Article

The Good, the Not So Bad, and the Ugly of Competitive Human Resource Practices: A Multidisciplinary Conceptual Framework

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Abstract
Human resource (HR) practices used to inject internal competition into the workplace are the subject of heated debates in business practice; this is however not the case in the field of human resource management (HRM) research. In this article, we first augment previous research in the field to offer an initial conceptualization of competitive HR practices. We then develop a conceptual framework that explains the processes and conditions that drive and determine the impact of competitive HR practices on employees at work. Blending insights from social comparison theory and uncertainty research, we theorize a set of conditions that specify when competitive HR practices unfold their "dark" side, and when the "not so bad" or even "a good side" of competitive HR practices might emerge.

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'Cause we're adding a little something to this month's sales contest. As you all know first prize is a Cadillac El Dorado. Anyone wanna see second prize? Second prize is a set of steak knives. Third prize is you're fired. Get the picture? You laughing now? You got leads.

—Blake, *Glengarry Glen Ross*, 1992

Introduction

Companies have long used formal instruments and procedures to inject internal competition into the workplace. Prominent examples of such procedures are the long cherished human resource (HR) practices of forced rankings, up-or-out contracts as well as winner-takes-all awards and recognition systems. As illustrated in the quote above, these "competitive" HR practices reward high performers often with asymmetrically high bonuses and promotion opportunities while punishing low performers (e.g., Bidwell, Briscoe, Fernandez-Mateo, & Sterling, 2013; Moon, Scullen, & Latham, 2016; Pfeffer & Sutton, 2013). Intended to generate a healthy comparison culture among employees and to attract outstanding talent to populate the higher ranks of organizations, these systems in practice seem often to drift away from their intended course. Business papers and magazines abound with fierce discussions about the seemingly hazardous impact of internal workplace competition on collaboration and productivity. Headlines such as "Performance Management Is Broken: Replace 'Rank and Yank,'" "Morgan Stanley to Rate Employees With Adjectives, Not Numbers," "Amazon Changing Its 'Hunger Games' Employee Review Process," or "Kill Your Performance Rating" demonstrate the currently vivid discussion about competitive HR practices.

Despite this strong debate among practitioners, rigorous research on the consequences of competitive HR practices has remained comparably mute. Some of these competition-injecting practices have been studied in experiments and to a lesser extent in field research, but both with indecisive results (e.g., Jones, Davis, & Thomas, 2017; Kilduff, Elfenbein, & Staw, 2010). For instance, some studies suggest that competitive rewards induce higher employee effort and a higher motivation to outperform other peers (Orrison, Schotter, & Weigelt, 2004; van Dijk, Sonnemans, & van Winden, 2001). Others, in contrast, indicate that competitive rewards have negative affective and performance consequences (Beersma et al., 2003; Larkin, Pierce, & Gino, 2012; Wittchen, Krimmel, Kohler, & Hertel, 2013). Several other competitive HR practices have attracted even less scientific attention. For instance, relative ratings have rarely been the subject of rigorous scientific studies (for an exception, see Luffarelli, Gonçalves, & Stamatogiannakis, 2016). Comparably little

is also known about the effect of awards (Gallus & Frey, 2016; Gubler, Larkin, & Pierce, 2016). Furthermore, research in strategic human resource management (HRM) has largely omitted systematic inclusion of competitive practices in current discussions and conceptualizations despite the fact that research into HR practices has experienced enormous growth over the last several decades (e.g., Jiang, Lepak, Hu, & Baer, 2012; Posthuma, Campion, Masimova, & Campion, 2013). This omission is surprising as recent evidence of the dark side of HR practices has shown that, while promoting organizational and employee performance, HR practices can also have detrimental consequences for employees' motivational and health-related outcomes such as psychological well-being (Jensen & van de Voorde, 2016; Van De Voorde, Paauwe, & Van Veldhoven, 2012). For example, HR practices have been found to increase job strain, emotional exhaustion, and work overload (e.g., Jensen, Patel, & Messersmith, 2013; Kroon, van de Voorde, & van Veldhoven, 2009; Van De Voorde & Beijer, 2015). Competitive HR practices are likely to be strong contributors to such problematic outcomes, often because these practices seem to generate unfavorable comparisons (e.g., John, Loewenstein, & Rick, 2014; Larkin et al., 2012; Obloj & Zenger, 2017).

What seems to be missing in the first place is an overarching theoretical framework that (a) embeds research insights into (singular) competitive HR instruments within a more bundled approach of competition-injecting HR practices, (b) systematically links these practices to comparison processes, and (c) thereby explains the often highly differential outcomes of these practices on employees' affective, attitudinal, and behavioral consequences. The first aim of this article is therefore to conceptualize existing HR practices in terms of their potential to foster internal competition among employees within organizations. We ground our conceptualization on competition research, in particular on the idea of social interdependence (Deutsch, 1949) and relative comparison (e.g., Garcia, Tor, & Schiff, 2013; D. Johnson, Johnson, & Roseth, 2012). Second, we link competitive HR practices to social comparison processes and their consequences. We provide a theoretical framework that blends so far independently coexisting conceptual and empirical insights into comparison processes and uncertainty at work. Our framework shows under which conditions competitive HR practices evoke inspiration (and its positive attitudinal and behavioral consequences) and under which envy (and its negative attitudinal and behavioral consequences). We also incorporate insights from current emotion research on the "dual nature of envy" to explain when envy may cause positive employee behavior. Overall, our framework unravels why competitive HR practices sometimes have an ugly "dark side" and under which conditions the "not so bad side" or even a "good" side of competitive HR practices emerges.

Our article unfolds as follows: In the next section, we summarize the dominant approaches to bundle HR practices, highlight existing challenges and accordingly develop an ideal-type conceptualization of competitive HR systems. We then explicate the potential impact of competitive HR practices through the lenses of upward social comparison processes and emotions they evoke. Here we link research on social comparison with research on workplace uncertainty to explain the interplay between competitive HR practices and their affective and behavioral employee outcomes at work. We combine these so far largely unrelated research streams with one another to elaborate a set of propositions that we finally merge into an overall theoretical framework.

HR Systems: Dominant Approaches

Research on strategic HR systems and HR practices in organizations has grown enormously over the last several decades. Generally, HR practices are defined as formal instruments and procedures that are used either in combination or individually to effectively manage and align employees' knowledge and activities with organizational goals and aspirations (e.g., Combs, Liu, Hall, & Ketchen, 2006; Paauwe & Boselie, 2005). HR practices include, for example, selection and recruitment, training and development, as well as performance management and reward schemes (e.g., Boselie, Dietz, & Boon, 2005; Posthuma et al., 2013). Extensive evidence demonstrates that the strategic combination of HR practices into bundles rather than single HR practices significantly contributes to positive organizational and employee outcomes (e.g., Combs et al., 2006; Jiang et al., 2012; Kehoe & Wright, 2013). Bundles of HR practices combined based on a complementary conceptual logic are also referred to as HR systems. It has been proposed that these systems lead to superior organizational performance through their effect on employee motivation to contribute to organizational goals as well as through their impact on the coordination and matching of employees' abilities to do so (e.g., Appelbaum, Bailey, Berg, & Kalleberg, 2000; Boxall & Macky, 2009).

The question, which specific compositions of HR practices are beneficial to organizations, has since become a lively research topic. As a result, various HR combinations have been introduced to the field (e.g., Lepak, Liao, Chung, & Harden, 2006; Marchington & Zagelmeyer, 2005; Thompson, 2011). Yet the first groundbreaking distinction between control and commitment HR bundles still remains an inherent and dominant feature, even of more recent conceptualizations of HR systems (e.g., Lepak et al., 2006; Mossholder, Richardson, & Settoon, 2011; Verburg, Den Hartog, & Koopman, 2007). Control and commitment HR systems represent two distinct approaches to aligning employee actions with organizational goals. A newer, and by far the

most commonly used, research approach is the combination of HR practices into a so-called high-performance work system (e.g., Combs et al., 2006; Huselid, 1995; Posthuma et al., 2013). In the following, we explicate the control, commitment, and high-performance HR system approaches as ideal types that build on different assumptions and use distinct means to influence employee effort to enable higher organizational performance (e.g., Lepak et al., 2006; Mossholder et al., 2011; Toh, Morgeson, & Campion, 2008). Table 1 provides an overview of the key building blocks that characterize each system and an exemplary list of HR practices.

