries: 30% from manufacturing industry, 5% construction industry, 5% wholesale and retail trade, 12% financial and insurance services, and 7.5% health services. In terms of sector, 22% of organisations identified themselves as public sector, 67.5% as private, rest being mixed.

Measures

Unless stated otherwise for all measures we used 5-point Likert scale ranging from 1 (not at all) to 5 (completely). Alpha reliabilities are included in the Table 1 in the diagonal.

Employee level

Job satisfaction. Job satisfaction was measured with a single question “How satisfied are you with your job?” on a scale ranging from 1 (not satisfied at all) to 10 (fully satisfied). Single item measurement of job satisfaction is not ideal, however has been used in previous studies on job insecurity (e.g., Debus, Probst, König, & Kleinmann, 2012). Some research

additionally confirms that single item measures of job satisfaction tend to correlate significantly with multiple item measurements (Wanous & Hudy, 2001).

Turnover intention. Turnover intention was measured using three item scale from Bozeman and Perrewé (2001). This measure captures employees' behavioral intentions of leaving the current employer. Sample item is: "I will probably look for a new job in the near future".

Quantitative job insecurity. Quantitative job insecurity was measured using three items from (Borg, 1992) which measures the likelihood of losing one's job. Sample item is: "I am worried about having to leave my job before I would like to".

Qualitative job insecurity. Qualitative job insecurity was measured with a 7-item scale developed after Bordia, Hobman, Jones, Gallois, and Callan (2004) and Lee, Bobko, Ashford, Chen, and Ren (2008) and used in previous studies (Arnold & Staffelbach, 2012; Sender et al., 2016). Specifically, respondents indicated if they worried about the following aspects: restructuring in their department, pay cuts, fewer career opportunities, greater workload, change of location, pressure to work reduced working hours, and less influence on their work.

Organizational level

Devolution of HR. The extent to which HR responsibilities are devolved to the line managers was measured using Cranet scale. The scale includes five areas: pay and benefits, recruitment and selection, training and development, industrial relations and workforce expansion/reduction and has been used previously (e.g., Gooderham et al., 2015). For each area respondents were asked to indicate "Who has primary responsibility for major policy decisions on the following issues?" choosing from 1 = Line Management, 2 = Line Management in consultation with HR department, 3 = HR Department in consultation with Line Management 4 = HR Department. We recoded the answers so that the higher number indicates higher devolution of HR responsibilities to the line managers.

Control variables

In line with previous research on job insecurity (Chirumbolo & Hellgren, 2003; Debus et al., 2012; Näswall & Witte, 2003), we controlled for age (in years), tenure (in months), as they are known predictors of turnover intention (Griffeth, Hom, & Gaertner, 2000) and may influence job satisfaction (Clark, Oswald, & Warr, 1996; Kacmar & Ferris, 1989).

Additionally, we controlled for supervisory position (0 = without supervisory position, 1 = with supervisory position) and leader-member exchange measured with 7 item scale according to Graen and Uhl-Bien (1995; e.g., “My leader understands my job problems and needs”).

Analysis

Given that employees in our study are nested in organizations multilevel analysis would be appropriate. However, for 85% organisations there is less than five individuals per organisation. Given that multilevel analysis requires a minimum of five employees for the second level (Raudenbush & Bryk, 2002), we analyse data using OLS. Small sample size in terms of both individuals and organisations may limit the model convergence in multilevel analysis (Tabachnik & Fidell, 2014). Variables were standardised for the analysis and creation of the interaction term (Aiken & West, 1991).

RESULTS

Table 1 presents the correlations, means and standard deviations for the variables used in this study.

Insert Table 1 about here

Quantitative ($r = -.22, p < .05$) and qualitative job insecurity ($r = -.35, p < .01$) correlated negatively with job satisfaction. However, neither quantitative ($r = .09, p > .10$) nor qualitative job insecurity ($r = .14, p > .10$) correlated significantly with turnover intention.

Devolution of HR correlated positively with both quantitative ($r = .23, p < .05$) and qualitative job insecurity ($r = .27, p < .05$).

Table 2 presents the results of the OLS regression analysis for quantitative job insecurity and Table 3 for qualitative job insecurity.

Insert Table 2 about here

We found no support for Hypothesis 1 given that quantitative job insecurity did not relate significantly to both job satisfaction ($\beta = -.14, p > .10$) and turnover intention ($\beta = .12, p > .10$; see Table 2). However, interaction term quantitative job insecurity \times devolution of HR was statistically significant ($\beta = -.20, p < .05$) for job satisfaction providing support for Hypothesis 3a. Figure 1 presents the effect graphically.

