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The relationship of High Performance Work Systems on Turnover intention in Chinese companies

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Master in Business Administration

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The final dissertation has been through more than one year, from the decision of the theme to collect the data to the final, it is really a long process. And in the process, especially in 2020, everyone in the world is facing the huge difficulty, the COVID-19, seems like our life is changing, we can't have party, can't hang out with friends, even we afraid of being outside, but I believe we will overcome the virus hands in hands eventually. So first, I would like to thank you for the government, thank you for every doctor and nurse who fight for in the front line, thank you for everyone who obey the rules of epidemic prevention, finally we will win in this war.

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Abstract

Most companies in China are gradually focus on implementing high performance work systems (HPWS) to enhance the organizational performance and productivity. These practices are accepted to be universally effective into retaining employees but in fact their nature is targeting motivations that are not homogeneous across age and life stages. The opportunity to explore the differential effectiveness of HPWS is a research gap that deserves attention. This study seeks to analyze the impact of HPWS on employee retention testing for the moderation effect of employee age.

With a sample of 236 workers from several industries in China, findings show HPWS are more effective in the younger working population in China when compared to the older one. Findings are discussed at the light of theory and implications for HRM explored.

Keywords: High Performance Work Systems, Turnover Intention, Age, China

Resumo

A maioria das empresas na China tem vindo a focar-se gradualmente na implementação de sistemas de trabalho de elevado desempenho (STED) para melhorar a produtividade e o desempenho organizacionais. Estas práticas são aceites como sendo universalmente eficazes na retenção de trabalhadores mas, de facto, a sua natureza está ligada a motivações que variam ao longo da idade e da fase de vida. A oportunidade para explorar a eficácia diferencial dos STED é uma lacuna de investigação que merece atenção. Este estudo procura analisar o impacto dos STED na retenção dos trabalhadores testando o efeito moderador da idade dos trabalhadores.

Com uma amostra de 236 trabalhadores de vários sectores económicos na China, os resultados mostraram que a HPWS são mais eficazes na população trabalhadora jovem quando comparados com os mais velhos. Os resultados são discutidos à luz da teoria e as implicações para a GRH exploradas.

Palavras-chave: Sistemas de Trabalho de Elevado Desempenho, Intenção de saída, Idade, China

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1. Introduction

With the development of information spreading and communications, Chinese companies are glad to take more advanced experience from global human resource market. High performance work practices (HPWP), also named high performance work systems (HPWS) are being adopted by Chinese companies these years, though to distinct extents. Independently of the extent of its adoption, it is plausible that the philosophy underlying HPWS has had a great influence on the Chinese Human Resource market, affecting outcomes of Chinese companies as previously seen in the West (Luna-Arocas & Camps, 2008).

HPWS is usually taken as universally good in the sense that it offers valid answers to the motivational needs of all kinds of employees. However, different cohorts of generations will adopt different values and give priorities to life choices that may substantially differ from previous ones. Therefore, the assumption of the universal effectiveness of HPWS might be overstated. The entry of large numbers of young workers in Chinese job market is evidence of how the landscape may be changing and age becomes an important variable that must be taken into consideration.

These specific young employees were more influenced by different kinds of new information from the whole world and they have been characterized as being keener on their own freedom, having their own thoughts about career development. Unlike their parents, that pursuit stability and value being loyal to their company, younger employees tend to follow their heart to pursuit their dream. These strongly contrasting motivations cannot have equal match to the profile of younger and older employees. Therefore, there is a need to question whether the assumption about the universal effectiveness of HPWS do applies in this case in China. Although numerous scholars have researched the relationship between HPWS and many

outcomes, such as employee turnover, there is still this doubt about the moderation of age. Such research gap deserves our attention. This dissertation is designed to address this issue by conducting a literature review on HPWS, turnover intention and age-related groups in China to propose a moderation conceptual model where the relationship between HPWS and turnover intention is expected to vary with age. After motivating hypotheses in literature, the study follows with introducing the methodological apparatus used to test hypotheses, characterizing the nature of sampling, measures and data analysis strategy. Then, findings are shown highlighting how they help into supporting or rejecting the hypotheses. The findings are then discussed at the light of theory and its implications both to theory and practice are explored. Finally, limitations and future research opportunities are presented ending with the conclusions that can be drawn from the entire research.

2. Literature review

Literature reviewed concerns the main topics implied in the research problem. Namely, it will start by introducing high performance work systems starting by its conceptual nature and what has been the causal nexus related to its advantages to organizations. Then, we will focus on the literature published about high performance work systems research in China and the key issue of employee turnover especially in young workers, exploring its causes. Lastly, we will review literature linking high performance work systems and employee turnover of younger workers. After reviewing literature in a parsimonious way, the conceptual model is drawn and the hypotheses stated.

2.1. High performance work systems

2.1.1 The concept

High performance work systems (HPWS) emerged in the 1980s as a set of HR practices that help explaining the relatively higher competitive advantage of Japanese work organization when compared to the traditional Tayloristic production mode (Appelbaum & Batt, 1994). According to these authors, four themes characterize these practices, namely job security, autonomous teams, empowerment, and group-based rewards. Due to the many ways HR practices can be seen as aligned or misaligned with the fundamental notion of commitment HRM as against control HRM (Ma, Silva, Callan & Trigo, 2016), many scholars defined high HPWS in many ways. Although being different, HPWS definitions also share some common ground (Tamkin, 2004). This construct matches the category of “umbrella constructs” that Hirsch and Levin (1999) proposed and were historically used in a somewhat loose fashion, to include and account for a diverse set of practices subjectively interpreted.

