
A Cross-level Study on the Impact of Strategic Human Resource Management on Employee In-role Performance

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Abstract:

Based on social exchange theory, strategic human resource management (SHRM) has a positive effect on employee in-role performance. However, the existing researches are still insufficient in the research level and mechanism. This paper examines the cross-level impact of SHRM on employee in-role performance, and tests the mediating effect of psychological contract and the moderating role of Chinese traditionality. Taking 51 enterprises and 1015 employees as research objects, this study established a cross-level analysis model. The results of HLM empirical analysis show that: (1) SHRM has a significant cross-level positive impact on in-role performance. (2) SHRM improves in-role performance through improving balanced and relational psychological contract. SHRM improves in-role performance through depressing transactional psychological contract. (3) Chinese traditionality moderates the relationship between relational psychological contract, transactional psychological contract and in-role performance.

Keywords: *Cross-level regression analysis, Strategic human resource management, Psychological contract, Chinese traditionality, In-role performance, HLM.*

I. INTRODUCTION

The human resource management system with internal matching and external adaptability can improve organizational performance, thus help enterprises establish core competitiveness and achieve sustainable and healthy development. Strategic human resource management (SHRM) is a combination system of planned human resource allocation and management practices to achieve organizational strategic goals, which has the characteristics of internal matching and external matching[1]. Although the relationship between SHRM and organizational performance has been verified many times, the "black box" between the two

needs to be further explored[2].The key chain in the black box is how SHRM affect employee attitudes and behaviors, and improve employee performance, which ultimately benefits the organization.

Previous studies have shown a positive correlation between SHRM and employee well-being and organizational commitment[3], and SHRM would enhance in-role performance and extra-role performance[4,5], and improve organizational performance [1]. In-role performance is often described as the behavior approved by the official compensation system, which belongs to the requirements described in the job description[6].Compared with organizational citizenship behavior, in-role performance has a more significant impact on organizational performance, because it is derived from decomposition of organizational strategic objectives and job responsibilities. It also shows that the impact of SHRM on in-role performance is of more research value. However, some studies used SHRM perceived by employees as a research variable, which differed significantly from SHRM implemented by organizations[3]. From the perspective of enterprise practice, the study of SHRM implemented by the organization has more practical significance.

In recent years, more and more researches have been conducted to elaborate the effect of SHRM on employee performance with the help of social exchange theory, most of which take organizational support as the mediate variable. However, organizational support is a one-sided perception of employee on organization contribution, lacking of bilateral responsibility cognition from interaction, which cannot fully describe the exchange relationship between employees and employers.It's worth noting that psychological contract (PC) based on social exchange theory can make up for this defect.Psychological contract refers to employees' perception and belief system of mutual responsibility between themselves and the organization in the employment relationship. It usually includes three types: relational PC, transactional PC and balanced PC[7].Unfortunately, most of the existing researches examined psychological contract from the perspective of whether the exchange relationship occurs or not, and some recent studies have emphasized the importance of psychological contract types[8].In research field about the function mechanism of SHRM, the mediating effect test of psychological contract types is still rare, conclusions of which are not uniform.

In addition, situational factors from Chinese cultural background influence the process of social exchange everywhere. Among them, Chinese traditionality rooted in the value of "authority obedience" plays a more prominent role.Chinese traditionality refers to the degree to which employees accept and conform to class relationships in a traditional Confucian society [9]. It is confirmed that traditionality mediates the effect of psychological contract on employee behavior[5].On the basis of attraction-selection-attrition theory, those staffs who match the organizational values are easily attracted by the organization, easily accepted by the organization, and work in the Organization for a long time, while the employees who differ greatly from the organization cultural values may not join in or exit the organization.Therefore, employees in a same organization will show convergence in values. Farh et al. [9] also argued that traditionality could be measured as both a micro variable at individual level and a macro

variable at organizational and social level. However, most of the existing studies took traditionality as individual level variable. The moderating effect of traditionality at organizational level is still lack of sufficient empirical evidence.

Therefore, based on the theoretical framework of social exchange, this study establishes a research framework, as shown in Fig1. In particular, this paper explores the cross-level mechanism of organizational level SHRM on in-role performance, explores the mediating role of three types psychological contract, and analyzes the cross-level moderating role of Chinese traditionality. The research framework is shown as Fig 1.