Insert Figure 1 about here

Simple slope test indicated, that for low level of devolution of HR (one standard deviation below the mean) the effect of quantitative job insecurity on job satisfaction was not significant ($\beta = .12, p > .10$), and for high level of devolution of HR it was significant and negative ($\beta = -.36, p < .05$).

Furthermore, the interaction term quantitative job insecurity \times devolution of HR for turnover intention was marginally significant ($\beta = .17, p < .10$) providing marginal support for Hypothesis 3b. Figure 2 presents the effect graphically.

Insert Figure 2 about here

Simple slope test indicated, that for low level of devolution of HR (one standard deviation below the mean) the effect of quantitative job insecurity on turnover intention was not significant ($\beta = -.10, p > .10$), and for high level of line management responsibility it was significant and positive ($\beta = .25, p < .05$).

Insert Table 3 about here

Hypothesis 2 predicted that qualitative job insecurity would relate negatively to job satisfaction (H2a) and positively to turnover intention (H2b). Our results indicated that qualitative job insecurity related significantly and negatively to job satisfaction ($\beta = -.26, p < .05$). Furthermore, the effect of qualitative job insecurity on turnover intention was positive and marginally significant ($\beta = .18, p < .10$). Thus, Hypothesis 2 was supported. Devolution of HR moderated the relationship between qualitative job insecurity and both job satisfaction ($\beta = -.22, p < .05$) and turnover intention ($\beta = .22, p < .05$) providing support for Hypothesis 4. Figure 3 and 4 demonstrate these effects graphically.

Insert Figure 3 about here

Insert Figure 4 about here

Simple slope indicated that the effect of qualitative job insecurity on both job satisfaction ($\beta = -.05, p > .10$) and turnover intention ($\beta = -.05, p > .10$) was not significant at low level of devolution of HR (one standard deviation below the mean) and for high level of devolution of HR (one standard deviation above the mean) the effect was significant for both job satisfaction ($\beta = -.61, p < .01$) and turnover intention ($\beta = .43, p < .01$).

Robustness checks

Given small sample size we conducted several robustness checks. First, the observed interaction effects held true without including any of the control variables in the model. Additionally, we controlled for the organizational size, given that previous research indicates that larger organisations are more likely to devolve HR responsibilities to line managers (Brewster et al., 2015). However, results in terms of significance and direction of interaction terms remained unchanged. Additionally, given that private organisations are more likely to

adopt devolution of HR (Poole & Jenkins, 1997), and that insecurity perceptions may differ across sectors (Domenighetti, d'Avanzo, & Bisig, 2000), we additionally controlled for sector (private = 1, public or mixed = 0). However, results remained unchanged. Additionally, given that 10.2% of employees in the sample have temporary contracts, we controlled for type of contract and results remained unchanged. Given the small sample size we applied bias-corrected and accelerated bootstrapping (BCa Bootstrap) with 1'000 bootstrap samples and estimated the 95 per cent confidence intervals (Preacher & Hayes, 2008). Results were in line with those obtained without bootstrapping.

Supplemental analysis

In order to further explore the mechanisms beyond the observed effects of devolving HR responsibilities to the line we run the analysis selecting each of the dimensions of devolution (pay and benefits, recruitment and selection, training and development, industrial relations and workforce expansion/reduction). We found significant interaction effects ($p < .05$) in the relationship between both quantitative and qualitative job insecurity and job satisfaction for recruitment and selection, training and development and workforce expansion/reduction. Similar pattern of results emerged for turnover intention with dimensions: recruitment and selection and workforce expansion/reduction having significant ($p < .05$) moderating effect for qualitative job insecurity. Dimensions recruitment and selection, training and development, and workforce expansion/reduction all marginally ($p < .10$) moderated the relationship between quantitative job insecurity and turnover intention.

As a supplemental analysis we additionally explored whether leader-member exchange interacted with both the devolution of HR and job insecurity in predicting both job satisfaction and turnover intention. We observed only one marginally significant three-way interaction (quantitative job insecurity \times line management responsibility \times leader-member exchange) for job satisfaction ($\beta = .28, p = .08$). Simple slope test indicated that the negative effect of quantitative job insecurity on job satisfaction was significant when devolution of HR

was high (one standard deviation above the mean) and leader-member exchange was either low (one standard deviation below the mean, $\beta = -.65, p < .05$) or at the mean ($\beta = -.41, p < .05$). In other cases, the effect of job insecurity on job satisfaction was not significant. Given the small sample size the ability to detect significant three-way interactions is unfortunately limited (Dawson & Richter, 2006).