An important conceptual notion pertains to the distinction between High Performance Work Practices (HPWP) and HPWS. HPWP refers to a set of HR practices that are individually

expected to foster positive outcomes, either at the individual or organizational level. However, it has become a current theme to read scholars' claims that such HR practices should form a coherent, integrated bundle; a system of complementarities whose effect is greater than the sum of its parts (Combs, Liu, Hall & Chen, 2006). In this study, HPWP will be treated as a whole and thus named as a composite unit as HPWS.

It is also common in published research concerning these HPWP/HPWS models that authors assume an underlying causal link flowing from HR practices to organizational performance via the responses of employees (Macky & Boxall, 2007). Among these process variables lie job satisfaction which closely relate to lower turnover intention (Becker, Huselid, Pickus, & Spratt, 1997).

HPWS are also acknowledged for its focus on building stronger social relationships within work settings, via a reinforced team building, as well as building knowledge, skills and attitudes in employees that favor both their work motivation and task performance and motivation (Delery & Shaw, 2001; Evans & Davis, 2005).

2.1.2 The research on HPWS in China

The concept of HPWP / HPWS originated in western countries but China is quite different from these countries. Although these work practices are merging for the past few years, Chinese characteristics must be taken into consideration. In line with this thought Su and Wright (2012) stated researchers must recognize, understand, and incorporate these contextual factors when trying to identify the effective HRM systems in Chinese context.

This concern may be mitigated as regards HPWS because many studies demonstrate that these practices influence organizational performance in many contexts. However, some other scholars argued that some western HPWP may be not effective in China (Björkman & Fan, 2002). Wang et al. (2011) study is very informative as it showed that previous study did not observe clear and strong relationships between HPWS and organizational outcomes in the context of three Asian countries. Also, Liang, Marler and Cui (2012) explicitly addressed how

Chinese characteristics may influence the effectiveness of several practices that comprise HPWS. They proposed that some of these practices may not be as valued in China as they are in the West, e.g. employment security as found in previous empirical research (Xiao & Björkman, 2006). In line with this Chang, Wu and Liu (2018) found evidence, from a sample of 34 HR managers and 354 employees in China, that some HPWP could actually lower job satisfaction. One must keep in mind that the nature of these practices reflects the perceptions of western scholars made from comparison with the Japanese production system back in the 1980s (Appelbaum & Batt, 1994). As a result, Chinese companies are in the process of exploring which format is suitable for their own human resources development.

Along with the globalization, more and more Chinese companies are seeing human resources as a strategic asset, so HPWS are accepted by many companies. And they always connect the high performance work practices to the firms' management performance, and the most direct performance is the talents' intention to quit because it has been found to counter employee lack of engagement (Huang, Ma & Meng, 2018). The economy of China has been showing consistent growth, internationally outstanding, especially in the internet industry, where companies such as Alibaba or Tencent are strongly knowledge intensive and innovation driven (Greeven & Yip, 2019). In these companies, some key employees, that could be considered "talents", have a substantial contribution to products, and if they leave, it may create huge losses for the companies. So, employee retention is critical for many important companies in China although it has been reported that China has a high average employee turnover reaching 19.7% (Aon Hewitt, 2017). Most importantly, the renewal of the workforce in China, with the entry of young employees, is also a factor one should consider. If targeting the internet industry, this consideration becomes even more important because companies in this industry tend to hire many younger employees. So, researching the relation between high performance work practices and intention to quit is vital for the Chinese economy and corporate competition.

2.2. The research of turnover in China

Reports from China consistently reveal that recruiting and retaining skilled employees is extremely challenging in the competitive Chinese labor market. With a 12 to 17 percent turnover rate and a ratio of ten management positions to one qualified Chinese applicant, HR managers have struggled to attract and retain qualified employees (Wang, Bruning & Peng, 2007). The turnover rate, especially the voluntary turnover is about five times higher in China than it is in the USA (Aon Hewitt, 2017). Especially, these days the growing number of young employees that flood into human resource market change the average applicant profile as they have distinct work values from their parents' cohort (James, Colemean & Li, 2020). This age group is seen as being less stable, having distinct personality, and being capable of having the courage of resigning without a plan for the next job. Therefore, we can conclude that learning how to avoid the loss of talents is becoming increasingly significant in China.

2.2.1. The situation of young generation' turnover in China

Since the post-90s graduates (those born after 1990) have a shorter employment life, their career interests are diversified, they pay more attention to personal feelings, and their willingness to change jobs is stronger. In the early stage of employment, if they are not satisfied with the level of salary and benefits, lack of career development opportunities or space, do not adapt to or find it difficult to integrate into the working environment, etc., they will immediately choose to resign, and "naked resignation" (resigning without a future job plan) is not rare (Chinese turnover and Salary Adjustment Report, 2017). Research shows that the higher the proportion of "post-90s" employees in a company, the higher the average turnover rate of employees. Chinese turnover and Salary Adjustment Report (2017) showed that more than 60% of new employees quitted their jobs within two years. In 2017, the average turnover rate (of all industries) in China reached 16% during the last year, the turnover rate of fresh graduates even reached as high as 33%. Martin and Martin (2003) also deemed that young, inexperienced and high education level employees tend to have low level of satisfaction about

jobs and careers, and have lower commitment to the organization, which led to higher turnover intention.

