(MIS)MATCHED FRAMES OF REFERENCE:
COGNITIVE FOUNDATIONS OF EMPLOYMENT SYSTEMS

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Abstract

Understanding the determinants of organizational employment systems is important for research and practice, but the dominant environment-centric approach to managerial strategic choice limits managerial agency and overlooks worker agency. We develop a cognitive approach in which managers' and workers' cognitive frames on the structure of the employment relationship are theorized to influence organizational employment systems. First, we propose that archetypical employment systems have cognitive roots. Second, including the interaction between managers' and workers' cognitive frames opens up the space to question what happens when managers and workers have conflicting or mismatched cognitive frames. When actors' frames are mismatched, observed employment practices and outcomes are likely to deviate from the ideal archetypes. The resulting framework on the microfoundations of employment systems as embedded in actors' (mis)matched frames of reference allows for the development of a richer set of employment systems that better matches the range of outcomes observed in practice.

Introduction

An organization's system of human resources and employment relations practices shapes the daily experiences of its workers and affects key organizational outcomes. Understanding the determinants and consequences of different types of employment systems is therefore important for both research and practice. Consequently, employment relations scholars have created numerous typologies of workplace practices or employment systems within organizations (Godard, 2017; Kaufman and Miller, 2015; Katz and Darbishire, 2000; Tsui et al., 1997). Classifications of bundles of workplace practices such as these are useful for documenting trends, developing strategic approaches for maximizing organizational performance and worker well-being, and gauging convergence or divergence in employment systems domestically and in a comparative context.

But what shapes the employment practices adopted by a particular organization? A dominant approach to theorizing the origins of employment systems prioritizes the structural context. Managers or other organizational leaders are implicitly modeled as making a choice about what types of practices to adopt, but this choice is generally seen as a largely deterministic one. Specifically, managers and other organizational leaders respond to incentives to implement the employment system that will best fulfill organizational objectives as determined by corporate strategy and as potentially constrained by laws, norms, technology, employee capabilities, the labor market, the labor movement, and other stakeholders and institutions (Kaufman and Miller, 2011, 2015; Kochan, Katz, and McKersie, 1986; Schmidt, Pohler, and Willness, 2018). At the level of national employment systems, comparative employment relations theory and research similarly examines the political, economic, and historical context in which national patterns form (Hall and Soskice, 2001), and the changes that have occurred across and within these contexts over time (Colvin and Darbishire, 2013).

While economic and institutional factors are undoubtedly important in understanding the nature and origins of employment relations systems, environment-centric approaches to managerial strategic choice limit both managerial and worker agency while also under-appreciating that "organizations embrace particular culturally accepted logics or blueprints for organizing, including a model of how employment relations should be structured" (Baron, Hannan, and Burton, 2001: 961). For instance, Baron, Burton, and Hannan (1996) document that a majority of founders in a sample of new high-technology firms had a clear blueprint for an organizational employment system resulting in an enduring logic that strongly influenced practices. But where do these blueprints or models come from (Baron, Burton, and Hannan, 1999)? We posit that they are at least partially rooted in the interaction between leaders' and workers' cognitive frames about the structural nature of the employment relationship.

In this paper we theorize the significance of organizational actors' cognitive frames and sensemaking processes in both structuring systems of practices and leading to conflict over these practices within organizations, thereby influencing observed employment relationship patterns and outcomes. Frame analysis and sensemaking have received substantially more attention in the management and organizational literature than in employment relations theory and research. In the management and organizational literature, cognitive frames have been proposed to shape how organizational systems are structured (Ranson, Hinings, and Greenwood, 1980) and how organizational actors behave (Cornelissen and Werner, 2014; Weber and Mayer, 2014). The literature on sensemaking in organizations (Weick, Sutcliffe, and Obstfeld, 2005) further integrates cognitive frames with action, and frame alignment strategies have been developed in the organizational (Gray, Purdy, and Ansari, 2015; Kaplan, 2008) and social movement literatures (Benford and Snow, 2000).

Using the term "frames of reference" rather than "cognitive frames", employment relations scholarship by Budd and Bhave (2008, 2010), Godard (2017), and Heery (2016)

build on Fox (1966, 1974) to uncover the importance of frames on the employment relationship for understanding alternative employment relations perspectives. But there is not a lot of research measuring managerial and/or employee values or ideologies (exceptions include Geare, Edgar, and McAndrew, 2006; Geare et al., 2014; Godard, 1997) and emphasizing frames of reference as a basis for action (an exception is Cradden, 2018). Other relevant employment relations scholarship is beginning to recognize and document the importance of ideas in shaping employment relations outcomes at higher-levels of analysis (Hauptmeier and Heery, 2014; McLaughlin and Wright, forthcoming). We deepen this theorizing on frames of reference and ideas by more ambitiously integrating the organizational literatures on cognitive frames and sensemaking.