DISCUSSION

This study explored the role of devolution of HR responsibilities to line managers in the relationship between job insecurity and both job satisfaction and turnover intention. Using COR theory we argued for the buffering role of devolution of HR such that the negative (positive) effects of job insecurity on job satisfaction (turnover intention) would be weaker in organisations which devolve HR responsibilities to line managers to a greater extent. Contrary to the predictions, we found that for employees who work in organizations indicating greater extent of devolution of HR the relationships between job insecurity and both job satisfaction and turnover intention were stronger.

This study makes four salient contributions to the literature. Firstly, we explored the effects of devolution of HR responsibilities to line managers for employees. Large body of research has explored the effects of devolution for organizations, HR professionals and line managers (e.g., Bainbridge, 2015; Conway & Monks, 2010; Kulik & Perry, 2008; Morley & McConville, 2006, Perry & Kulik, 2008, 2008; Whittaker & Marchington, 2003). However, the effects of devolution HR responsibilities to line managers for employees have yet to be understood. Given that our results indicated that in organisations where devolution is greater the relationships between job insecurity and employee attitudes were stronger, our study points to threats related to devolution for employees who feel insecure. Thus, this study shows that devolution may have adverse effects from those intended in the times of insecurity.

Secondly, we contribute to the literature by exploring from COR theory (Hobfoll, 1989) how devolution may influence employees' reactions to job insecurity. We assumed that

devolution results in greater resources in terms of opportunities for participation (Probst, 2005), better and timely communication (Jiang & Probst, 2014) or instrumental support from the supervisor (Cheng et al., 2012; Hu & Zuo, 2007; Lim, 1996). Such greater resources in line with COR theory would lead to buffering role of devolution for job insecurity – job satisfaction and turnover intention relationship. Given our empirical results which point to adverse effects, we conclude that in organizations which are represented in this study, the positive effects of devolution for reactions to job insecurity were, on average, overshadowed by the negative effects. For example, scholars have found that devolution of HR responsibilities to the line may result in lack of HR consistency and standardisation (Budhwar, 2000; Kulik & Bainbridge, 2006; McGovern et al., 1997). For employees who feel insecure in their jobs HR inconsistency may lead to lower fairness perceptions and drive negative job attitudes. Additionally, research has found that trust in the upper management significantly buffers negative effects of job insecurity (Jiang & Probst, 2016). Consequently, in organizations where HR devolution is high and HR Department is replaced to greater extent by line managers, the potentially positive effects of trust in top management (here HR Department) may be crowded out. Interpreting our results we speculate that in organizations where devolution of HR tasks to line managers is greater negative effects for employees who feel insecure in their jobs may prevail and result in lower job satisfaction and higher turnover intention.

Third contribution lies in the investigation of the impact of organizational level condition on individuals' reactions to insecurity. Job insecurity has largely focused on individual level buffers to reactions to insecurity (e.g., Cheng et al., 2012; Lim, 1997; Loi et al., 2011; Probst et al., 2016; Witte & Cuyper, 2015). Thus, less is known on how organizations may create contexts in which the effects of job insecurity are attenuated or amplified. We found that devolution of HR responsibilities to the line managers plays a role for employees' reactions to job insecurity. Given that results on the role of line managers

(e.g., leader member exchange) for the buffering effects of job insecurity are not conclusive (see Cheng et al., 2012; Hu & Zuo, 2007; Lim, 1996; Loi et al., 2011; Probst et al., 2016) our study points to the importance of inclusion of organizational level variables which may serve as boundary conditions for the buffering effects of individual level factors.

Fourthly, we focus on both qualitative and quantitative insecurity (Hellgren et al., 1999). Although both types of job insecurity have been explored theoretically and empirically, the qualitative counterpart has received less research attention. Yet, employees may fear not only the threat of job loss but deterioration of the job quality for example in terms of development opportunities and pay. Given that our results are largely consistent across job insecurity types and outcomes in terms of amplifying effects of devolution, we show that devolution of HR plays an important role not only for the group employees threatened with actual job loss but also for potentially larger group of employees who in times of insecurity fear the loss of important job features.