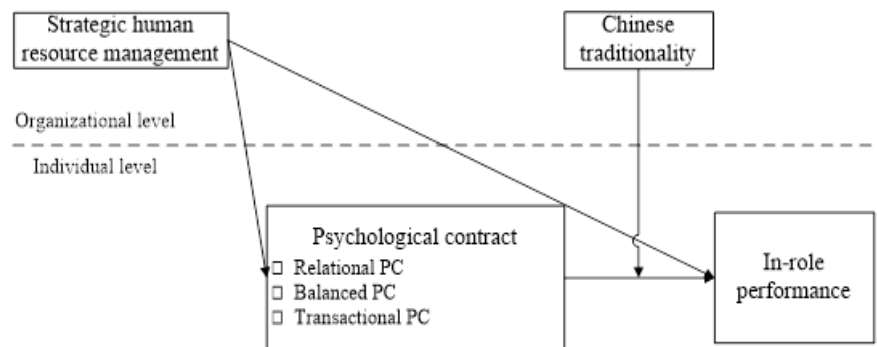


Fig 1: theoretical framework

II. THEORY AND HYPOTHESES

2.1 SHRM and In-role Performance

Compared with single or scattered human resource practice, SHRM with internal consistency has a greater impact on employee and enterprise performance. According to social exchange theory, employees and enterprises are in an interdependent exchange relationship. One party's behavior is affected by the other party. Both sides complete social exchange through valuable resource transactions[10]. Enterprises and employees are in a typical social exchange relationship. Strategic human resource management and in-role performance are valuable exchange resources that both sides can use. Employees get benefits such as support, reward, resources and opportunities from SHRM. Based on the principle of reciprocity, employees will adjust their in-role performance as a reward to the enterprise[4,5]. Therefore, it is proposed that:

Hypothesis1: SHRM has a cross-level positive effect on employee in-role performance.

2.2 The Mediating Role of Psychological Contract

As a system of perception of the rights and obligations of both parties in the employment relationship, psychological contract (PC) is essentially the social exchange relationship between employees and organizations. According to two dimensions, which are duration (short-term; open) and the degree of correlation between performance and reward (high correlation; low correlation or no correlation), psychological contract is divided into three types[7]. Relational psychological contract emphasizes open relationship based on trust, and the connection between employee compensation and performance is loose. Employees with relational psychological

contracts pay more attention to social emotional exchange than to economic conditions. Transactional psychological contracts emphasize short-term responsibility, fixed or explicit performance requirements, limited employee participation, and focus on economic exchange. Balanced psychological contract emphasizes dynamic and open relationship, and at the same time focuses on enterprise economic value and employee career development, fusing economic exchange and emotional exchange.

According to social exchange theory, organizational exchange action can affect the relationship between staff and organizations: when organization cares about staff and takes action, exchange relationship will emerge and develop accordingly[10]. This study uses psychological contract to describe exchange relationship between employees and employers, while SHRM is an important organizational exchange behavior. Psychological contract comes into being and develops with the interaction between employees and organizations, which usually starts from recruitment and is continuously affected by human resource practice activities. Psychological contract is essentially the cognitive process of employees to the practice of human resources[11]. Therefore, SHRM has a certain predictive effect on psychological contract. When organizations provide employees with long-term employment and continuous training through SHRM, balanced and relational PC will be improved, and transactional PC will decrease [7]. Previous studies have also reached the same conclusion[4,5]. Therefore, it was proposed that:

Hypothesis 2: SHRM has a significant cross-level positive impact on relationship psychological contract (H2-1) and balanced psychological contract (H2-2), and has a significant cross-level negative impact on transactional psychological contract (H2-3).

Based on social exchange theory, fair and favorable exchange actions of organization will produce exchange relationship, and exchange relationship can further produce positive attitude and efficient behavior of employees, and social exchange relationship plays a role of intermediary bridge[10]. The mechanism that strategic human resource management can improve employee performance lies in the formation of beneficial social exchange relationship between employees and employers. Some studies have supported the mediating role of relational PC and transactional PC between SHRM (Level 2) and employee output (Level 1)[5,12]. Therefore, it was predicted that:

Hypothesis 3: Relational PC (H3-1), balanced PC (H3-2) and transactional PC (H3-3) play a cross-level mediating role between SHRM and employees' in-role performance.

2.3 The Moderating Role of Traditionality

According to social exchange theory, the exchange relationship between employees and organizations will affect their exchange actions. In-role performance is an important exchange resource for employees. Therefore, psychological contract will affect in-role performance. Employees respond to different types of psychological contracts based on exchange principles. According to the definition of psychological contract[7], those employees with transactional PC only act to be rewarded. Since in-role performance is recognized by formal compensation system, employees in transactional psychological contracts will focus on in-role performance as

a reciprocal reward. The employees of relational psychological contract are good citizens of the enterprise, they will do good behavior for the enterprise, and in-role performance is beneficial to the enterprise, so relational psychological contract can improve in-role performance. Balanced psychological contract employees believe that they have the responsibility to achieve the required performance goals that contribute to the competitiveness of the enterprise, and in-role performance belongs to this category of performance goals. Therefore, balanced psychological contract can also improve in-role performance.

The conclusions of previous empirical studies are not uniform. Long et al.[8] found that relational PC and transactional PC positively affect employees' in-role performance. However, in the study of Chien and Lin[4], the effect of three types psychological contract on in-role performance were all not significant. This study will further test the prediction function of different types of psychological contract on in-role performance through empirical analysis. To sum up, the following assumptions were put forward.

Hypothesis 4: Balanced PC (H4-1), relational PC (H4-2) and transactional PC (H4-3) have positive effects on in- role performance.

In the social exchange process, employees mainly respond to psychological contract based on the principle of reciprocity, thus taking employee performance as the exchange reward to the organization. Chinese traditionality affects employees' understanding and acceptance of reciprocity principle.