Control

The control HR configuration presumes that employees lack an inherent drive to work for the good of the organization. Left unattended, they are assumed to pursue their own interests. The perceived lack of employee motivation is compensated by a logic of control and close monitoring as a prime means to govern employees (e.g., Arthur, 1994; Gooderham, Parry, & Ringdal, 2008; Walton, 1985). Employees are perceived as a resource "no different from any other variable economic factor" (Gooderham, Nordhaug, & Ringdal, 1999, p. 510) and are often even regarded as "a less reliable machine" with few skills and a clear lack of intrinsic motivation (e.g., Arthur, 1994; Boxall & Macky, 2009; Creed & Miles, 1996). Manufactured capital rather than employees is considered the main driver of value creation (e.g., Boxall & Macky, 2009; Walton, 1985). Therefore, the overall idea of the control HR configuration is that organizational objectives are best achieved and launched by HR practices that ensure employee compliance to tightly predefined rules and procedures. The relationship between employees and the organization is therefore characterized in purely transactional terms (e.g., Mossholder et al., 2011). In the control HR system, employees are viewed as low skilled and replaceable. They, thus, receive only scarce amounts of training, are compensated individually by piece wages, and judged by their outputs based on quantifiable criteria (e.g., Arthur, 1994; Lepak & Snell, 1999; Walton, 1985), very much in line with the expression "a fair day's pay for a fair day's work." The control HR configuration has also been referred to as cost reduction (Arthur, 1994), compliance (Lepak & Snell, 1999, 2002), or calculative HR configuration (Gooderham et al., 1999).

Commitment

The ideal type of the commitment HR system, in contrast, assumes that employees are driven by the need for autonomy and meaningfulness.

Table 1. HR Systems Characteristics and Exemplary HR Practices.

HR system characteristics	Control (Arthur, 1992, 1994; Walton, 1985)	Commitment (Arthur, 1992, 1994; Walton, 1985)	High performance (Huselid, 1995; Posthuma et al., 2013)	Competition (our approach)
Dominant philosophy	Disengaged Man "employees are to some extent rational, but inherently sluggish"	Engaged Man "employees are intrinsically motivated to contribute to meaningful goals"	Complex Man "HR practices must fit individual predispositions and task requirements"	Economic Man "employees are rational decision makers with self-regarding preferences"
Dominant logic	Control mode	Trust mode	Fit mode	Market mode
Dominant capital	Manufactured capital	Social capital	Human capital	Human capital
Dominant relationship	Transactional contract	Relational contract	Hybrid contract	Transactional contract
Exemplary HR practices				
Recruitment, selection & promotion	From outside, focus on technical skills	From within, focus on social & technical skills	From within and from outside, focus on strategy requirements	From within and from outside, focus on an exclusive group of employees (e.g., stars)
Performance management & appraisal	Individual Output Objective & evaluative appraisal	Shared Output Developmental appraisal	Mixed Output Individual & shared appraisal Objective & evaluative appraisal Developmental appraisal	Individual Output Relative & evaluative appraisal
Compensation & benefits	Variable Piece wage Individual incentives	Fixed Salary Group incentives Gain sharing/profit sharing	Mixed Individual pay Group based pay Pay for performance Pay for skills/knowledge Gain sharing/stock ownership	Exclusive Relative individual performance Pay differentiation (horizontal/vertical) Relative incentives Disproportionally high rewards for stars
Training & development	Low Specific & technical skills	High General & shared skills	High Specific & multiple skills	High Exclusive & specific skills

Note. HR = human resource.

Employees are thus considered to be intrinsically motivated to contribute to organizational outcomes (e.g., Arthur, 1994; Boxall & Macky, 2009) and, as a more implicit assumption, are often seen as a unique source of capital that facilitates organizational improvement and learning processes (e.g., Lepak & Snell, 2002). In the commitment HR system, the achievement of organizational goals is ensured by strong psychological bounds between the organization and its employees. The common form of interaction is the relational contract with a strong organizational focus based on mutual and open-ended exchanges between the employee and the organization (Lepak & Snell, 1999; Mossholder et al., 2011). The dominant logic of this HR system is therefore one of reciprocal trust (e.g., Arthur, 1994; Boxall & Macky, 2009). Moreover, social capital, understood as the pattern of linkages and relationships between employees as well as between employees and the organization (Nahapiet & Ghoshal, 1998), is seen as an important source of competitive advantage (e.g., Mossholder et al., 2011). To enable intrinsic motivation and trust, commitment HR systems generally rely on practices such as broadly defined tasks and extensive amounts of training. To reward employees for their loyalty and to signal them that "we are all in the same boat," commitment HR configurations use a combination of high levels of salary and group-oriented bonus schemes such as profit sharing and stock ownership (e.g., Arthur, 1994; Walton, 1985). HR commitment systems are sometimes also interchangeably labeled as high involvement (Boxall & Macky, 2009), or collaborative HR bundles (Gooderham et al., 1999; Gooderham et al., 2008).

High Performance

A third, and at present dominant, approach is the high-performance paradigm (e.g., Boxall & Macky, 2009; Posthuma et al., 2013; Toh et al., 2008). High-performance work systems is an umbrella term for bundles of HR practices targeted to create a source of sustained competitive advantage through a fit between HR practices and corporate strategy (Huselid, 1995). While some propose that a "core" set of practices are universally conducive to organizational performance, the majority of researchers argue for a fit perspective and hence for a differentiation of such bundles between but also within firms (e.g., Banks & Kepes, 2015; Huselid, 2011; Kepes & Delery, 2007). Depending on the strategy, a different managerial philosophy might also apply. The high-performance HR system rests upon the implicit assumption that employees are best typified as "complex men." This means that employees can adapt and that their preferences and abilities have to be matched to tasks and context. Hybrid contracts, that is, "contracts, which combine the open-ended time frame and mutual concern of relational agreements with the

performance demands and renegotiation of transactional contracts" (Rousseau & Tijoriwala, 1998, p. 122), represent the most likely form of contract in high-performance HR systems. Proponents of the high-performance work paradigm also clearly stress the importance of human capital. One important key to success is thus the allocation of employees to the right tasks or the right divisions through rigorous selection and promotion practices as well as the development of employees through intensive and needs-targeted training. In this system, employees are motivated by a mixture of extrinsic and intrinsic rewards that need to fit specific organizational requirements. Merit pay, elaborate performance appraisal systems, and group-oriented payments are, hence, often seen to be part of a high-performance HR system (e.g., Huselid, 1995; Posthuma et al., 2013). However, it needs to be noted that the number of distinct practices identified as core components of high-performance work HR practices has recently dramatically increased (Paauwe & Boselie, 2005; Posthuma et al., 2013). In addition, these combinations not only differ very markedly but also seem to reflect differing core assumptions, with some scholars clearly placing more value on intrinsic rather than extrinsic motivation. For instance, Pfeffer (1998) argues for low status differences and fixed pay as characteristics of a high-performance HR system and hence clearly targets intrinsic motivation, whereas Huselid (1995) views individual performance contingent pay as a key instrument to extrinsically motivate employees to achieve organizational goals.