This is detrimental to the corporate interest in many ways, but one that has necessarily to take precedence is the fact that it negatively impacts profit. Profit losses originate from companies having to spend money into recruiting and selecting new employees to replace those who opted out, but also they have to train the new employees and cope with a lack of staff stability that somehow prevents the creation of a sense of team, group belongingness and created higher stress on the employees that tend to remain (Al Mamun & Hasan, 2017). At the same time, the number is striking and force us to investigate whether implementing HPWS will reduce the turnover rate. In addition, organizations may question whether traditional human resource management is no longer suitable for younger knowledge talent employees. Hence, this study is also focusing on questioning: to which extent are the western HPWS a suitable replacement for traditional HRM in China? And are they addressing all workers' concerns and motivations?

2.2.2. Causes of turnover of Chinese young generation

The younger generation in China was born in the period of reforming and open-up, after which the economy developed rapidly and they received information from the whole world, they formed their special rules and thoughts, as well as when they plan their career path, they are not constrained by the traditional regulations, though they choose a job sanely, they can leave the company due to emotionality. The HPWS in Chinese setting, in MacDuffie (1995, p.200) terms, 'bundling' of work practices is critical in HPWSs: "it is the combination of practices into a bundle, rather than individual practices, which shapes the pattern of interactions between and among managers and employees". As a result of the younger employees' need for more respect, need to have a voice that can be heard, need for a bright career development, we can draw inspiration from Self-Determination Theory (Deci & Ryan, 2000), that it is not the extrinsic reward which motivates performance but rather the way it is managed (Miao, Rhee &

Jun, 2020). It is enough to demonstrate that the way company conducts the human resource management that is critical.

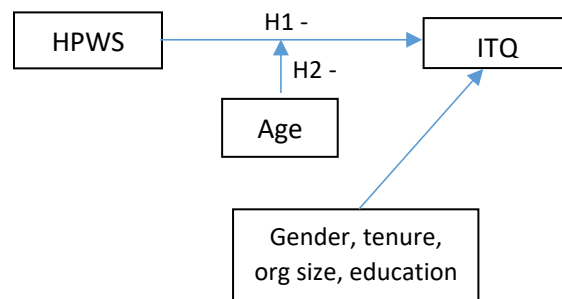
2.3. The relationship between HPWS and young staff's turn over in Chinese Company

China has not only been in a phase of economy fast growth, but China is also in a fierce competition for smart brains. Hence, knowing how to retain talents, especially younger creative employees, is significant in these days. Wang et al. (2007) proposed that state-owned companies can enhance their competitiveness through greater reliance on human resource management (HRM) practices that promote organizational flexibility, facilitate environmental adaptability, and support organizational learning, including more extensive teamwork, more extensive and thorough training, performance management, and worker 'empowerment' (significant delegation of authority to lower level employees and greater autonomy and discretion on the part of lower level employees). Even though firms may vary with regards to the degree to which these approaches are utilized, these techniques compose what is generally termed 'high-performance work systems' (HPWSs). In addition, the level of HPWSs penetration (i.e. the proportion of employees working under such systems) may differ among firms. The empirical evidence indicates increasing adoption of HPWS techniques by US firms (Lawler, Mohrman & Ledford 1998). Bae et al. (2003) found these techniques to be closely linked to organizational competitiveness in East and Southeast Asia (Wang et al., 2011).

Meanwhile, more and more young staff pour into human resource market in China, which brings huge challenges to company management. Among these challenges is the turnover rate, as it can result in important costs for organizations. Reminding, the specific HPWSs comprehend practices intended to leverage job security, selective hiring, team autonomy, generous contingent compensation, extensive training, low status distinction, extensive sharing of financial / performance, performance management and career management. In a first reading, these practices are plausibly operating in a systemic way to

counter turnover intention. Thus, HPWS might be important when one considers the Chinese turnover and Salary Adjustment Report (2017) that indicates that as employees in some industry are generally younger and expect more development opportunities and promotion space, the voluntary turnover rate of employees is significantly higher than in other traditional industries. Most importantly, the popular industries attract talents intensely, moreover, these industries such as Internet, fintech are growing up rapidly and changing with each passing day. Additionally, younger people who would like to work in these industries are more flexible, but when they think the company cannot meet their job request, they will leave the firm without hesitation. So, when we talk about the relation between HPWS and turnover, we should take every aspect into account, the specific HPWP, the extent of HPWP, the character of each firm, the people and so on.

Figure 1.1 - Conceptual model



Hypotheses:

H1: HPWP negatively associates to ITQ

H2: Age moderates the negative relation between HPWP and ITQ in such a way that at younger age the effect is stronger

All hypotheses are tested controlling for the effect of gender, tenure, organizational size and education.

3. Method

3.1. Procedure

We designed the questionnaire and put it on-line through the website of Wenjuan Xing, making it available from June to August 2019. The people who would like to voluntarily participate in the survey could use the link and have free and anonymous access to the questionnaire online. Participants could drop out at any time without consequence. The filling average time was estimated at 7 minutes.

3.2. Data analysis strategy

The first priority was to analyze inconsistent responses and data that lacks credibility based on suspicion of lack of attention (i.e. when participants' choices are monotonous or contradictory). The second priority was to check validity and reliability issues and ascertain that the measures are usable for further analyses. For these purposes we have conducted factor analysis (confirmatory as the measures are already existent in the literature) and Cronbach alpha adopting the commonly prescribed threshold of .70 (Nunnally, 1994).