Limitations

In spite of contributions we make, this study has several limitations. Firstly, the study took place in Switzerland, a country with low unemployment rates and rich unemployment benefits (Federal Department of Home Affairs, 2013). Such context may limit the effects of quantitative job insecurity as employees may find new employment relatively quickly and during job search enjoy income stability. However, given that we explore also the qualitative job insecurity we believe we still capture the effects of insecurity on employee attitudes. Secondly, the reliability of quantitative job insecurity measure was below the accepted range. However, this may make our results more conservative given that low reliability tends to attenuate the relationship between variable and reduce analysis power, potentially ‘masking’ significant interaction (McClelland & Judd, 1993). Thirdly, the matching of Swiss HR Barometer Data with Cranet survey resulted in the sample of only 108 individuals from forty organizations. The sample size naturally limits the generalisability of our findings as well as

ability to detect significant interactions. Fourthly, although forty different organizations are represented in this study, firms included in the analysis are on average large. Thus, our results in terms of the amplifying role of devolution of HR responsibilities to line managers in the relationship between job insecurity and employee attitudes and behavioural intentions should be interpreted within a context of large organizations.

Future research

Future research on devolution could beneficially integrate the individual perceptions of employees in the effects of involvement of line managers in HR tasks. We speculated that observed amplifying effects may result from lack of HR consistency and fairness perceptions. Future research could further explore these mechanisms. The rationale for implementation of devolution is that it leads to improved communication, support, information (Budhwar, 2000; Currie & Procter, 2001; Hutchinson & Purcell, 2010; Shipton et al., 2016; Whittaker & Marchington, 2003), which should positively influence employee attitudes. Although some studies indicate that such positive effects can be observed (Budhwar, 2000; Perry & Kulik, 2008; Thornhill & Saunders, 1998), large body of research has simultaneously shown the dark side of devolution (Harris et al., 2002; Nehles et al., 2006; Renwick, 2003). In this study we show that these negative effects on organizational and line management level may translate to employee level and influence individual attitudes in times of insecurity. Future research could further explore how organisations could more beneficially influence the implementation of HR devolution and for which tasks including individual perceptions of HR practices of employees. Furthermore, future research could beneficially explore the interaction between the quality of leader-member exchange and devolution of HR using larger samples and multi-level designs.

Practical implications

According to our results, a more centralised management of HR responsibilities may be helpful to prevent negative effects of job insecurity on work attitudes and behavioural

intentions. Especially sensitive HR issues such as workforce reduction can be difficult to handle and implement properly for line managers in turbulent times. Research indicated that due to devolution of HR, consistency and quality of HR services delivered to employees may be threatened (Harris et al., 2002; Hutchinson & Purcell, 2010; McGovern et al., 1997; Nehles et al., 2006; Renwick, 2003). In times of uncertainty, HR departments may be better prepared to fairly handle the processes and decisions leading to insecurity. Moreover, in line with attribution theory, employees may be more likely to accept the decisions when they are taken by HR department rather than line managers as they can attribute them externally to a greater extent (Kelley & Michela, 1980). Although devolution of HR for employees who feel secure in their jobs may be overall beneficial, in the times of structural changes which induce the feelings of insecurity devolution of HR may cause more harm than good in terms of employees' reactions to insecurity. Thus, a greater involvement of HR department in times of uncertainty can help to avoid negative feelings such as job dissatisfaction and prevent employees from thinking of quitting their job.

Conclusion

This study explored the effects of devolution of HR responsibilities to line managers in terms of its moderating effect in the relationships between job insecurity and both job satisfaction and turnover intention. We consistently found not buffering but amplifying effects of devolution of HR across job insecurity types and outcomes. This study illuminates dark side of devolution of HR for employees feeling insecure in their jobs.

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Table 1

Descriptive statistics and correlations.

| | <i>M</i> | <i>SD</i> | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|-------------------------------|----------|-----------|---------|------------|------------|------------|------------|--------|------|------------|
| 1 Job satisfaction | 7.43 | 1.38 | | | | | | | | |
| 2 Turnover intention | 2.24 | 1.17 | -.47 ** | .85 | | | | | | |
| 3 Quantitative job insecurity | 2.33 | .83 | -.22 * | .09 | .57 | | | | | |
| 4 Qualitative job insecurity | 2.84 | .74 | -.35 ** | .14 | .52 ** | .77 | | | | |
| 5 Devolution of HR | 2.83 | .62 | -.11 | -.02 | .23 * | .27 ** | .70 | | | |
| 6 Age (in years) | 42.16 | 10.58 | .11 | -.33 ** | .06 | .08 | -.01 | | | |
| 7 Tenure (in months) | 159.56 | 128.76 | .03 | -.19 * | .19 | .26 ** | .20 * | .61 ** | | |
| 8 Supervisory position | .39 | .49 | .10 | .16 | -.15 | -.19 † | .05 | .03 | -.06 | |
| 9 Leader-member exchange | 3.75 | .74 | .37 ** | -.19 * | -.17 † | -.29 ** | -.08 | -.10 | -.07 | -.06 |
| | | | | | | | | | | .90 |