The moderating effect of organizational-level Chinese traditionality is demonstrated in the following two ways. Firstly, organizational-level Chinese traditionality will permeate to the employee level, which will affect the degree of employee's self-compliance to the reciprocity principle. High-traditionality employees have stronger belief in authority and obedience, they act in accordance with the responsibilities assigned to them by their social roles, and they are not easily affected by the comparison result of incentives and contribution [9].Accordingly, traditionality will weaken the predictive function between psychological contract and in-role performance. Secondly, Chinese traditionality at the organizational level can lead to group pressure or leadership pressure, which may result in employees being forced to do some reciprocal behavior. When Chinese traditionality of organization is high, the leaders and most employees of the organization respect and abide by the responsibility and obligation given by the social role. For a small number of low-traditionality employees, they may be forced to fulfill social role expectations involuntarily for utilitarian motives due to perceived group pressure or leadership pressure. In a word, in high-traditionality organizations, for voluntary or passive reasons, employee behavior is less affected by the balance between incentives and contributions. Therefore, it was predicted that:

Hypothesis 5: traditionality reduces the predictive effect of relationship PC (H5-1), balanced PC (H5-2), transactional PC (H5-3) on in-role performance. Compared with high-traditionality, psychological contract has a stronger impact on in-role performance in low-traditionality organizations.

III. METHODOLOGY

3.1 Sample

The validity and purification items of the scale were tested by pre-survey, and then the enterprises were selected by convenient sampling. Each enterprise includes 2 sets of questionnaires. HR manager fills in the SHRM questionnaire, and employee self-rating questionnaire includes Chinese traditionality, psychological contract and in-role performance scale. The final valid questionnaires were 51 HR manager questionnaires and 1015 employee questionnaires.

The distribution properties of the employee sample are shown below. Over half of the respondents were male (52.5 percent), 83.9 percent had bachelor degree or master degree, and 51 per cent were born between 1980 and 1989. General employees accounted for 73.5 percent, followed by grassroots managers (19.1 percent). The respondents were all full-time white-collar employees with more than 1 year's work experience.

The characteristics of the enterprise sample are as follows. In terms of enterprise ownership, foreign-funded enterprises were the least (17.6 percent), private enterprises were the most (37.3 percent), and the number of state-owned enterprises and joint ventures was the same. In terms of the number of employees, large enterprises with more than 500 employees was the most (64.7 percent), and only three enterprises had less than 100 employees. In terms of the years of establishment, 24 enterprises had been established for more than 20 years (47 percent), and the enterprises established less than 5 years were the least (7.8 percent). In short, the sample enterprises generally have a large scale, and most of them are mature enterprises.

3.2 Measures

The 6-point scale was used in all the questionnaires to reduce the possible moderating tendency. In the design of the questionnaire, the common method variance was controlled as follows. Firstly, the purpose of the survey item was hidden in the questionnaire description. Secondly, all items were arranged in random order after they were disturbed. Finally, the reverse items in the scale were retained.

SHRM was measured by the scale from Sun et al.[1]. There are 27 items in the original questionnaire. Due to the results of the pre-survey, one item was deleted in this study, namely "Promotion in this organization depends on seniority". Cronbach's α was 0.893.

Psychological contracts. In this study, Rousseau[7] scale was used. There were 8 items in relational psychological contract scale, 14 items in balanced psychological contract and 6 items in transactional psychological contract. Cronbach's α of the three subscales were 0.871, 0.913 and 0.829 respectively.

Chinese traditionality. In this study, 5 items scale of Farh et al.[9] was used. Cronbach's α was 0.798.

In-role performance. The 7 items scale from Williams and Anderson[6] was used. The item "I neglected part of the work I should have done" was deleted. The reliability analysis of pre-survey showed that CITC value was 0.057, and value of Cronbach's Alpha if Item Deleted was 0.825, which was higher than Cronbach's alpha of scale (0.771). Cronbach's α was 0.842 in

the formal survey.

Control variables. In this study, enterprise ownership and years of establishment were taken as organizational-level control variables, and employee gender, age, education level, labor relationship type and post level were used as individual-level control variables. Except that the age of employees and the years of establishment of the enterprise were fixed distance variables, other variables were transformed into virtual variables. Finally, there were 13 control variables in this paper. Because there were many control variables but not the focus of study, only some virtual variable regression coefficients were reported in the hypothesis test.

IV. DATA ANALYSIS AND RESULTS

4.1 Discriminant Validity, Common Method Variance and Aggregation Tests

4.1.1 Discriminant Validity

In this study, we used Amos17.0 software to analyze the confirmatory factor, and compared the fitting indexes of different factor models to determine the discriminant validity of construct. In the four-factor model, relational PC and balanced PC were combined as a variable. In the three-factor model, three types psychological contract were combined as a variable. On this basis, traditionality and in-role performance were combined into a variable to form the two-factor model. Details are shown in TABLE I. The result of CFA shows that the five-factor model is the best, with fitting index being obviously better than other models. This indicates that the five research variables measured by the employee questionnaire have good discriminant validity.