A valid measure must meet fit indices as prescribed by Hair et al. (2010), namely, X^2/df below 3 preferably with a non-significant p-value, plus CFI >.92, TLI>.92, and both RMSEA and SRMR below .08. As a complement, convergent validity is usually required as a technical procedure being measured via AVE (Fornell & Larcker, 1981) which should attain the .500 threshold. Lastly, the measurement quality requires the test of reliability, as stated. If the database is trustable and the measures are psychometrically good (valid and reliable) we can proceed to testing the research model, i.e. testing the hypotheses. Considering the model (a simple moderation) we will use PROCESS Macro (Hayes, 2018) that has the advantage of simultaneously test all effects, and giving assurance about data distribution by conducting a bootstrapping procedure. Following Hayes (2018) recommendation we choose to define 5000 repetitions and using a 95% confidence interval to judge on effect significance. Technically, the

effect is significant (or meaningful) if the lower and upper bounds for the 95% confidence interval do not include the value “zero”, otherwise this value is a statistical possibility that suggests we cannot take the effect as meaningful.

3.3. Sample

The sample comprises 236 working population, young (64% below 35 years old, Table 3.1), roughly gender balanced (52.5% female), and highly educated (86% with a bachelor or higher degree, Table 3.2).

Table 3.1 – Age groups

	Frequency	Percent	Valid Percent	Cumulative Percent
18-24	49	20,8	20,8	20,8
25-34	102	43,2	43,2	64,0
35-44	50	21,2	21,2	85,2
45-55	31	13,1	13,1	98,3
above 55	4	1,7	1,7	100,0
Total	236	100,0	100,0	

Table 3.2 – Education

	Frequency	Percent	Valid Percent	Cumulative Percent
below high school	6	2,5	2,5	2,5
high school or equivalent	27	11,4	11,4	14,0
bachelor	153	64,8	64,8	78,8
master	41	17,4	17,4	96,2
doctor	9	3,8	3,8	100,0
Total	236	100,0	100,0	

Participants varied in reported professional tenure ranging from one year to more than 10 years (Table 3.3). Only a minority works in manufacture (24.6%) with the large majority

working in service industry (75.4%) in larger than 100 employee organizations (59.7%, Table 3.4).

Table 3.3 – Working experience

	Frequency	Percent	Valid Percent	Cumulative Percent
within 1 year	21	8,9	8,9	8,9
1-3 years	39	16,5	16,5	25,4
3-5 years	45	19,1	19,1	44,5
5-10 years	50	21,2	21,2	65,7
above 10 years	81	34,3	34,3	100,0
Total	236	100,0	100,0	

Table 3.4 – Organizational size

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid below 10	17	7,2	7,2	7,2
10-20	14	5,9	5,9	13,1
20-50	37	15,7	15,7	28,8
50-100	27	11,4	11,4	40,3
above 100	141	59,7	59,7	100,0
Total	236	100,0	100,0	

3.4. Measures

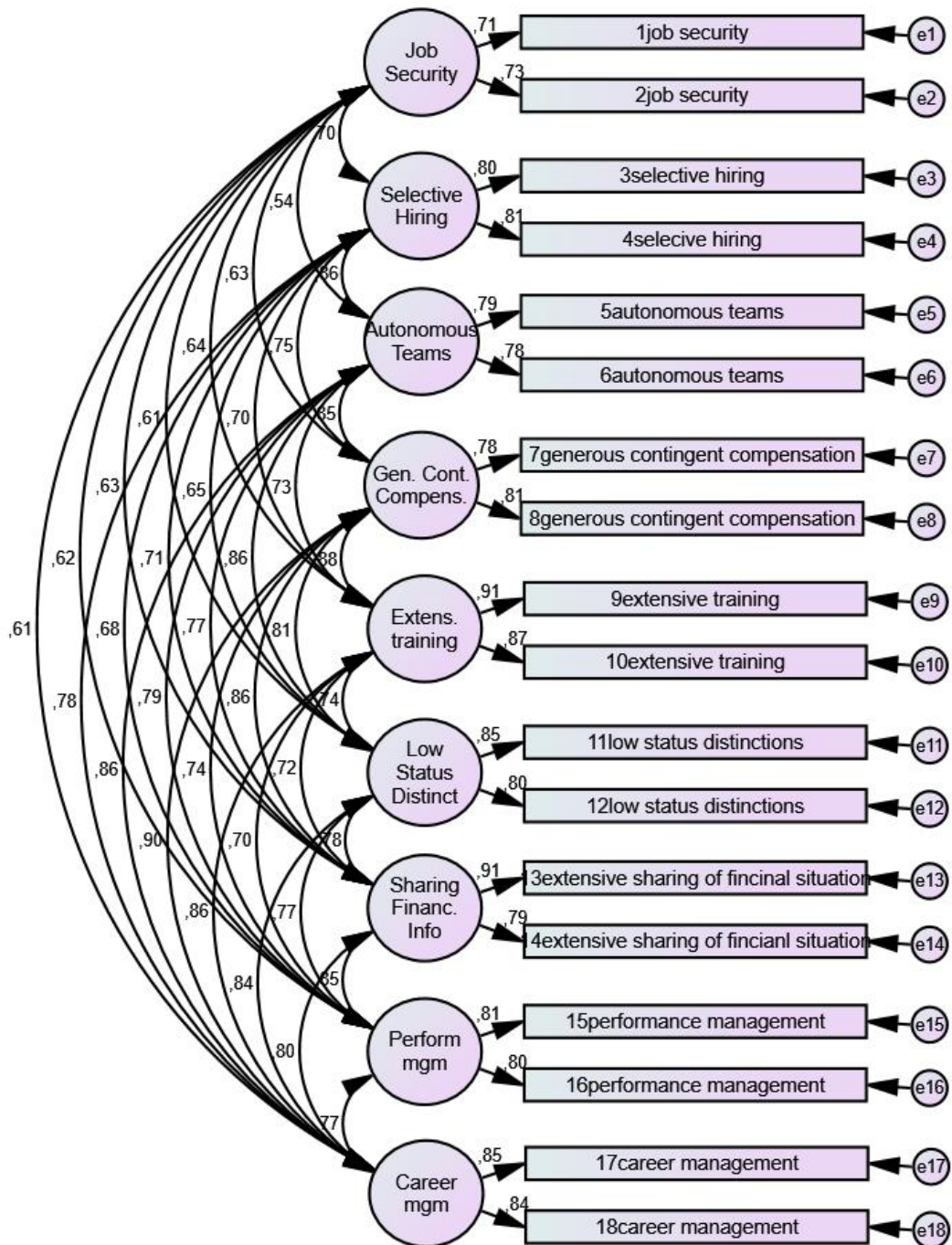
High performance work practices (HPWP) were measured following Boon, Hartog and Lepak (2019) indication on Pfeffer’s (1998) nine practices. Each practice was operationally defined with two items, as follows: 1) Job security (e.g. “for my company job security is part of its culture”), 2) Selective hiring (e.g. “New employees are selected based on rigorous tests (e.g. skills tests, aptitude tests, mental/cognitive ability tests) or interview panels.”), 3) autonomous teams (e.g. “Employees are involved in programs designed to encourage participation - quality