Our condensed review of the control, commitment, and high-performance HR systems highlights the three ideal types of HR systems that have been most extensively discussed in previous research. Yet this overview of systems seems incomplete in the view of current debates in practice. Recent discussions in the business press indicate that a new system of HR practices, with a distinct "market logic," has populated the corporate world. A number of companies seem to build on the assumption that internal competition among employees is the best way to discipline and to inspire employees. For instance, companies like Yahoo explicitly rely on HR practices such as forced rankings (e.g., Jones et al., 2017; Moon et al., 2016). By contrast, other companies such as Microsoft and Ford have abandoned their rank-and-yank systems because they found them to undermine team collaboration and team spirit as well as to augment the risk of unethical behavior (e.g., Barry, Garr, & Liakopoulos, 2014; Jones et al., 2017; Pfeffer & Sutton, 2013). Such practices are not only widespread and hence should be studied in HR research; they also seem to create unintended side effects. These potential side effects need to be understood to enable competitive HR practices to contribute to individual-, team-, and organizational-level outcomes. Hence, a new logic, that of "competitive HR practices," calls for further analysis. In the

next section, we will therefore take an initial step to define competitive HR practices. We provide a definition and a first conceptualization of an ideal type of competitive HR system.

Widening the HR Systems Lens: Competitive HR Systems

Competition has been generally conceptualized in three ways: (a) as an individual disposition to compete, that is, trait competitiveness and hyper competition; (b) as a perception of the competitive character of the environment; and (c) as a de facto characteristic of the situation in which two or more people compete against each other for rare resources, also referred to as "situational competitiveness" or "structural competition" (e.g., Fletcher, Major, & Davis, 2008; Garcia et al., 2013; Murayama & Elliot, 2012). Competitive HR practices are purposefully designed to create a structural competition. While they are likely to result in perceptions of a competitive workplace, it is the intent to inject structural competition that is of interest here. Furthermore, competition can be injected among individuals, groups, and organizations (Kilduff et al., 2010). However, competitive HR practices targeted toward individual-level competition seem to be the source of most problems and controversies in organizations as indicated by current discussions in practice. We thus restrict our analysis to practices that inject internal competition among employees.

Competition among individuals is characterized by negative social interdependence and social comparison. Social interdependence exists when individual goal attainment is affected by the actions of others (Deutsch, 1949). In the case of negative interdependence, one actor can achieve a desired outcome only at the expense of the other actor. In other words, one only wins if the other fails (e.g., Deutsch, 1949; Stanne, Johnson, & Johnson, 1999). Furthermore, competition by definition implies evaluations of relative standing among competitors. Interindividual competition is based on externally injected interpersonal comparisons, as "comparing one's progress with the progress of competitors to determine who is winning and who is losing" is essential to competition (D. Johnson et al., 2012, p. 1073). Consequently, competition always entails some form of ranking or comparison: Someone wins in comparison to other individuals who do not win. This forced comparison activates social comparison processes as individuals seek other individuals to compare themselves against (e.g., D. Johnson et al., 2012; Murayama & Elliot, 2012). Based on competition research, we therefore define competitive HR practices as formal procedures that (a) are designed to establish negative interdependence among employees and which rest on (b) a relative comparison between employees.

Following a system approach, as an ideal type, the competitive HR system centers on the following set of assumptions: First, the dominant logic of competitive HR systems is the market mode. In this logic, internal competition serves as an efficient coordination mechanism that matches individuals and tasks through the invisible hand of the market. Internal competition also acts as a disciplining device because it creates incentives, which ensure that selfish individuals act in the interests of the organization. Second, employees in the competitive HR system are perceived as "economic men" who view work as a disutility and act as highly rational decision makers using asymmetric information to cleverly maximize their own utility (Davis, Schoorman, & Donaldson, 1997). Third, competitive HR systems rest on transactional contracts where employees trade their human capital to maximize their self-interest, most often to acquire tangible incentives (Camerer & Fehr, 2006).

These assumptions are reflected in a specific set of HR practices. At their very core, competitive HR practices stress relative standing and asymmetric rewards. Compensation practices, for instance, are based on relative individual performance and often come in the form of high horizontal and vertical pay dispersion to create attractive prizes for winning the competition and to thereby strongly augment employee motivation (e.g., Becker & Huselid, 1992). Relative standing and negative interdependence are also evident in employee training and development practices. Exclusive talent management and a strong focus on development of high-potential and "star" employees are paired with a relative neglect of other employee groups (e.g., Gallardo-Gallardo, Dries, & González-Cruz, 2013; Meyers & van Woerkom, 2014). Finally, performance appraisal of employees is based on relative evaluations, most often on forced distribution rankings (e.g., Luffarelli et al., 2016; Moon et al., 2016).

As mentioned earlier, the aim of HR systems is to coordinate and motivate employees to contribute to organizational goals. We propose that many of the problems identified in the popular press are particularly related to the motivational side of competitive HR practices: Through the use of internal competition, organizations often hope to inspire employees to work harder to accomplish organizational goals. Instead, organizations encounter unwanted side effects such as envious employees who attempt to harm their peers (e.g., Kim & Glomb, 2014; Lam, Van der Vegt, Walter, & Huang, 2011).

A Process Model of Competitive HR Practices

The aim of our model is to explain why competitive HR practices sometimes lead to inspiration, but sometimes also to envy and why these practices therefore differ so markedly in terms of their impact on individual-level behavioral and attitudinal outcomes. To do so, our model blends social
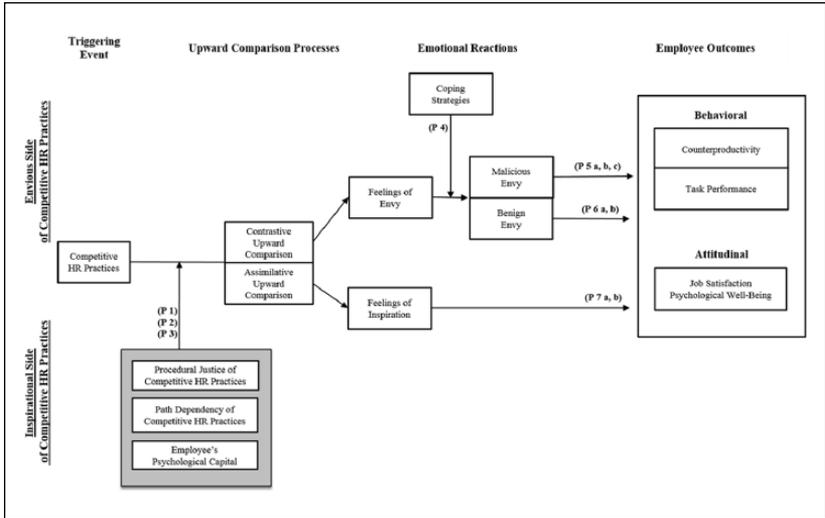
Figure 1. Process model of competitive HR practices.
Note. HR = human resource.

comparison processes, emotion, and uncertainty research. First, we investigate the consequences of upward social comparison processes evoked through competitive HR practices. Hereby, we focus on two comparison processes that occur as a result of competitive HR practices: a threat-related, contrastive comparison, on one hand; and a challenge-related, assimilative comparison, on the other hand. Second, we explain how perceptions of workplace uncertainty, that is, unpredictability of structural aspects of one's job, influence these types of comparison. Third, we specify the affective consequences of these two comparison processes. We propose that assimilative comparison leads to inspiration and, in consequence, positively affects employee psychological well-being, task and contextual performance, whereas contrastive comparison leads to envy, which lowers employee psychological well-being. We then explore new findings, which argue that even if employees feel envy, their behavioral reactions can still be positive. The decisive factor here is how individuals cope with envy. Overall, our model suggests that organizations relying on competitive HR systems can expect positive behavioral consequences if their employees are equipped to live with uncertainty, if competitive HR practices are implemented in a fair and non-path-dependent way, and if employees can cope with envy. Our overall framework is visualized in Figure 1.

Competitive HR Practices and Upward Comparison Processes

Competitive HR practices rank employees in relation to other peers to identify those employees who are the best or the most talented ones. Competitive HR practices thus, by design, make upward social comparison processes salient, that is, they animate employees to watch out for the progress of the better-off peers to gauge their own position and chances of success. The theory and research on social comparison processes is therefore a natural point of departure to understand the effects of such comparisons on the comparing employees. It needs to be noted, however, that much of the literature on social comparison processes is geared toward understanding whom individuals choose to compare themselves against, a topic addressed in detail elsewhere (e.g., Buunk & Gibbons, 2007; Corcoran, Crusius, & Mussweiler, 2011; Greenberg, Ashton-James, & Ashkanasy, 2007; Suls, Martin, & Wheeler, 2002). Instead, we focus on the consequences of social comparison processes at the individual level.