Note. N = 108. Significance levels: ** $p < .01$, * $p < .05$. Cronbach's alpha in diagonal. For line management responsibility Cronbach's alpha is calculated on organizational level (k = 40)

Table 2

Standardized Regression Coefficients from the Hierarchical Regression Analyses for Quantitative Job Insecurity

| | <i>Job satisfaction</i> | | <i>Turnover intention</i> | |
|--|-------------------------|---------|---------------------------|---------|
| | Model 1 | Model 2 | Model 1 | Model 2 |
| Age | .15 | .14 | -.37 ** | -.36 ** |
| Tenure | .00 | -.01 | .03 | .03 |
| Supervisory position | .10 | .13 | .18 | .15 |
| Leader-member exchange | .37 ** | .36 ** | -.20 * | -.20 * |
| Quantitative job insecurity | -.14 | -.09 | .12 | .07 |
| Devolution of HR | -.05 | -.04 | -.08 | -.09 |
| Quantitative job insecurity × devolution of HR | | -.20 * | | .17 † |
| ΔR^2 | | .030 * | | .020 † |
| Total (adjusted) R^2 | .153 | .183 | .147 | .167 |

Note. N = 108; Values are standardized beta coefficients. Significance levels: ** $p < .01$, * $p < .05$; ΔR^2 = changes in R^2

Table 3

Standardized Regression Coefficients from the Hierarchical Regression Analyses for Qualitative Job Insecurity

| | <i>Job satisfaction</i> | | <i>Turnover intention</i> | |
|---|-------------------------|---------|---------------------------|---------|
| | Model 1 | Model 2 | Model 1 | Model 2 |
| Age | .14 | .13 | -.36 | -.36 |
| Tenure | .04 | .04 | .00 | .00 |
| Supervisory position | .07 | .10 | .20 * | .17 † |
| Leader-member exchange | .32 ** | .32 ** | -.17 † | -.17 † |
| Qualitative job insecurity | -.26 * | -.24 * | .18 † | .16 |
| Devolution of HR | -.02 | .05 | -.10 | -.17 † |
| Qualitative job insecurity × devolution of HR | | -.22 * | | .22 * |
| Δ R ² | | .034 * | | .034 * |
| Total (adjusted) R ² | .190 | .224 | .161 | .195 |

Note. N = 108; Values are standardized beta coefficients. Significance levels: ** $p < .01$, * $p < .05$; Δ R² = changes in R²

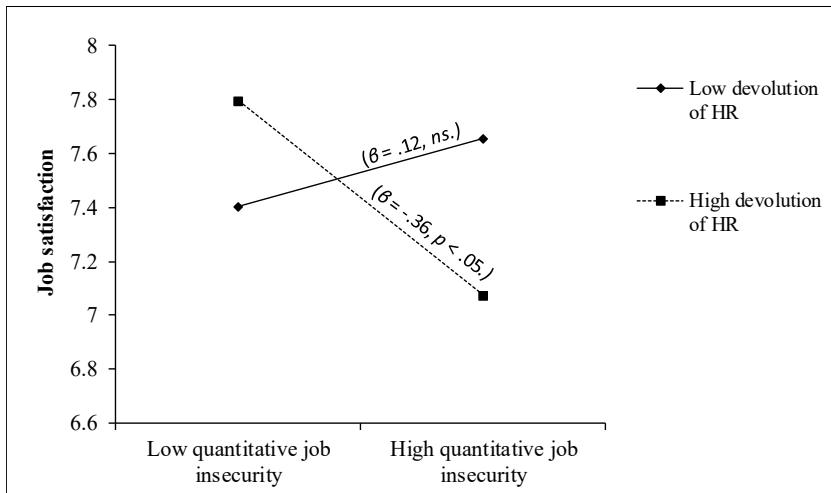


Figure 1. Interaction between quantitative job insecurity and devolution of HR on job satisfaction (low devolution of HR = one SD below the mean; high devolution of HR = one SD above the mean)