circles, problem-solving or similar groups”), 4) Generous contingent compensation (e.g. “In my company employees receive above average compensation and benefits”), 5) Extensive training (e.g. “My company offers intensive/extensive training in technical and soft skills”, 6) Low status distinction (e.g. “In my company there is a culture of equal treatment between everybody.”, 7) Extensive sharing of financial / performance (e.g. “My company provides relevant financial performance information to all employees”, 8) Performance management (e.g. “In my company performance feedback comes from more than one source”, 9) Career management (e.g. “In this company the opportunities to have a promotion are based upon merit or performance”). Respondents signaled their answers in a 7-point Likert scale ranging from “Strongly disagree (1) to Strongly agree (7). The CFA conducted for this 9-factor model showed good fit indices ($\chi^2/108=2.358$, $p<.001$, CFI=.949, TLI=.927, RMSEA=.076, SRMR=.043) and the minimum reliability value (the lowest reliability value found in all 9 factors) is .680, which is very close to the threshold of .700. However, all other reliability values are above .762 and the full scale reliability is .949. All AVE for the factors are above .500 thus indicating convergent validity and therefore, we conclude that the scale is both valid and reliable.

Turnover intention was measured with a scale produced by Mobley et al. (1979) that comprehends four items, namely: “I often talk about leaving my current employer”, “I will be probably looking for a new job within one year”, “I am determined to leave for a new career opportunity”, and “I am probably leaving because of bad prospects of this company”. Respondents signaled their answers in a 7-point Likert scale ranging from “Strongly disagree (1) to Strongly agree (7).

Age was taken as the moderator variable as was measured through five age groups comprehending the following intervals: (1) 18-24 years old, (2) 25-34, (3) 35-44, (4) 45-55, and (5) above 55 years old.

Figure 3.1 – CFA for HPWP



For sample description and control purposes we have included gender (1=Male, 2=Female), education (1="below high school", 2="high school", 3="bachelor", 4="master", 5="doctor"), and professional tenure / working experience (1="<1 year", 2="1-3 years", 3="3-5 years", 4="5-10 years", and 5=">10 years"). Additionally, we asked for organizational size (1="<10 employees", 2="10-19", 3="20-49", 4="50-100", and 5=">100 employees") and the sort of industry where the organization operate (1="Services", 2="Manufacture").

4. Results

The descriptive and bivariate statistics show that the participants tend to report the existence of HPWP taken as a whole (HPWS) although it is not very far from the midscale point, and the same occurs as regards intention to turnover (with a mean of 3.39, slightly above the scale midpoint of 3). Gender has not significant correlation with any of the other variables and age, as expectable, is only correlated with work tenure. Interestingly, education is negatively correlated to HPWS perceptions meaning more educated participants tend to report less HPWS, and positively correlated with organizational size, meaning larger organizations tend to employ more qualified employees. Most informative for our sequential hypothesis testing is the significant negative correlation found between HPWS and intention to turnover.

Table 4.1. – Descriptive and bivariate statistics

	min-max	mean	s.d.	gender	age	education	Work tenure	Org_size	HPWS
Gender	1-2	52.5%	-	1					
		F							
Age	1-5	2.32	1.00	-.105	1				
Education	1-5	3.08	.73	.029	-.077	1			
Work_tenure	1-5	3.56	.1.34	-.081	.793**	-.104	1		
Org_size	1-5	4.11	1.28	-.001	.073	.217**	.107	1	
HPWS	1-7	4.75	1.26	-.076	.048	-.136*	-.040	-.020	1
ITQ	1-7	3.39	1.60	.021	-.070	.020	-.111	.017	-.383**

The model comprehends two hypotheses: the first concerns the direct effect between HPWP and Turnover Intentions, and the second hypothesis concerns the moderation effect from age upon the direct effect. It is important to state that the absence of the direct effect does not prevent us from testing the moderation effect because a possible non-significant direct effect can occur precisely because of an existing moderation. The Process Macro produces an output that shows the direct effect, its p-value, the 95% confidence interval lower and upper bounds as well as the variance accounted in the dependent variable (turnover intention) and finally, the interaction effect. In this model, as stated, the predictor is HPWP, the

dependent variable is turnover intention and the moderator is age. We have included as covariates the gender, education, and working experience.