TABLE I. Discriminant validity and common method variance

Model	χ^2/df	TLI	GFI	CFI	RMR	RMSEA
five-factor	1.462	.978	.952	.979	.018	.021
four-factor	2.616	.922	.894	.927	.031	.040
three-factor	4.599	.827	.791	.837	.039	.060
two-factor	7.957	.665	.669	.683	.076	.083
one-factor model	8.119	.658	.681	.676	.071	.084
model with the latent CMV factor	1.577	.972	.957	.974	.020	.023

4.1.2 Common Method Variance

In addition to questionnaire design, this study uses single method-factor approaches to control common method variance (CMV). In this paper, a method-based model (model with the latent CMV factor) and a non-method-based model (five-factor model) were constructed, and CMV is judged by comparing the fitting index. According to the data in TABLE I, the two models have significant differences, and the fitting index of non-method-based model is slightly

better than that of the method-based model. This indicates that CMV control effect is good in this study, and CMV has no obvious influence on the analysis results.

4.1.3 Aggregation Tests

The traditionality scale was filled in by employees and needed to be aggregated to the organizational level, and the data consistency was tested before aggregation. The results of data analysis showed that the average value of Rwg among groups was 0.85. Among 51 groups, Rwg of 2 groups were lower than 0.7, and the percentage of groups with Rwg over 0.7 was 96.1%. The Rwg value meets the requirements of the consistency standard. At the same time, ICC (1) value was 0.29, ICC (2) value was 0.89, which reached the critical standard. Therefore, traditionality of individual level can be aggregated to organization-level and used for subsequent multi-level analysis.

4.2 Descriptive Statistics

SPSS19.0 software was used to analyze the mean, standard deviation and correlation of research variables. The results are shown in TABLE II. The relationship between SHRM and traditionality is not significant ($r=-0.267$, $p>0.05$). In-role performance is positively correlated with relational PC ($r = 0.495$, $p < 0.01$), balanced PC ($r = 0.505$, $p < 0.01$), and negatively correlated with transactional PC ($r=-0.353$, $p<0.01$).

TABLE II. Correlation matrix

Variable	M	SD	1	2	3
Individual level					
1 relational PC	4.340	.576			
2. transactionalPC	2.648	.715	-.486**		
3 balanced PC	4.612	.450	.558**	-.592**	
4 in-role performance	4.711	.508	.495**	-.353**	.505**
Organizational level					
1 SHRM	4.725	.533			
2 traditionality	3.642	.464	-.267		

Notes: ** $p<0.01$.

4.3 Hypothesis Testing

HLM 6.08 software was carried out for cross-level model testing. The multilevel regression analyses are detailed in TABLE III and IV.

4.3.1 Main Effect Testing

Hypothesis 1 stated that SHRM had a significant cross-level positive impact on employees' in-role performance. First, null model of in-role performance (M1 in TABLE III) was tested. The between groups variance of in-role performance is significant, accounting for 39.8% of the total

variance ($\tau_{00} = 0.105$, $\sigma^2 = 0.159$, ICC (1) = 0.398), exceeding the standard value of 0.12. This shows that in-role performance has significant variation both within and among enterprises, which is suitable for multi-level regression analysis. According to M2, the control variables account for 2.9% between groups variance of in-role performance ($\Delta R^2_{\text{level-2}} = 0.029$). According to M3, SHRM has a positive influence on in-role performance ($\beta = 0.523$, $P < 0.001$). Compared with M2, the between groups variance of in-role performance decrease by 68.6% from 0.102 to 0.032, indicating that 68.6% of between groups variance can be explained by SHRM ($\tau_{00} = 0.032$, $p < 0.001$, $\Delta R^2_{\text{level-2}} = 0.686$). Thus, H1 is verified.

4.3.2 Mediating Effect Testing

Firstly, we discussed the cross-level influence of SHRM on psychological contract (H2). We specified a null model (M4), it is found that relational psychological contract shows significant between groups variance ($\tau_{00} = 0.160$, $p < 0.001$). The ICC (1) value of relational psychological contract is 0.473, meaning that 47.3 percent of the variance is attributable to organizational variables. It is suitable to use multi-level regression model for follow-up analysis. Control variables explain 0.6% of the between groups variance of relational psychological contract ($\Delta R^2_{\text{level-2}} = 0.006$, M5). As shown of M6, the regression coefficient of SHRM is 0.701 ($P < 0.001$), meaning that SHRM has a significant positive predictive function on relational PC, and SHRM could explain 81.8% of inter group variation. Thus, H2-1 is supported.

According to the same procedure, the null model test of balanced psychological contract shows significant difference between groups ($\tau_{00} = 0.081$, $P < 0.001$, ICC (1) = 0.403, M7), which is suitable for multi-level analysis. The regression coefficient of SHRM is 0.528 ($P < 0.001$, M9), thus H2-2 is supported. The results of transactional psychological contract null model (M10) shows that it is suitable for multilevel analysis ($\tau_{00} = 0.094$, $P < 0.001$, ICC (1) = 0.184). As shown of M12, the regression coefficient of SHRM is -0.458 ($P < 0.001$), meaning that SHRM has a negative effect on transactional psychological contract. Hypothesis 2-3 is confirmed.