Competitive HR practices entice upward comparisons. These comparisons can develop in two distinct ways: by contrasting against or by assimilating with the better-off peer. Employees engaging in a contrastive comparison tend to emphasize differences between the self and the comparison peer. Employees who engage in an assimilative comparison emphasize similarities shared with the comparison peer (e.g., Buunk & Gibbons, 2007; Corcoran et al., 2011; Crusius & Mussweiler, 2012; Mussweiler, Rüter, & Epstude, 2004). In addition and as opposed to contrastive comparison, assimilative comparison involves realizing that the differences between the comparison person and the self are malleable and can be narrowed (Mussweiler et al., 2004). Previous research on social comparison processes demonstrates that whether upward comparison proceeds in a contrastive or assimilative matter has a significant albeit distinctive impact on individual's self-view (Buunk & Gibbons, 2007; Mussweiler et al., 2004).

Upward Contrastive Comparison

Contrastive upward comparison highlights employee's inferiority in relation to the better-off peer. Contrastive comparison signals to the employees that they lack competencies needed to attain the level of that peer. In contrastive comparison, employees engage in thoughts like "We are so different, I will never be able to step into the peer's shoes." Contrastive comparisons are therefore highly threatening for individuals' self-conceptions (e.g., Mendes, Blascovich, Major, & Seery, 2001). Perceptions of

differences inherent in contrastive comparison inhibit employees' confidence to ever become like the better-off peer in the future. Employees feeling threatened by and inferior to their better-ranked peer thus view their own prospect for success in the organization in a rather pessimistic way (Lockwood & Kunda, 1997). Consequently, leveling up to the achievements of the peer in the future will be perceived as an unlikely endeavor (e.g., Collins, 1996; Van der Zee, Buunk, Sanderman, Botke, & Van Den Bergh, 2000).

Upward Assimilative Comparison

Assimilative upward comparison, in contrast, provides employees with positive expectations toward achieving a similar outcome in the future. In assimilative comparison, similarities with the better-off peers are highlighted. Dissimilarities are perceived as elastic and thus signal to the employees that the outcomes and achievements of this colleague are attainable and in close proximity (e.g., Collins, 1996; Lockwood & Kunda, 1997). Expressed in thoughts like "We have so much in common, what she can do I can do as well," assimilative comparison ignites employees' conviction that they are on the right track and possess the right qualities, abilities, or skills to succeed. The better-off peers thus serve as positive role models (Lockwood & Kunda, 1997). Consequently, employees see the advantageous position of the better-off peer not as a threat but as a challenge that opens up new prospects and opportunities to self-improve. Assimilative comparison therefore strengthens employees' belief that they are able to achieve a similar position or a similar outcome in the future.

It is unclear whether and under which conditions enforced competitive situations trigger assimilative rather than contrastive upward comparison. Less than a handful of articles propose that competition, in general, is more likely to lead to contrastive comparisons. However, we are aware of only one empirical study, which shows that competitive contexts indeed evoke upward contrastive rather than upward assimilative comparison (Stapel & Koomen, 2005). This study needs to be interpreted with caution because of the recent retraction wave facing many of Stapel's experimental studies. On the contrary, we find it plausible that assimilation might be a likely outcome of competition as well. We agree with Mussweiler (2001) that

> the ways in which social comparisons shape our self-evaluations appear to be rather complex and multifaceted. Not only may social comparisons produce assimilation as well as contrast, which of both effects occurs also depends on a plethora of factors, of which some seem rather trivial at first sight. (p. 500)

We propose that reactions to forced upward comparison depend on how individuals perceive and evaluate the uncertainty inflicted upon them through competitive HR practices. If this uncertainty, which usually looms large for employees exposed to competitive HR practices, is perceived to be manageable, differences in relative standing between individuals are likely to be cognitively reduced and hence perceived to be surmountable. We therefore argue that an understanding of conditions related to uncertainty perceptions has a strong influence on whether employees contrast themselves against or assimilate with their better-off peers.

Competitive HR Practices and Workplace Uncertainty

Competitive HR practices, by design, turn employees' attention to how they are performing in comparison to their peers. This interdependence of their own ratings with those of their peers hampers employees' ability to predict their own future progress. Employees cannot be sure that information they perceive about the better faring peers is consistent with the perceptions of the peers by organizational authorities. Competitive HR practices thus bring constant pressure about whether employees will make it to the top or will be dismissed (in extreme cases). Competitive HR practices compromise employees' ability to accurately analyze their work environments, for instance to predict how employees' own actions alter the situation in which their comparison target is a moving one. Consequently, perceptions of workplace uncertainty evolve, that is, uncertainty that is marked by unpredictability of structural aspects of one's job such as job security and promotion opportunities (Bordia, Hobman, Jones, Gallois, & Callan, 2004). Such perceptions of uncertainty present a threatening experience to individual's self-concept (e.g., Hogg, 2001). Yet, if conceived to be manageable, differences in relative standing should be perceived as surmountable, and competition will be more likely seen as a challenge and not as a threat. Employees are therefore more likely to expect that they will be able to achieve a ranking or an outcome similar to the better-off peer invoking assimilation with rather than contrast from the better-off peer. Workplace uncertainty research is thus a good starting point to delineate how competitive HR practices impact perceptions of uncertainty. Two general approaches are suggested on how employees cope with uncertainty caused by competitive HR practices: (a) characteristics of the workplace and (b) specific individual differences that reduce perceptions of uncertainty. We will discuss two characteristics of the workplace: Here we focus on how procedural fairness and the degree of path dependency of competitive HR practices impact employees' appraisal of and coping with

uncertainty at work (e.g., Cerin & Barnett, 2006; Colquitt & Zipay, 2015; Lind & Van den Bos, 2002; Van den Bos & Lind, 2002). We then focus on individual differences and argue that employees differ in their ability to cope with workplace uncertainty depending on the level of their individual psychological capital (Avey, Wernsing, & Luthans, 2008; Hodson & Sorrentino, 1999; Sorrentino, Ye, & Szeto, 2009).

Procedural Justice of Competitive HR Practices and Upward Comparison

In situations marked by uncertainty, individuals are particularly prone to seek fairness-related information about various aspects of their environment. In particular, procedural justice has been proposed to alter individual perceptions of uncertainty in the workplace, because it has been shown to assist employees in forming expectations toward how they will be treated in the future (e.g., Lind & Van den Bos, 2002; Proudfoot & Lind, 2015; Van den Bos, 2003; Van den Bos & Lind, 2002). Procedural justice reflects on how far procedures, here competitive HR practices, are consistent, accurate, ethical, free of bias across employees and over time, and responsive to employees' feedback, also referred to as "employee voice" (e.g., Folger, 1977; Greenberg & Folger, 1983; Thibaut & Walker, 1975).

Two potential ways in which fair procedures mellow uncertainty perceptions exist. First, fair procedures signal employees that they are still "in control" of the situation. This effect of fairness is discussed in the so-called "process control model" of justice (e.g., Blader & Tyler, 2015; Thibaut & Walker, 1975; Tyler & Blader, 2003). Perceptions of control hinge strongly on one characteristic of fair procedures: whether employees are granted voice. Fair procedures can guarantee voice by allowing employees to participate in the decision-making process. They also provide employees with means to correct their results in the future. In the case of competitive HR practices, for instance, employees receive a chance to present their side of an argument after the ranking or even to develop a more refined ranking system together with the HR department. Employees thereby directly or indirectly influence future rankings or outcome distributions. Consequently, procedurally fair competitive HR practices will signal employees that, despite their current disadvantage, it is still possible to level up to the achievements of their advantaged peers in the future. If competitive HR practices rest on fair procedures, employees will know that these practices are responsive to their own input and are thus susceptible to change through their own actions.