The model test showed the overall accounted variance in ITQ is 21.37% (see Table 4.2).

Table 4.2 - Model summary for ITQ

Dependent variable	Model Summary						
	R	R-sq	MSE	F	df1	df2	p
ITQ	.4623	.2137	2.0799	8.8540	7	228	.0000

For parsimony sake, we will show the full tests in a single table (4.3) while highlighting findings according to the hypotheses.

The direct effect between HPWS and ITQ showed a significant negative association ($B = -0.5193$, $p < .0001$, CI95 [-.6693; -.3693]). Age has no association with ITQ ($B = .1881$, $p = .2299$, CI95 [-.1197; .4958]) and the interaction effect is meaningful ($B = .2726$, $p < .001$, CI95 [.1158; .4293]). This supports H1 (HPWP negatively associates to turnover intention) as well as H2 (Age moderates the negative relation between HPWP and turnover intention in such a way that at younger age the effect is stronger).

Table 4.3 - Moderation models test for HPWP, age and interaction term

Dependent variable	Model						
		coeff	se	t	p	LLCI	ULCI
ITQ	constant	4.6523	.6953	6.6915	.0000	3.2824	6.0223
	HPWP	-.5193	.0761	-6.8218	.0000	-.6693	-.3693
	Age	.1881	.1562	1.2039	.2299	-.1197	.4958

Int_1	.2726	.0759	3.4269	.0007	.1158	.4293
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In order to understand how the moderation operates we need to analyze both the moderation graphic as well as finding the value of the moderator where the relationship between HPWP and the dependent variables changes. Johnson-Neyman table (4.4) indicates the conditional effects of the predictor based on age values and is useful precisely to determine how the direct effect changes depending on the moderator.

For ITQ, the Johnson-Neyman table indicates the association with HPWS is significant until the age reaches the standardized value of 1.0796 that corresponds to the real age interval of 3.7 (that falls between the 35-44 and 45-55 age groups). Roughly, we can assume it will be in the vicinity of 45 years old. After this age, HPWS is no longer related to ITQ.

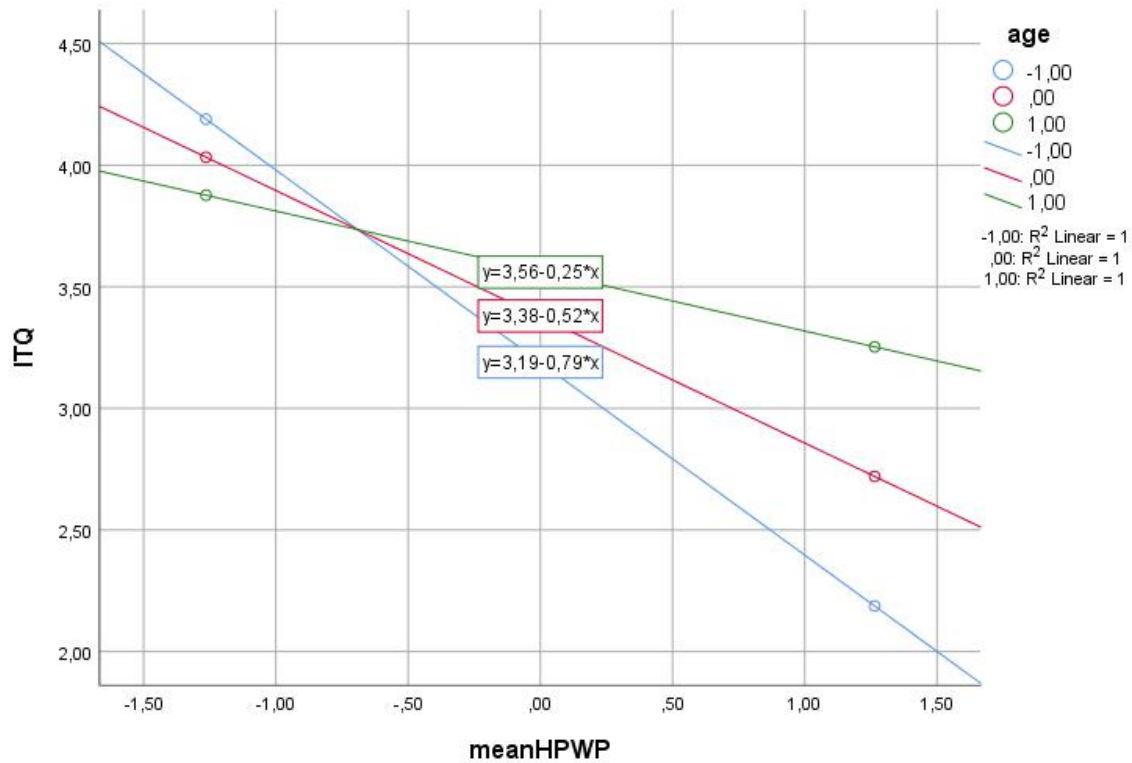
Table 4.4 – Conditional effect of HPWP at values of Age

age	Effect	se	t	p	LLCI	ULCI
-1,3178	-,8785	,1301	-6,7499	,0000	-1,1349	-,6220
-1,1178	-,8240	,1176	-7,0058	,0000	-1,0557	-,5922
-,9178	-,7695	,1060	-7,2599	,0000	-,9783	-,5606
-,7178	-,7149	,0956	-7,4783	,0000	-,9033	-,5266
-,5178	-,6604	,0869	-7,5994	,0000	-,8317	-,4892
-,3178	-,6059	,0804	-7,5320	,0000	-,7644	-,4474
-,1178	-,5514	,0768	-7,1808	,0000	-,7027	-,4001
,0822	-,4969	,0763	-6,5090	,0000	-,6473	-,3465
,2822	-,4424	,0791	-5,5890	,0000	-,5983	-,2864
,4822	-,3878	,0849	-4,5683	,0000	-,5551	-,2206
,6822	-,3333	,0930	-3,5825	,0004	-,5167	-,1500
,8822	-,2788	,1030	-2,7065	,0073	-,4818	-,0758
1,0796	-,2250	,1142	-1,9704	,0500	-,4500	,0000
1,0822	-,2243	,1143	-1,9616	,0510	-,4496	,0010
1,2822	-,1698	,1267	-1,3405	,1814	-,4194	,0798
1,4822	-,1153	,1397	-,8251	,4102	-,3905	,1600