Secondly, we examined the mediating effect of three types of psychological contract (H3) through Model 13-15 in TABLE III. The results show that compared with M3, the regression coefficients of SHRM in M13, M14 and M15 are significantly reduced ($P < 0.001$). At the same time, relational psychological contract ($\beta = 0.291$, $P < 0.001$), balanced psychological contract ($\beta = 0.343$, $P < 0.001$) and transactional psychological contract ($\beta = -0.135$, $P < 0.001$) show significant regression coefficients, and the intra group variance of in-role performance is explained additionally. This shows that three types psychological contract play a partial mediating role between SHRM and in-role performance. Consequently, H3-1, H3-2 and H3-3 are all approved.

TABLE III HLM analyses of SHRM, psychological contract and in-role performance

Variable	in-role performance						relational PC			Balanced PC			Transactional PC		
	M1	M2	M3	M13	M14	M15	M4	M5	M6	M7	M8	M9	M10	M11	M12
γ_{00}	4.756 ***	4.756 ***	4.756 ***	4.751 ***	4.750 ***	4.753 ***	4.352 ***	4.352 ***	4.352 ***	4.628 ***	4.627 ***	4.629 ***	2.629 ***	2.630 ***	2.629 ***
Individual level															
Age		0.002	0.002	0.004	-0.007	-0.003		-0.006	-0.006		0.026	0.026		-0.034	-0.034
Gender		-0.039	-0.039	-0.042	-0.042	-0.035		0.010	0.010		0.009	0.009		0.032	0.032
Rank ^a		0.015	0.015	0.015	-0.003	0.006		-0.001	-0.001		0.055*	0.055*		-0.065	-0.065
Education ^b		-0.066	-0.066	-0.075	-0.071	-0.035		0.032	0.032		0.014	0.014		0.232	0.232
labor relationship		-0.010	-0.010	-0.028	-0.046	-0.013		0.061	0.061		0.106	0.106		-0.024	-0.024
relational PC				0.291***											
Balanced PC					0.343***										
Transactional PC						-0.135***									
Organizational level															
Years		-0.045	-0.053	-0.073*	-0.049	-0.051		0.080	0.071*		-0.003	-0.010		0.004	0.009
Ownership ^c		0.278*	-0.029	0.001	-0.018	-0.040		0.305*	-0.102		0.280**	-0.040		-0.357**	-0.080
SHRM			0.523***	0.319***	0.342***	0.460***			0.701***			0.528***			-0.458***
Variance															
τ_{00}	0.105***	0.102***	0.032***	0.033***	0.031***	0.031***	0.160***	0.159***	0.029***	0.081***	0.077***	0.005***	0.094	0.079	0.025
σ^2	0.159	0.159	0.159	0.144	0.146	0.152	0.178	0.178	0.178	0.120	0.118	0.118	0.418	0.414	0.414
$\Delta R^2_{\text{level-1}}$				0.094	0.082	0.044					0.017			0.010	
$\Delta R^2_{\text{level-2}}$		0.029	0.686					0.006	0.818		0.049	0.935		0.160	0.684
-2LL	1150.03	1187.50	1145.56	1050.70	1060.01	1102.29	1278.37	1311.54	1248.49	863.82	889.60	800.75	2083.12	2096.31	2064.82

Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. ^a grassroots manager, ^b bachelor's degree, ^c foreign-owned enterprises.

4.3.3 The Moderating Role of Chinese Traditionality

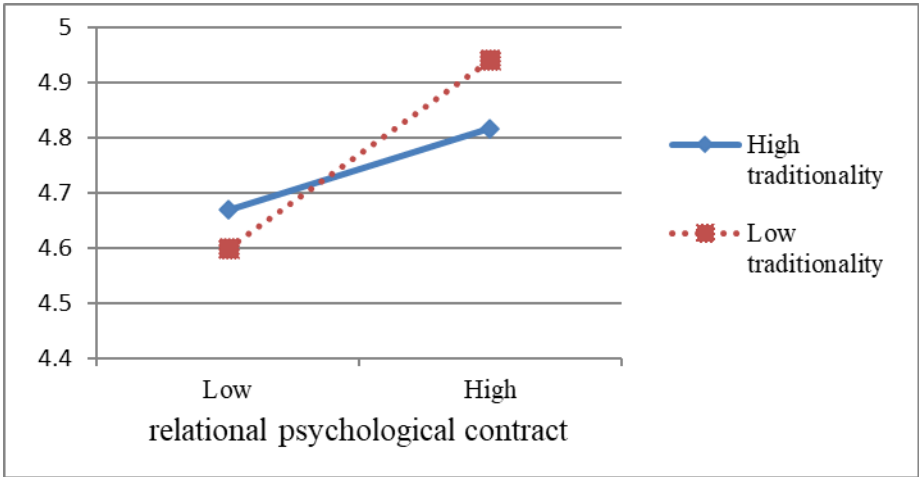
Hypothesis 4 theorized that three types psychological contract would have significant positive effects on in-role performance. Model 16, 19 and 22 in Table IV were used to analyze the influence of three psychological contracts on in-role performance. The results show that the regression coefficient of relational PC is 0.311 (M16), and the regression coefficient of balanced PC is 0.347 (M19). Therefore, H4-1 and H4-2 are supported. At the same time, the regression coefficient of transactional PC is -0.133 ($P < 0.001$), and explains 6.9% of within groups variance of in-role performance. This indicates that transactional PC has a negative influence on in-role performance, hypothesis 4-3 does not hold.