Second, fair procedures enable employees to cope with uncertainty. Being bias-free and consistent, they transfer important information about

employees' status. Fair procedures signal employees that everyone has valuable competences and is a respected member of the organization (e.g., Blader & Tyler, 2009; Tyler & Blader, 2003). This effect of fairness is also discussed in the group-value model of procedural justice (Blader & Tyler, 2015; Tyler & Lind, 1992). The main argument here is that fairly treated employees will form strong group bonds and a common social identity (Blader & Tyler, 2009). Studies on the role of psychological closeness in social comparison indicate that feeling close to a better-off other facilitates positive reflections on employee's own self-concept and, as a result, invokes assimilative rather than contrastive comparison (e.g., Brown, Novick, Lord, & Richards, 1992; Pelham & Wachsmuth, 1995). We therefore assume that strong bonds formed on the basis of procedural justice will soften perceptions of relative standing and are likely to reduce the felt distance between the ranks. Consequently, employees will not consider the advantages of others as a threat to their own standing and position. Instead, they will rather view the better-off peers as equal contenders. The comparison process will more likely focus upon what is shared than on what is not shared and thus induce assimilative rather than contrastive comparison.

> **Proposition 1:** Procedurally fair competitive HR practices will shift the focus of upward comparison. Competitive HR practices that are perceived high (low) in procedural justice will make assimilative (contrastive) upward social comparison more likely.

Path Dependency of Competitive HR Practices and Upward Comparison

In addition to perceived procedural justice, we propose that the path dependency of competitive HR practices affects employee's perceptions of workplace uncertainty. Depending on how competitive HR practices are implemented, they might create path dependencies in the sense that "losing one race" effectively diminishes future chances for winning. For instance, path dependency is high, if individuals who are selected as talents are not only showered with higher rewards but thereby are also trajected on a pre-paved road for future success because such selection also lays the basis for training and promotion opportunities (e.g., Gallardo-Gallardo et al., 2013; Vriend, Jordan, & Janssen, 2016). Being rated as a high performer or a "winner" makes further progress more likely (e.g., Gallardo-Gallardo et al., 2013; Jones et al., 2017). It opens doors to further resources as well as development and promotion programs, grants employees a higher status, and increases their chances to proceed in the organizational hierarchy. At the same time,

"losers" will find it hard to return to the winning road. An exclusion from the high-performer category will thus not only undermine employees' present outcomes, it will also diminish their chances for success in other areas within the organization. Failure to achieve the status of a high performer will thus become a threatening experience difficult to cope with. In organizations with path-dependent competitive HR practices, employees not given the status of a high performer or a star will have few reasons to believe that they might attain a winning position in the future. Consequently, they will view the distance to the winner as very high because of the extreme differences between those termed as high performer and those who were not. According to findings from comparison research, such extreme differences will lead to contrasting rather than assimilation (Lam et al., 2011; Mussweiler et al., 2004).

In contrast, competitive HR practices implemented in a way to omit such path dependencies are more likely to evoke perceptions that any type of competitive event is a new opportunity for winning. For instance, recurrent award ceremonies with small or even nontangible prizes will turn the spotlight on those characteristics and behaviors an organization cherishes and will signal to employees that everyone can potentially be a future winner of such awards or prizes. Competitive HR practices implemented to prevent path dependencies also omit evaluation biases, for example, through trainings of referees to spot past record anchoring effects. They are thus more likely to signal employees that every new appraisal is really a new opportunity to show their learning and efforts. Instead of threat to employees' standing, such an implementation of competitive HR practices indicates that efforts to learn from the winner are likely to be rewarded in the future. In competitive HR practices low in path dependency, employees are therefore more likely to view the better-off peers as role models and therefore to assimilate with rather than to contrast from them.

> **Proposition 2:** Path-dependent competitive HR practices will shift the focus of upward comparison. Competitive HR practices characterized by low path dependency (high path dependency) will make assimilative (contrastive) upward comparison more likely.

Individual Differences in Psychological Capital and Upward Comparison

Individuals also vary in terms of their abilities to approach uncertainty. Positive psychology research suggests individual psychological capital as a valuable lens to understand how individuals perceive workplace uncertainty (e.g., Avey, Luthans, & Jensen, 2009; Avey et al., 2008). Psychological

capital refers to an individual's positive psychological state of development that comprises four psychological resources: (a) self-efficacy, that is, the individual's confidence to have the abilities and resources to achieve a certain goal; (b) optimism, that is, positive expectations toward achieving this goal; (c) hope, that is, the strive to accomplish a goal as well as to search for multiple alternatives on how to achieve it; and (d) resilience, that is, the ability to bounce back after challenging and disruptive events (Avey et al., 2009; Luthans, Avolio, Avey, & Norman, 2007; Newman, Ucbasaran, Zhu, & Hirst, 2014).

Previous research indicates that it is the synergetic interplay of all four facets that empowers individuals to deal with perceptions of uncertainty at work in a systematic fashion (e.g., De Cuyper, De Witte, Vander Elst, & Handaja, 2010; Youssef-Morgan & Luthans, 2013). Individuals high in psychological capital recover faster from and are less discouraged by setbacks in the first place. They are open toward novel paths on their way to achieve desired outcomes (Avey et al., 2009; Luthans et al., 2007). Apart from a strong confidence in their own abilities and competences, individuals high in psychological capital tend to interpret negative events through a temporary lens and to attribute their defeats to situational as well as external factors rather than to internal, personal causes (Avey et al., 2009; Newman et al., 2014).

Referring to these insights, we argue that psychological capital shifts the focus of employees' attention from contrasting to assimilation because it enables them to meet and to counteract workplace uncertainty. The employees' strong belief in their own abilities and capacities will fuel the conviction that they possess the abilities needed. In addition, due to their tendency to interpret misfortune as temporary and as unrelated to their person, even stretched goals are interpreted to be in reach (e.g., Luthans et al., 2007). Faced with failure, employees high in psychological capital will also recover faster from negative events (e.g., Avey et al., 2009; Peterson, Luthans, Avolio, Walumbwa, & Zhang, 2011) and strive for suitable alternatives to pertain the effort and the competences needed to achieve a similar future outcome as the peer (e.g., Luthans et al., 2007). In sum, employees confident about their competences and high in psychological capital have a positive mind set that they possess the characteristics needed to achieve a similar outcome. They will therefore assimilate with the better-off peers.

By contrast, individuals low in psychological capital possess an insecure self-concept because of their low confidence and a negative self-view. Due to their low level of optimism, they tend to attribute outside events to causes that lie within their person and thus are more likely to trace their failure back to a lack of personal qualities (e.g., Luthans et al., 2007). The success of

another peer will serve as proof for being different from and inferior to that peer and thus inhibit employees' expectations to achieve similar outcomes in the future. The level of psychological capital will thus determine whether competitive HR practices will lead to an assimilative or a contrastive comparison.

> **Proposition 3:** Employees' psychological capital will shift the focus of upward comparison. Employees who have a high level (low level) of psychological capital will tend to assimilate (to contrast) during the upward comparison when exposed to competitive HR practices.

Competitive HR Practices and Employee Outcomes

In the previous section, we discussed the role of workplace uncertainty in the shift between contrastive and assimilative comparison processes. We now turn our attention to the consequences of assimilative and contrastive comparison on employees. We first identify the emotional reactions brought about by contrastive and assimilative comparison and then discuss how these emotions impact on individual behavior and attitudes. We base our analysis on the framework of social comparison emotions proposed by Smith (2000). Smith theorized that upward and downward comparisons "produce a mixture of feelings linked to a complex set of contributing factors" (p. 192). Contrastive comparison leads to feelings of envy, shame, and/or resentment; assimilative comparison to inspiration, admiration and/or optimism (Algoe & Haidt, 2009; Smith, 2000; Vecchio, 2000, 2005). These emotions differ from each other in regard to how much attention is paid to the self and the other. Shame and its positive cousin optimism are characterized by a focus on the self; resentment and admiration by a focus on the peer. Envy and inspiration, however, are marked by a dual focus in which attention shifts back and forth between the self and the comparison peer (Smith, 2000).