1,6822	-,0608	,1533	-,3964	,6922	-,3628	,2413
1,8822	-,0062	,1673	-,0373	,9703	-,3359	,3234
2,0822	,0483	,1816	,2658	,7906	-,3095	,4061
2,2822	,1028	,1961	,5240	,6008	-,2837	,4893
2,4822	,1573	,2109	,7459	,4565	-,2583	,5729
2,6822	,2118	,2258	,9380	,3492	-,2331	,6568

The moderation graph (4.1) converges with these findings and indicates that younger participants have more positive reaction to HPWS as they have less turnover intention due to HPWP. However, older workers (especially those with 45 or more years old) show turnover intention values that are not dependent on HPWS.

Graph 4.1 – Moderation effect for ITQ



Overall, both H1 and H2 are supported by findings and thus HPWS has a negative effect on ITQ, thus HPWS are overall effective in retaining employees, but findings also showed that this effect is significant only for the younger employees, which suggest HPWS is more suitable to retain younger employees.

5. Discussion and Conclusion

5.1. Findings

We seek to make two theoretical contributions, one already well established and the other of a novel nature. Firstly, we intended to test a correlation between HPWS and intention to quit with the expectation it is negative. Then, we intended to test whether HPWS is having more influence in young staff than the elders in Chinese companies.

As mentioned, cultural values have an obvious effect on the choice and specific nature of the HPWPs adopted (Luna-Arocas & Camps, 2008). Similarly, the effect of HPWS is expected to be different precisely due to contingencies, such as work values. Some related research even showed that HPWS is having no influence on turnover rate. For example, Altarawmneh and Al-Kilani (2010), using data from the Jordanian hotel sector, found no statistical evidence regarding the effects of HRM practices on employees' turnover intentions, and no relationship between their age and intention to leave. And what is worse, a study which mainly investigate the relationship about HPWS and employees shows that with the deepening of research, some studies have found that while improving organizational performance, the HPWS raises the performance standards of employees from the perspective of objectives, strengthens the control over employees, and leads to the role overload of employees, which has a negative impact on employee happiness and performance (Jiaoyang & Baixinwen, 2017). So, not all studies converge in upholding HPWS has only positive results for organizations and employees. However, most literature does, and our findings based on 236 questionnaires from all different kinds of companies did show that HPWS negatively affect the turnover intention in our sample. What is most important, findings show such effect is sensible to the age of employees, which is of especial meaning for HRM in China. It is critical to know that HPWS has a greater effect on younger employees. The explanation relates with work values as Liu (2011) found, thus considering that work values may change with sex, age, marital status, education, position level and so on, especially with age. This is in line with cohort or generation focused research in

organizations and highlights the phenomenon of generation gap, which is quite expectable given that generations build their common values based on the historic time. Knowing that higher turnover intention is found in the younger employees in China (Liu, 2011) findings are highly relevant as they suggest younger employees are also those that more strongly and positively respond to HPWS. This has implications for HRM in China, namely that firm should renew HRM beliefs and transpose those into a systemic HPWS policy and practice so to guide the young employees, provide bright career development space, give more respect to be able to motivate, nurture and retain talents, not only to improve organizational competitiveness through innovation but also to reduce the huge burden that comes from not being able to comply with people wishes and aspirations at work.

5.2. Limitations and suggestion for future study

As a study that relies in primary data, it is not infrequent that sample size is relatively small. Indeed, such was the case for this study that relies on a small sample and so, extrapolation of findings to Chinese context is unlikely. One advantage of this sample is that it is targeting the right young qualified employees (86% is accepted in university education) that are at the core of the talent retention purpose, but indeed most of Chinese workforce does not have such profile. Future studies may benefit from investing in a more comprehensive sample range including both the low-level education staff and eventually a stronger representation of all age groups. Likewise, we opted not to segment the HPWP although to learn about what is meant by an HPWP, we need to examine each of these concepts in turn. Future research may gain in exploring which part of HPWS is playing the role and has the strongest effect on intention to quit. We acknowledge HR practices operate as a whole, but they may also be subjected to aggregations within HPWS that offer distinct functions to the organizational management. Lastly, the sample is very inclusive so to reflect the true variety in work settings with many industries. However, such may bring confounding effects blurring the true differences that each industry type has because HRM and productivity vary according to industry (Datta, Guthrie & Wright, 2005). Consequently, future research may benefit from

focusing on a specific set of industries or test for its moderation role, the heterogeneity of company and even the department of talents, the more specific, the more relevant. This will reflect Future research should consider what HPWPs, and under what conditions, influence turnover and other employee and organizational outcomes (Selden & Sowa, 2015). In addition, the current research is targeting only Chinese employees, but because economies tend to be regionally integrated, future studies may enlarge the target professionals, to Asia or even the whole world.