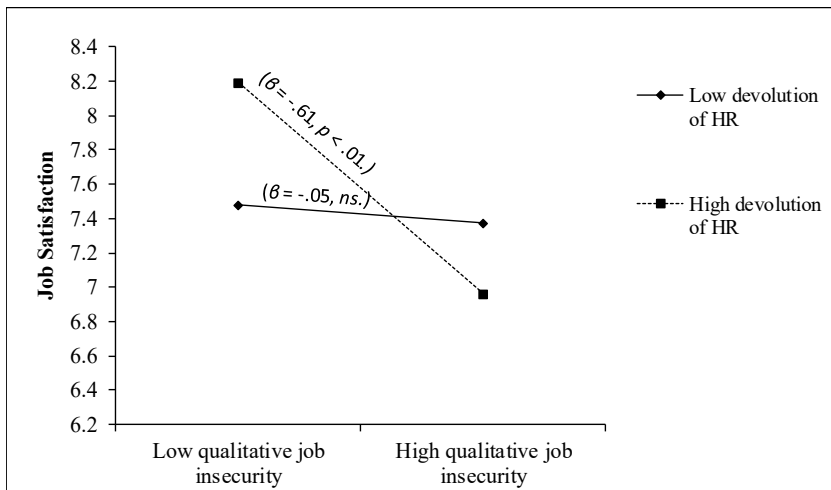


Figure 2. Interaction between qualitative job insecurity and devolution of HR on job satisfaction (low devolution of HR = one SD below the mean; high devolution of HR = one SD above the mean)

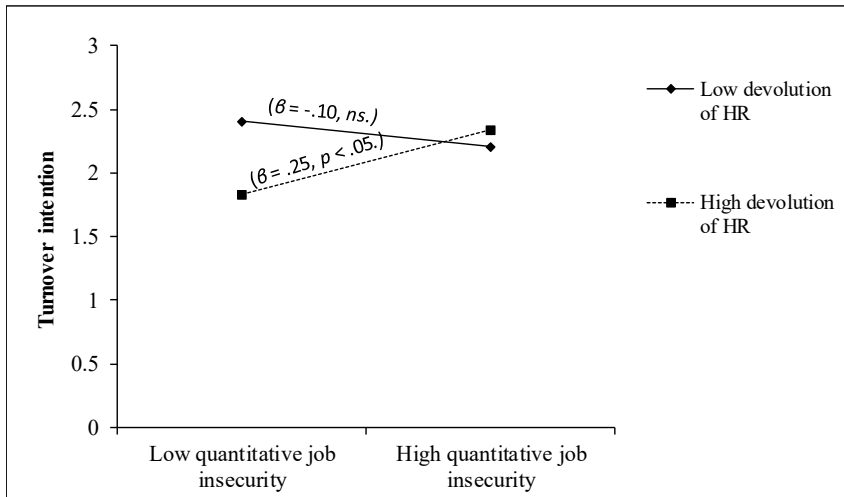


Figure 3. Interaction between quantitative job insecurity and devolution of HR on turnover intention (low devolution of HR = one SD below the mean; high devolution of HR = one SD above the mean)

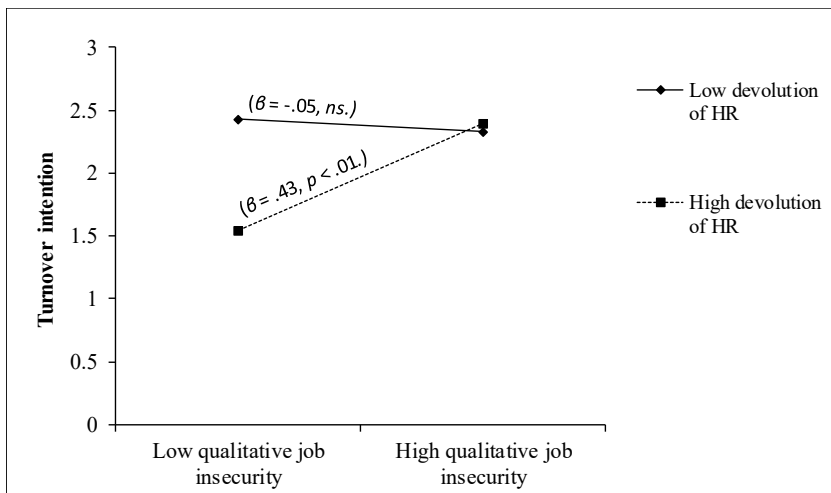


Figure 4. Interaction between qualitative job insecurity and line management responsibility on turnover intention (low devolution of HR = one SD below the mean; high devolution of HR = one SD above the mean)