In our process model, we concentrate on envy and inspiration. We do so for two reasons. First, competitive HR practices not only initiate an upward comparison; they also institutionalize such comparison in the organization across events and time. Hence, employees are "socialized" to compare their outcomes, their standing, and ultimately their self to view what "the self lacks and what the other possess" (Smith, 2000, p. 183) or to gauge the "positive implications for the self and the admirable attributes of the other person" (Smith, 2000, p. 186). Such a recurring focus on comparing is likely to stress emotions with a dual focus, as the alternating view on others and on oneself becomes normality. Second, envy seems to be an emotion that is particularly

salient in competitive contexts. Previous research from the field of economics and organizational behavior provides multiple indications that competitive HR practices (e.g., tournament structures, relative rewards, and relative feedback) are prone to induce envy (e.g., Dunn & Schweitzer, 2004; Eisenkopf & Teyssier, 2013; Grund & Sliwka, 2005; Salovey & Rodin, 1984; Schaubroeck & Lam, 2004; Vecchio, 2000, 2005). In addition, the focus on inspiration seems warranted because inspiration is often seen as an antidote to envy (e.g., Smith, 2000). Also, research on competitive tournaments and rewards often assumes (at least implicitly) that internal competition has an inspirational side because it motivates employees to do their best and to invest maximum effort (e.g., Connelly, Tihanyi, Crook, & Gangloff, 2014; Lazear & Rosen, 1981; Orrison et al., 2004; van Dijk et al., 2001).

The Envious Side of Competitive HR Practices

Competitive HR practices induce contrastive comparison. Contrastive comparison represents a threat to the employee's self-concept, as it carries the implicit message that approaching the level of the better-ranked peers in the future is hardly to be expected. As detailed above, the immediate emotional consequence of contrastive comparison is therefore envy (Smith, 2000; Smith & Kim, 2007). Envy is generally defined as an "unpleasant, often painful emotion [. . .] produced by an awareness of another person or group of persons who enjoy a desired possession" (Smith & Kim, 2007, p. 47). Envy has been conceptualized both as a dispositional and as an episodic construct (e.g., Cohen-Charash, 2009; Smith & Kim, 2007). Whereas dispositional envy might pronounce the effects of injected competition, competitive HR practices mainly evoke episodic envy as a reaction to the forced comparison. There is some, mainly experimental, evidence, which demonstrates that competitive rewards and relative feedback provoke feelings of envy (e.g., Dunn & Schweitzer, 2004; Salovey & Rodin, 1984; Schaubroeck & Lam, 2004; Vecchio, 2000, 2005).

Recent research on envy found envy to be a double-edged sword as it produces two distinct motivational and action tendencies. Some scholars therefore propose to distinguish between malicious and benign envy (van de Ven, Zeelenberg, & Pieters, 2009, 2011, 2012). Malicious envy is a strong, frustrating emotion characterized by hostility toward the person who possesses the desired outcomes (e.g., Scherer, 2005; van de Ven et al., 2012). It is thus proposed to increase employees' motivation to level down the better-off peer (van de Ven et al., 2009, 2012). Benign envy, on the contrary, is directed toward the object of envy and not toward the envied person (Crusius & Lange, 2014; van de Ven et al., 2009, 2012). Benign envy, while still

painful, is proposed to lack hostility. Instead of putting the better-off peer down, benign envy instills employees with the motivation to reach out for the desired outcome (e.g., Smith & Kim, 2007; van de Ven et al., 2009).[1]

Different roads to benign and malicious envy. The distinction between benign and malicious envy centers on the idea that the painful emotion of envy becomes toxic when the attention of the employee is oriented toward "the peer" rather than the envy object. Several factors have been investigated in research to impact on whether benign or malicious evokes. Yet it needs to be noted that some of the factors discussed in this literature so far confound with insights from the social comparison research (Smith, 2000; vs. van de Ven et al., 2009, 2012). We thus still need to understand why and when individuals focus on the envied person, and when on the desired object as one key characteristic distinguishing malicious and benign envy.

Here we offer a new explanation and propose that the answer lies in a better understanding of how individuals cope and handle envy in a way that reduces hostility and prevents a focus on the person of the peer. Individuals who are able to understand and contain envy will be in a better position to find a constructive way to deal with this painful emotion (Smith & Kim, 2007; Tangney & Salovey, 2010). For example, Salovey and Rodin (1988) identified two broad coping strategies in regard to envy: self-reliance and selective ignoring. Self-reliance involves an active reappraisal of the situation and assists individuals to exercise control over envy. Selective ignoring aims to reduce the significance of the envious encounter (Salovey & Rodin, 1988). In addition, a research report by Vecchio (1997) indicates that in perceptions of employees, coping strategies can be distinguished into various adaptive and maladaptive strategies. Extending the work by Vecchio (1997), Boone (2005) demonstrated that adaptive coping strategies help employees to regulate their negative emotions of envy even in a way that they might feel empathy toward the envied others (as cited in Tangney & Salovey, 2010). In contrast, the maladaptive coping strategies, however, were associated with many negative feelings, among them hostility toward the envied person (as cited in Tangney & Salovey, 2010). Although preliminary, these studies indicate that coping strategies might function as a possible explanatory factor for the transmutation of the painful emotion of envy into constructive, benign envy or into its destructive, malicious counterpart.

> **Proposition 4:** Employees coping strategies will moderate the shift between benign and malicious envy. Employees with adaptive coping strategies (maladaptive coping strategies) are more likely to experience benign envy (malicious envy) following contrastive upward comparisons.

Outcomes of malicious envy. Malicious envy is an emotion characterized by ill will and hostility toward the subject of envy. It thus fuels action tendencies to undermine and to harm the envied peer. Marked by frustration and hostility, malicious envy directs employees' affective and cognitive resources toward strategies to undermine the advantaged peer and hence often cannot muster additional energy and resources into self-improvement (e.g., van de Ven, 2016; van de Ven et al., 2009, 2012). Indeed, empirical studies have shown malicious envy to be strongly linked to peer-directed counterproductive work behaviors, for example, harming, social loafing, and acts of sabotage directed toward the better-off peers (e.g., Cohen-Charash, 2009; Duffy & Shaw, 2000; Moran & Schweitzer, 2008). We therefore propose that feelings of malicious envy will strengthen peer-directed counterproductive work behaviors. In addition, because employees will direct most of their efforts and time toward undermining that peer, employees' task performance is likely to diminish. Furthermore, envy is a negative and painful emotion. Negative emotions have been repeatedly and extensively shown to detrimentally impact employees' psychological well-being and job satisfaction (e.g., Ashkanasy & Ashton-James, 2005; Connolly & Viswesvaran, 2000).

Proposition 5: Competitive HR practices that lead to malicious envy will have a uniformly negative impact on employees' attitudinal and behavioral outcomes.

a. Malicious envy will positively impact peer-directed counterproductive work behaviors.
b. Malicious envy will negatively impact task performance.
c. Malicious envy will harm employee attitudes such as job satisfaction or psychological well-being.

Outcomes of benign envy. In contrast to malicious envy, feelings of benign envy are characterized by a focus on the envy object. The focus on the envy object draws employees' attention to what is needed to succeed in obtaining this envied position or possession, instead of what is needed to prevent the better-off peers from succeeding (e.g., van de Ven et al., 2009, 2012). Hence, benign envy canalizes employees' affective and cognitive resources toward self-improvement. Employees who feel benign envy will thus be more likely to invest their energy and activities into improving their prospects to achieve the desired outcome in the future, for example, by putting in additional effort or by polishing their skills and abilities. This in turn will increase the employees' effort to tackle their work, to improve their skills, or to devote more attention into fulfilling their tasks (e.g., Crusius & Lange, 2014; Hill,

DelPriore, & Vaughan, 2011; van de Ven et al., 2012). Instead of putting their energies into undermining others, employees feeling benign envy will be more likely to increase their level of task performance. However, it is important to note that benign envy still feels painful at first (Tai, Narayanan, & McAllister, 2012). Therefore, it is possible that, analogous to studies on the role of negative affect in organizations (e.g., Weiss & Beal, 2005; Weiss & Cropanzano, 1996), the painful side of benign envy will have negative consequences on employee attitudes such as job satisfaction or psychological well-being (e.g., Ashkanasy & Ashton-James, 2005; Connolly & Viswesvaran, 2000), at least in the short run.