In conclusion, the purpose of this research is to analyze the model of how HPWS affect the turnover rate, and if there is a boundary conditions pertaining to employee age. The conclusion is that the hypothesized interaction made sense and so the younger generation employees are more sensitive to the positive effects of HPWS. The study provides the practical significance on how to manage young talents in a fast-changing economy, fill the gap about when HPWS affect the staffs taking into consideration age, to make a foundation for modern human resource management, to provide new thought on young talents' guidance.

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ANNEX A

SPSS output

Run MATRIX procedure:

***** PROCESS Procedure for SPSS Version 3.4 *****

Written by Andrew F. Hayes, Ph.D. www.afhayes.com
 Documentation available in Hayes (2018). www.guilford.com/p/hayes3

Model : 1
 Y : ITQ
 X : meanHPWP
 W : age

Covariates:
 gender workexpe educatio sizeofor

Sample
 Size: 236

OUTCOME VARIABLE:
 ITQ

Model Summary

	R	R-sq	MSE	F	df1	df2	p
	,4623	,2137	2,0799	8,8540	7,0000	228,0000	,0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	4,6523	,6953	6,6915	,0000	3,2824	6,0223
meanHPWP	-,5193	,0761	-6,8218	,0000	-,6693	-,3693
age	,1881	,1562	1,2039	,2299	-,1197	,4958
Int_1	,2726	,0795	3,4269	,0007	,1158	,4293
gender	-,0053	,1899	-,0280	,9777	-,3794	,3688
workexpe	-,3026	,1169	-2,5893	,0102	-,5329	-,0723
educatio	-,1266	,1340	-,9444	,3460	-,3907	,1375
sizeofor	,0484	,0761	,6356	,5257	-,1015	,1983

Product terms key:

Int_1 : meanHPWP x age

Test(s) of highest order unconditional interaction(s):

	R2-chng	F	df1	df2	p
X*W	,0405	11,7436	1,0000	228,0000	,0007

Focal predict: meanHPWP (X)
 Mod var: age (W)

Conditional effects of the focal predictor at values of the moderator(s):

age	Effect	se	t	p	LLCI	ULCI
-1,0004	-,7920	,1107	-7,1569	,0000	-1,0100	-,5739
,0000	-,5193	,0761	-6,8218	,0000	-,6693	-,3693
1,0004	-,2466	,1096	-2,2507	,0254	-,4625	-,0307

Moderator value(s) defining Johnson-Neyman significance region(s):

Value	% below	% above
1,0796	85,1695	14,8305

Conditional effect of focal predictor at values of the moderator:

age	Effect	se	t	p	LLCI	ULCI
-1,3178	-,8785	,1301	-6,7499	,0000	-1,1349	-,6220
-1,1178	-,8240	,1176	-7,0058	,0000	-1,0557	-,5922
-,9178	-,7695	,1060	-7,2599	,0000	-,9783	-,5606
-,7178	-,7149	,0956	-7,4783	,0000	-,9033	-,5266
-,5178	-,6604	,0869	-7,5994	,0000	-,8317	-,4892
-,3178	-,6059	,0804	-7,5320	,0000	-,7644	-,4474
-,1178	-,5514	,0768	-7,1808	,0000	-,7027	-,4001
,0822	-,4969	,0763	-6,5090	,0000	-,6473	-,3465
,2822	-,4424	,0791	-5,5890	,0000	-,5983	-,2864
,4822	-,3878	,0849	-4,5683	,0000	-,5551	-,2206
,6822	-,3333	,0930	-3,5825	,0004	-,5167	-,1500
,8822	-,2788	,1030	-2,7065	,0073	-,4818	-,0758
1,0796	-,2250	,1142	-1,9704	,0500	-,4500	,0000
1,0822	-,2243	,1143	-1,9616	,0510	-,4496	,0010
1,2822	-,1698	,1267	-1,3405	,1814	-,4194	,0798
1,4822	-,1153	,1397	-,8251	,4102	-,3905	,1600
1,6822	-,0608	,1533	-,3964	,6922	-,3628	,2413
1,8822	-,0062	,1673	-,0373	,9703	-,3359	,3234
2,0822	,0483	,1816	,2658	,7906	-,3095	,4061
2,2822	,1028	,1961	,5240	,6008	-,2837	,4893
2,4822	,1573	,2109	,7459	,4565	-,2583	,5729
2,6822	,2118	,2258	,9380	,3492	-,2331	,6568

Data for visualizing the conditional effect of the focal predictor:
 Paste text below into a SPSS syntax window and execute to produce plot.

```

DATA LIST FREE/
  meanHPWP age ITQ .
BEGIN DATA.
  -1,2641 -1,0004 4,1895
  ,0000 -1,0004 3,1884
  1,2641 -1,0004 2,1873
  -1,2641 ,0000 4,0329
  ,0000 ,0000 3,3765
  1,2641 ,0000 2,7201
  -1,2641 1,0004 3,8764
  ,0000 1,0004 3,5646
  1,2641 1,0004 3,2529
END DATA.
GRAPH/SCATTERPLOT=
  meanHPWP WITH ITQ BY age .
  
```

***** ANALYSIS NOTES AND ERRORS *****

Level of confidence for all confidence intervals in output:
 95,0000

W values in conditional tables are the mean and +/- SD from the mean.

NOTE: The following variables were mean centered prior to analysis:
 age meanHPWP

NOTE: Standardized coefficients not available for models with moderators.

NOTE: Variables names longer than eight characters can produce incorrect output.
 Shorter variable names are recommended.

----- END MATRIX -----