TABLE IV. Hierarchical regression for testing moderation: traditionality

Variable	M16	M17	M18	M19	M20	M21	M22	M23	M24
γ_{00}	4.756***	4.756***	4.756***	4.756***	4.756***	4.756***	4.756***	4.756***	4.756***
Individual level									
Age	0.006	0.005	0.002	-0.007	-0.007	-0.008	-0.001	-0.001	-0.002
Gender	-0.043	-0.043	-0.045	-0.040	-0.040	-0.040	-0.034	-0.034	-0.035
labor relationship	-0.027	-0.025	-0.018	-0.040	-0.044	-0.040	-0.002	-0.002	0.002
Rank ^a	0.018	0.017	0.018	-0.005	-0.005	-0.004	0.008	0.008	0.007
Education ^b	-0.083	-0.085	-0.080	-0.078	-0.078	-0.074			
relational (PCR)	0.311***	0.310***	0.299***						
balanced (PCB)				0.347***	0.347***	0.346***			
transactional (PCT)							-0.133***	-0.133***	-0.130***
Organizational level									
Years	-0.030	-0.018	-0.019	-0.040	-0.037	-0.038	-0.044	-0.042	-0.044
Ownership ^c	0.324**	0.272**	0.267**	0.283*	0.265*	0.266*	0.281*	0.271*	0.265*
Tra		-0.164	-0.030		-0.044	-0.030		-0.033	-0.029
Interaction item									
Tra×PCR			-0.257***						
Tra×PCB						-0.130			
Tra×PCT									0.119*
Variance									
τ_{00}	0.104***	0.110***	0.106***	0.104***	0.106***	0.106***	0.103***	0.106***	0.106***
τ_{11}	0.022*	0.023*	0.008*	0.012	0.012	0.007	0.0092*	0.0093*	0.0086*

σ^2	0.140	0.140	0.140	0.144	0.144	0.145	0.148	0.148	0.148
$\Delta R^2_{\text{level-1}}$	0.119			0.094			0.069		
$\Delta R^2_{\text{level-2}}$		-0.058			-0.019			-0.029	
$\Delta R^2_{\text{inter}}$			0.652			0.417			0.075
-2LL	1086.11	1084.97	1077.38	1106.60	1107.22	1109.91	1145.54	1146.22	1147.43

Hypothesis 5 stated Chinese traditionality would moderate relationship between psychological contract and in-role performance. Model 17 and 18 in Table IV were used to analyze the moderating effect of traditionality on relational psychological contract and in-role performance. As shown in M17, the regression coefficient of traditionality is not significant, but the between groups variance of the slope term is 0.023 ($p < 0.05$). It is necessary to establish the complete model to confer the moderating impact of interaction. According to M18, regression coefficient of interaction term is significant, and between groups variance is explained by an additional 65.2% ($\tau_{11} = 0.008$, $\Delta R^2_{\text{inter}} = 0.652$). This indicates that although Chinese traditionality has no significant effect on in-role performance, it will moderate the influence of relational PC on in-role performance. H5-1 is supported. Following the same method, the impact of transactional PC on in-role performance is moderated by traditionality ($\beta = 0.119$, $P < 0.05$, $\Delta R^2_{\text{inter}} = 0.075$, M 24). H5-3 is also supported. The simple slope method was used to directly display the moderating effect, as shown in Fig 2.



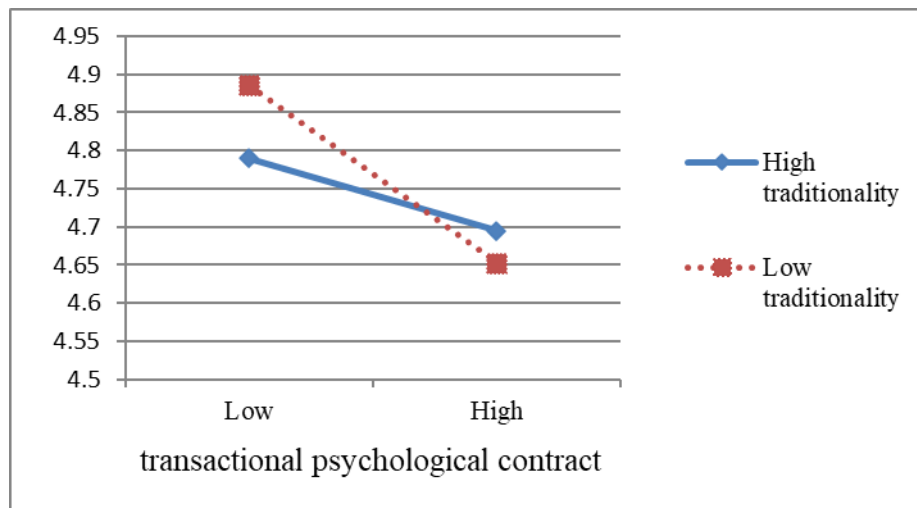


Fig 2: moderating effect of traditionality

According to M20, the regression coefficient of Chinese traditionality is -0.044 ($P > 0.05$). At the same time, the inter groups variance of slope term is not significant ($\tau_{11} = 0.012$, chi square = 58.92 , $P > 0.05$). The preliminary results show that the moderating effect is not significant. According to M21, the regression coefficient of interaction term is not significant ($\beta = -0.130$, $P > 0.05$), which further indicates that the moderating effect is not tenable. H5-2 is not confirmed.