> **Proposition 6:** Competitive HR practices that lead to benign envy will have a distinct impact on employees' attitudes and behaviors.

> a. Benign envy will positively impact employee task performance.
> b. Benign envy will negatively impact employee job satisfaction and psychological well-being.

The Inspirational Side of Competitive HR Practices

Under certain conditions, competitive HR practices lead to assimilative comparison processes. Assimilation, as mentioned, leads to a focus on perceived similarities with the better-off peer and thus presents a challenge rather than a threat to an employee's self-concept. Such a comparison will boost self-confidence and strengthen the employees' belief that they can live up to the level of the better-off peer. Assimilative comparisons, thus, provide employees with excitement about the achievements of the better-off peer and positive prospects for themselves. The extraordinary achievements of the peer will promote a positive mind set toward future success chances and raise awareness for new opportunities in relation to one's own progress (e.g., Smith, 2000; Thrash & Elliot, 2003). They will provide employees with a sense of positive anticipation that they are also able to fit the outcome or the level of the better-off peer because they possess the qualities and knowledge needed to do so. Competitive HR practices that are processed in an assimilative way are thus assumed to evoke inspiration (e.g., Buunk, Zurriaga, Gonzalez-Roma, & Subirats, 2003; Smith, 2000). Inspiration is conceptualized as a psychological state consisting of three consecutive and interrelated components: evocation, transcendence, and approach motivation (Thrash & Elliot, 2003, 2004). Evocation reflects the unintentional emergence of inspiration. Accordingly, inspiration arises because of causes not related to oneself as a person, for instance by extraordinary ideas or the achievements of others. Once evoked, transcendence emerges, that is, the individual's increased awareness for

new hitherto unprecedented chances and opportunities (Thrash & Elliot, 2003, 2004). Awareness of new opportunities then activates the individual's approach motivation; it sparks incitement "to bring one's new ideas or visions into fruition" (Thrash, Moldovan, Oleynick, & Maruskin, 2014, p. 497).

Outcomes of inspiration. Inspiration is seen to act as a launching engine that drives individuals to converge their own actions and competences to reach the level of competence or performance of their inspiration object, in our case the peer (Thrash & Elliot, 2003, 2004). Feelings of inspiration will activate employees' motivation to improve themselves, for example, to increase their effort, energy, or competences to level up to the achievements of the peer. Inspiration represents a positive motivational state providing employees with energy to engage more deeply with their tasks and to experience a sense of cognitive and emotional devotion toward accomplishing it (Thrash & Elliot, 2003, 2004). Inspiration will thus increase both task and contextual performance. In addition, and in contrast to benign envy, inspiration is a solely positive emotion. Burgeoning research on positive emotions demonstrates that positive emotions benefit employees' attitudes (e.g., Ashkanasy & Ashton-James, 2005; Bono, Glomb, Shen, Kim, & Koch, 2013; Lyubomirsky, King, & Diener, 2005). For example, a comprehensive meta-analysis by Lyubomirsky and colleagues (2005) provides substantive evidence that positive emotions are accompanied by favorable employee attitudes such as job satisfaction and psychological well-being (Lyubomirsky et al., 2005).

> **Proposition 7:** Competitive HR practices that lead to inspiration will have a uniformly beneficial impact on employees' attitudes and behaviors.

> a. Inspiration will positively impact task and contextual performance.
> b. Inspiration will positively impact employee job satisfaction and psychological well-being.

Discussion

Companies often use HR practices such as forced ranking to inspire competition among employees. Although highly contested in practice for their potential side effects, they so far remain largely unexamined in strategic HRM research. In our article, we addressed this issue by providing a definition of "competitive" HR practices and a conceptualization of an ideal type of competitive HR system. We also highlighted how this system extends the prevalent approaches of control, commitment, and high-performance HR system. Similar to the control HR systems, the competitive HR configuration follows a rather pessimistic view on

employees' work effort. Yet, similar to the high-performance HR system, employees in the competitive HR system are not so much regarded as "unreliable machines," but as highly skilled experts and thus as a valuable (intellectual) resource to build organizational value. The competitive HR system, however, differs significantly from these systems in its dominant logic as it builds on the idea of the "invisible hand of the market." Internal competition is assumed to be an effective device to ensure that selfish and rational employees are motivated to contribute to organizational goals. This internal competition is mimicked through relative assessment practices and the distribution of asymmetric rewards. Consequently, the competitive HR system is also likely to be more cost-efficient at motivating self-interested employees than the control system approach because it does not require close supervision or extensive regulation.

In this article, we have also developed a model that theorizes under which conditions competitive HR practices produce organizationally wanted and unwanted effects on the individual level. We incorporated so far independently coexisting insights from research on social comparison processes, workplace uncertainty, and emotions to explain when competitive HR practices evoke contrastive comparison and envy and when assimilative comparison and inspiration evolve. In doing so, our framework also contributes to a better understanding about the controversial nature of competitive HR practices. More specifically, we argued that procedurally fair and less path-dependent competition and a high level of employees' psychological capital lead to assimilative comparisons and inspiration. Feeling inspired by well-faring colleagues, in consequence, increases employees' task and contextual performance and boosts employee well-being. However, we also argue that, as a default, competitive HR practices are more likely to evoke contrastive comparison and thereby lead to envy. Envy is a strong and painful emotion that reduces employee job satisfaction and psychological well-being. However, envy might emerge either in a benign or malicious form. Benign envy focuses on the object of envy. It fuels employees' motivation to better their own position and hence should lead to higher task performance. Malicious envy, however, focuses on the envied person and hence is more likely to steer employee effort into peer-directed counterproductive behaviors that leave considerably less resources for the improvement of task performance.

Avenues for Future Research

HR Systems

In our article, we provide an initial step in conceptualizing a competitive HR system. Yet, at present, we have little empirical research on which practices

companies actually use to inject competition in the workplace and how these practices are bundled in the field. Given this, an empirically derived taxonomy of competitive HR practices seems to be the most logical next step for future research (Boxall, Ang, & Bartram, 2011). First, HR scholars could strive to identify the breadth and the variety of competitive HR practices used in companies through more explorative approaches such as focus-group discussions and interviews with experts. These insights can then be used to examine whether organizations differ in how competitive HR practices are combined through configurational analytical approaches (e.g., Short, Payne, & Ketchen, 2008), for example, cluster analysis as a promising, yet so far rarely applied technique in strategic HR research (e.g., Arthur, 1992; Verburg et al., 2007).

HR systems in practice are also often combined with each other and thus interact with HR practices that are based on a different logic (Combs et al., 2006; Delery, 1998; Kepes & Delery, 2007). This interaction can lead to positive synergies. Yet it could also result in negative synergies, that is, "deadly combinations" where the positive effects of one HR instrument are canceled out by the concurrent application of another one (Becker, Huselid, Pickus, & Spratt, 1997). For example, competitive HR practices such as forced rankings might be combined with HR practices that aim to increase the organization's social capital and collaboration. Yet in this combination competitive HR practices will quite likely act as the "villain" that undermines the attempted collaboration (e.g., Beersma et al., 2009; Beersma et al., 2003; M. Johnson et al., 2006). Consequently, it is not only the presence of competitive HR practices but also their interaction with other HR practices, informed by other HR logics, that need to be addressed.