V. CONCLUSION AND DISCUSSION

5.1 Conclusion and Theoretical Implications

5.1.1 The Cross-level Influence of SHRM on In-role Performance

The empirical analyses support the hypothesis H1, which shows that strategic human resource management has a significant cross-level positive impact on in-role performance. The higher the level of enterprise SHRM, the higher the level of average in-role performance. This result supports the explanation of social exchange theory on the relationship between SHRM and employee performance, and keeps in line with the conclusions of previous empirical research, such as Chien and Lin[4]. This study takes SHRM as an organizational variable, and verifies its cross-level relationship with in-role performance. To some extent, this study overcomes the dilemma of structure and hierarchy of SHRM, and enriches the research results in SHRM field.

5.1.2 The Mediating Role of Psychological Contract.

Firstly, psychological contract includes three types. Previous studies paid less attention to the influence of three types psychological contract [8]. The conclusion shows that there are different generative processes (H2) and outcome effect (H4) in the three psychological contracts. This finding is helpful to analyze the formation and functionary mechanism of psychological contract, and provides support for future research in related fields.

Secondly, the empirical analyses support the hypothesis 2 and identify the different influence of SHRM on psychological contract. It is found that SHRM positively influences

relational and balanced PC, and negatively influences transactional PC. As Zheng et al.[11] argued, in essence, psychological contract is a cognitive process of HRM practice. This study supports the above views and tends to be consistent with the results of previous empirical studies such as Chien and Lin[4], Li and Yu[5].

Finally, Hypothesis 3 is proved that the three psychological contracts play a partial mediating effect between SHRM and in-role performance. These conclusions confirm the mediating view of social exchange theory: Social Exchange relationship takes on a mediating role, and fair and beneficial trade actions made by organizations will result in exchange relationship, and the exchange relationship can further enhance the efficient work behavior and positive work attitude of the staff[10]. This paper validates the mediating role of psychological contracts, and enriches the study on the functionary mechanism of SHRM on employee performance.

5.1.3 The Influence of Psychological Contract on In-role Performance

First of all, the empirical test supports the hypothesis 4-1 and 4-2. The results show that both relational and balanced PC can significantly improve in-role performance. This result is similar as the conclusion of Long et al.[8]. Relational psychological contracts and balanced psychological contracts emphasize long-term, open exchange relationships, which provide employees with a sense of mutual support and trust. Employees believe that the organization will provide ongoing resource support and benefits, and will naturally reward high-level in-role performance based on emotional and economic reciprocity. However, the conclusions of this paper are different from those of Chien and Lin[4], which show that the effect of relational PC and balanced PC on in-role performance is not significant. Chien and Lin[4] argued that the in-role performance of their subjects was clearly defined in written form, and that in-role performance did not fall within the scope of the perceived responsibility contained in the psychological contract, so in-role performance was not affected by psychological contract. This study takes white-collar employees as the research object, their responsibility requirements and task allocation are not strictly determined, and their job responsibilities are flexible. Most of the in-role performance is clear and specific, and can be exchanged according to the negotiation principle; however, some of the in-role performance is highly flexible and cannot be specified through negotiation principles, so they need to rely on the principle of reciprocity to complete the exchange. The exchange of in-role performance has the principle of reciprocity and negotiation. Therefore, this study believes that in-role performance is also affected by psychological contract, and the empirical results also support this view.

Secondly, the results of data analysis do not support the hypothesis 4-3. On the contrary, the results show that transactional psychological contract reduces in-role performance. This is not the first time this has happened. Huang[12] found that human resource activities focused on economic incentives form transactional psychological contracts and are negatively correlated with in-role performance. According to Chien and Lin[4], there was a significant negative correlation between transactional PC and in-role performance. Long et al. [8] also suggests that if firms fail to provide consistent financial rewards to employees, transactional psychological

contract may discourage employees, so in-role performance may decrease rather than increase.

There are three possible reasons for this result. First, it is related to the research object. As mentioned above, white-collar workers are the subjects of this study. For them, economic factors may not be the primary expectation of organizational responsibility, and trust and emotional care may be the more valued organizational responsibility. Therefore, transactional psychological contract cannot improve the in-role performance because of its poor matching with the work characteristics and demand characteristics of the subjects. Second, when employees make decisions about in-role performance, they do not simply consider whether the material rewards given by the organization are adequate, the real key determinant remains whether an employee has established a high-quality employment relationship with the organization[12]. Transactional psychological contract can only provide limited material returns, lack of emotional and social attributes, and therefore cannot ensure the improvement of employees' in-role performance. Third, the transactional psychological contract, which focuses on short time and clear performance goal, seems to solve employee performance problems quickly, but its function may need some cooperative means. Only when economic exchange is carried out smoothly can employees provide in-role performance according to the contractual relationship. On the other hand, if the economic exchange cannot be completed in time and accurately, and the employees feel that they have no direct return or the returns are not equal, it will result in the negative impact of transactional PC on in-role performance[8]. The rewards provided by enterprises to employees include in-depth training, employee participation opportunities, flexible promotion channels, and safe job security, which are not direct economic means. In the aspect of performance and compensation, although the SHRM conducts objective and quantitative performance appraisal and makes the appraisal result affect the employee's compensation, but the performance appraisal pays more attention to the long-term performance and the team performance, and corporate performance also affects employee compensation. This may affect the immediate economic exchange between the employee and the employer, which is not smooth, so transactional PC has negatively influence on in-role performance.