It also needs to be noted that the ways in which intended competitive HR systems unfold their effects might differ remarkably from how they are perceived and how their logic is understood by employees (e.g., Nishii, Lepak, & Schneider, 2008; Van De Voorde & Beijer, 2015). HR systems, in general, provide employees with cues about what is valued and expected by organizational authorities (Kehoe & Wright, 2013; Piening, Baluch, & Salge, 2013). Yet HR systems might fail in their intended purpose because they transfer conflicting messages to the employees. For instance, an HR system might signal employees that their organization cherishes long-term relationships, appreciates their effort, and genuinely cares about employee's well-being. However, employees in a specific organization could still read this signal differently, for example, that their employer stresses organizational goals at the expense of employee well-being (Den Hartog, Boon, Verburg, & Croon, 2013; Van De Voorde & Beijer, 2015). Competitive HR systems, for instance, could send mixed messages and thus might have a distinct impact on

employees' attributions. As already spelled out, competitive HR practices rely on a strong market logic and hence, on one hand, employees might perceive them as exploitative. On the other hand, competitive HR practices also provide extensive rewards and investments into the development of human capital and as such might signal concern for and appreciation of employees. In this light, we encourage researchers to extend our more "intended" view of competitive HR systems to pursue an attributional stand and to measure how individuals actually perceive the intent of competitive HR systems and how such attributions are influenced.

When it comes to the coordination function of HR systems, the inherent market mechanism of competitive HR practices aims at providing an efficient allocation of talent willing to win the prize in the area where their talent meets best. While market mechanisms work well for resource allocation, they are comparably ill-suited to promote cooperation between individuals or units, particularly when no price tag can be applied to such cooperative efforts. Some magazine articles, thus, argue that cooperation would only be inspired if rankings were also dependent on how employees support other employees or the organization. As we explained in our article, such a cooperative effort (e.g., higher levels of contextual performance) is only likely to emerge if internal competition will not promote malicious envy (at the very least). It remains to be studied in the field whether benign envy in combination with incentives for cooperation could succeed and entice cooperation in a competitive context.

Process Model

As is the case with every model, we had to focus on a few and specific variables to explain how competitive HR practices influence employee emotions and work relevant attitudes and behaviors. We thereby provide a static view of a rather dynamic association process.

First, the effect of competitive HR practices on comparison processes and employee emotions may not be linear. Competitive HR practices might be designed in a way that varies in competitive intensity, that is, the degree of negative interdependence they establish. Highly intense competitive HR practices are designed to promote, reward, or award employees according to a winner-take-all approach with a small and exclusive group of winners who are rewarded with disproportionally high financial rewards. They might even introduce punishment mechanisms for those who lost, for example by dismissing low performers as this was the case in infamous General Electric forced distribution rankings, also nicknamed the "mortality curve" (Moon et al., 2016). In contrast, competitive HR practices low in intensity are

characterized by smaller or even intangible rewards or prizes provided to employees with outstanding performance and achievements. Related to this, a particularly intriguing issue concerns whether there exist an optimal level of competitive intensity, which ensures that competitive HR practices induce a healthy competition, that is, a competition that boosts employees' efforts without a toxic component to it. It seems plausible that the association between the intensity of competitive HR practices and employee outcomes might take a nonmonotonic and even inverted curvilinear shape. For example, with growing intensity, competitive HR practices might first benefit employee outcomes until they reach a critical tipping point at which their effect turns negative.

Second, individual history and ripening processes might alter the dynamics of the proposed associations. It seems plausible that employee experiences with the competitive HR system are likely to have an impact, a point that should be examined in future research. An employee who has repeatedly won might be more likely to attribute his or her present "misfortune" to aspects of the environment rather than to a lack of personal qualities and thus will feel inspired rather than envious through competition. In contrast, employees with predominantly negative experiences with such systems might seek explanations for "losing" in the lack of personal abilities and hence rather contrast from their better-off peers in the long run. In addition, and potentially even more important for the sustainable implementation, a competitive HR system approach will also influence the composition of the organizational workforce. Competitive HR systems are likely to attract competitive- and possibly envy-oriented individuals (e.g., Kristof, 1996; Kristof-Brown, Zimmerman, & Johnson, 2005) with the consequence that assimilation and thereby inspiration become less likely.

Third, from a more cross-level perspective, competitive HR practices are embedded in a broader organizational context that will act as a strong influence as well. For example, organizational culture is likely to exert a strong effect on the ways employees' perceive competition. Enron has been an oft-cited example that illustrates how internal competition can run havoc in an organization. It has been noted that Enron's culture was one of a cult of superstars, of greed and of the (implicit) belief that envy creates positive outcomes for the company (Sims & Brinkmann, 2003). It is also possible that a strong corporate culture that creates a salient social identity might turn the dice from negative to positive (Margolis & Dust, 2016) because it pronounces fair chances to win and clearly signals that even superstars cannot be successful without their team. In addition—as with any HR system—competitive HR systems need to fit the organizational strategy. We argue that such a system is better geared toward a strategy that rests on cost-effectiveness and standardization as well as a strategy in which little cooperation is needed. For instance, we proposed that procedural

fairness is an important driver for a positive effect of internal competition, yet procedural fairness is contingent on whether rankings or ratings are free of bias, and are accurate or not (e.g., Colquitt & Zipay, 2015). These criteria are much better met if performance can be established in an objective way and is based on only a small range of criteria. The more subjective the performance appraisal and the more complex the job, the less likely rankings and ratings will be seen as fair. Consequently, competition possibly creates more positive outcomes if performance is easily measureable and attributable (Weibel, Rost, & Osterloh, 2010). Also, interpersonal competition, by design, creates incentives to outperform other team members which might undermine team performance (He, Baruch, & Lin, 2014). Interpersonal competition is therefore better geared toward independent work rather than teamwork (Deutsch, 2006). Hence, competitive HR practices might be better suited for (simple) sales and production jobs rather than for tasks that require intensive knowledge sharing and collaborative creation effort, as in case of research and development teams.

Practical Implications

Our model implies that competitive HR practices might have both a bright and a dark side. First and more on a general level, if—for some reason—companies prefer to use competitive HR practices, they should be aware that, left unattended, competition might show its distinct downside. Managers and supervisors need to exercise caution in how they structure and implement competitive HR practices. Second, competitive HR practices that provide multiple, recurring, and equitable winning chances are better positioned to spark a more enjoyable form of competition. Companies therefore seem to gain by keeping competition less prepaved, more evenhanded and free of extreme favoritism for employees with the status of stars. One way to do so is to train supervisors to conduct ratings and rankings in a fair-minded way with as little biases as possible. Recent meta-analyses indicate that such trainings are effective in augmenting the accuracy of ratings, particularly in the case of relative comparisons (e.g., Roch, Woehr, Mishra, & Kieszczynska, 2012). Yet, little is known about the extent to which rater training persists over time. Regular refresher training may thus be warranted. Third, employees should also be trained and coached to develop a stronger psychological capital (e.g., Luthans, Avey, & Patera, 2008; Meyers, van Woerkom, & Bakker, 2013). Psychological capital trainings seem a particularly useful complement to reskilling initiatives targeted at the "losers" of competition. Finally, practitioners have to be conscious about the selection process, as a misalignment of the person-environment fit can lead to undesirable consequences for cooperation-oriented individuals (e.g., Fletcher et al., 2008; Jones et al., 2017).

Conclusion

Companies often rely on formal procedures that aim to inject internal competition into the workplace. While a topic of controversy among practitioners, these procedures have so far received only limited attention in the area of strategic HRM research. In this article, we identify the key features of such "competitive" HR practices. We then develop a theoretical framework to explain their contradictory impact on employees' attitudes and behaviors. Our framework elaborates on social comparison, uncertainty, and emotion research to explain when competitive HR practices unfold their dark side and when a less negative or even a bright side of competitive HR practices might emerge.

Note

1. Currently, heated debates are led on whether these two types of malicious versus benign envy should be distinguished. These discussions abound both on the chosen terminology, that is, whether painful feelings like envy should be termed as *benign* (Cohen-Charash & Larson, 2017a, 2017b; vs. van de Ven, 2016), as well as on the explanatory factors of these differing outcomes of envy (e.g., Crusius & Lange, 2017; Tai, Narayanan, & McAllister, 2012; van de Ven, Zeelenberg, & Pieters, 2009, 2012). We adopt a pragmatic stance here and stick with the terms benign and malicious envy, as there is enough evidence that envy can indeed evoke positive consequences (van de Ven et al., 2009, 2011, 2012).

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