5.1.4 The Moderating role of Chinese traditionality

First of all, this study finds that organization-level traditionality has no significant effect on in-role performance. Chinese traditionality, as a situational factor, it affects the prediction effect of PC on employee in-role performance.

Second, hypothesis 5 is partially confirmed. It is found that the moderating role of organizational-level traditionality on the relationship between psychological contract and in-role performance is partially valid. The influence of psychological contract on in-role performance is based on reciprocity principle. Although the principle of reciprocity has some universal significance, Chinese traditionality can affect employees' understanding and acceptance of reciprocity[9]. This study further supports this view, and the conclusion matches that of Farh et al.[9] and Li & Yu [5].

Third, it should be noted that the hypothesis 5-3 does not hold, that is, the moderation role of traditionality between balanced psychological contract and in-role performance does not exist.

The possible reason is that balanced psychological contract embodies not only the long-term and trust characteristics of relational psychological contract, but also the performance definiteness characteristics of transactional psychological contract, balanced psychological contract includes both economic exchange and social exchange. Therefore, whether the traditionality is high or low, employees will show high level in-role performance from the perspective of internal will and external control, which is not affected by traditionality.

Although some literatures regard traditionality as a moderating variable between psychological contract and employee performance, traditionality is regarded as an individual-level variable. Within organizational socialization, the traditionality of employees in the same organization will be shared, thus forming the organizational level traditionality values. The role of traditionality at the organizational level is worth further discussion. This study broadens the measurement and research perspective of traditionality, and also helps to analyze the effect of psychological contract on employee in-role performance more comprehensively, enriches the knowledge and empirical evidence in the fields of psychological contract, employee in-role performance and traditionality.

5.2 Practical Implications

Firstly, this study provides suggestions and guidance for purposeful combination and implementation of human resource management practice for enterprises. The results show that strategic human resource management can effectively improve the average in-role performance of employees, which can promote organizational performance. Therefore, enterprises should pay more attention to human resource management and adopt effective HRM practices. In detail, the organization should optimize the staff selection process and selection methods, and provide extensive and continuous training for the staff to enhance their competence, establish a clear career path, improve employee safety, encourage managers to communicate with employees to improve their participation in decision-making, provide complete job descriptions, integrate individual performance with team performance, evaluate performance based on objective and quantitative, and provide competitive compensation to employees according to the results of performance appraisal and organizational performance. These human resource practice activities complement each other, as a complete system, jointly ensure a high level of employee in-role performance.

Secondly, this study provides suggestions for enterprises to establish a harmonious employment relationship through psychological contract management. On the one hand, enterprises should improve the level of trust and continuous investment to employees, and enterprises should try their best to establish and maintain a stable relational or balanced psychological contract with employees. On the other hand, managers should fully understand the content of employee psychological contract, correct unreasonable expectations. Enterprises could objectively present job information for employees through realistic job preview.

Thirdly, enterprises should advocate traditionality cultural values as appropriate. On the one hand, this study finds that organizational-level traditionality weakens the positive influence of relational PC on employee's in-role performance. Therefore, if the strategic human resource

management is at a high level and most of the employees are relational psychological contracts, enterprises should advocate low-level traditionality culture. Enterprises should consciously create a low traditional atmosphere, and implement intervention measures from the concept, system and other aspects, such as improving the dialogue mechanism between superiors and subordinates, establishing the reasonable proposal system, establishing the feedback and appeal system, and shaping the employee-oriented culture value. On the other hand, this study finds that organizational-level traditionality weakens the negative influence of transactional PC on in-role performance. If human resource management practice in enterprises is not satisfactory, or if, for other reasons, the employees generally present higher transactional psychological contracts, enterprises can consider moderately promoting high traditionality culture.

5.3 Limitations and Future Research

There are some limitations in the following three aspects. First, in this study, individual level variables were employee self-evaluation measures, and the prior control of common method variance still needs to be strengthened. Second, the questionnaire survey was completed at one time and was not tracked. Third, the effect of SHRM on employee in-role performance may be more than just positive. The dark side of SHRM is not explored.

The existing theory frame has the following content which is worth further discussing. Firstly, strategic human resource management also has a negative impact on employees. Most of the existing researches hold that while strategic human resource management improves organizational performance, it also has positive influence on employee behavior. This view has been widely supported by previous studies including this paper. Nevertheless, recent research indicates that SHRM may have negative effect on employees, which may lead to emotional exhaustion, work pressure, lower employee well-being such as work satisfaction and affective commitment[13]. Compared with the positive effect research, the research on the dark side of SHRM is still rare, and the dark side of SHRM needs further research. Secondly, future research should further improve the methodology of data collection. Longitudinal studies should be considered to obtain more meaningful data, which is helpful to describe the causal relationship of variables.

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