By considering the influence cognitive frames have on managerial decision-making, we propose that the archetypes of organizational employment relations systems that are the focus of the literature have cognitive as well as structural roots. But new theorizing should not stop with a consideration of managers' cognitive frames. We also consider workers' cognitive frames as a theoretical determinant of organizational employment systems. If organizational practices are congruent with workers' cognitive frames, then workers are likely to accept these practices without much reflection. More importantly, incorporating workers' cognitive frames opens up the space to question what happens when managers and workers have conflicting or mismatched cognitive frames. We theorize that this will first trigger a sensemaking process in which workers try to understand a set of practices that are different from what they would expect or prefer. Organizations can then use frame alignment processes so that workers will accept existing organizational practices, but there is also the possibility that some workers will resist this alignment. We uniquely theorize that it is only in the former case—when key employment relationship actors share the same frame of reference—that the ideal archetypes that are the focus of the employment systems literature

will emerge and persist. In the latter case (when actors' frames are mismatched), observed bundles of employment practices and corresponding outcomes are likely to deviate from the ideal archetypes. This further reveals how employment relationship frames can be a "potential locus of contestation" (Kaplan, 2008: 730); there can be power in ideas as well as contests of power over ideas (Carstensen and Schmidt, 2016).

The resulting framework on the microfoundations of employment systems as embedded in actors' (mis)matched frames of reference allows for the development of a broader and more nuanced set of employment systems that better matches the range of outcomes we observe in practice, and partially explains why different systems are adopted by competitors in the same industry (e.g., Harvey and Turnbull, 2010). By linking conflict over and the (in)stability of employment systems to the underlying (mis)matched frames of reference of employment relations actors, we provide a theoretical basis for a deeper understanding of the origins of employment systems and patterns of workplace practices that draws on novel theoretical approaches and can be extended into other areas of employment relations scholarship and institutions. Moreover, theorizing the possibility of problematic outcomes when there are mismatched frames implies that organizations have an incentive to proactively manage employees' frames of reference so as to lessen the likelihood of mismatched frames.

Defining Key Terms

The use of frames of reference in employment relations scholarship can be traced back to Fox (1966) who quotes Thelen and Withall (1949: 159) in noting that "each person perceives and interprets events by means of a conceptual structure of generalizations or contexts, postulates about what is essential, assumptions about what is possible, and ideas about what will work effectively" and that "this conceptual structure constitutes the frame of reference of that person." As then summarized by Fox (1966: 2), one's frame of reference

"determines judgement, which in turn determines subsequent behavior." Outside of employment relations scholarship, the lenses through which we perceive, understand, and react to the world around us are often instead labeled as "frames" or "cognitive frames" (Goffman, 1974; Kaplan, 2008; Walsh, 1995). So "frames," "cognitive frames," and "frames of reference" are synonyms for mental models, schemas, or scripts that bound the characteristics of the situations and problems we perceive, and ultimately shape the (set of) actions that we believe are appropriate.

With that said, in employment relations scholarship, frames of reference are always equated to frames about one specific thing: the structural nature of the employment relationship (Fox 1966, 1974; Budd and Bhave, 2008, 2010; Heery, 2016; Cradden, 2018). In this usage, frames of reference (on the employment relationship) are a special case of cognitive frames because employment relationship actors have cognitive frames that shape their understanding of everything that occurs in the workplace, not just the structural nature of the employment relationship. In this paper then, we use "frame of reference" when referring to cognitive frames specifically on the nature of the employment relationship, and we use the term "cognitive frame" when referring to the more general importance of frames for shaping perception. But it is worth remembering that outside of this conventional usage in employment relations scholarship, "frames of reference" and "cognitive frames" refer to the same phenomenon.

We distinguish frames from ideology by seeing the former as mental maps used for perception, evaluation, and understanding while ideology focuses on advocacy and justification such that a frame "is how one sees the world; an ideology is how one wants others to see the world" (Budd and Bhave, 2008: 94). Frames and ideologies can be rooted in the same underlying values and assumptions, but in this paper our attention is focused primarily on perception, understanding, and evaluation so we concentrate on frames rather

than ideology. Another related concept is that of an institutional logic which is "the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton and Ocasio, 1999: 804). But institutional logics exist at a macro level whereas frames are held by individuals, and institutional logics combine practices with ideas whereas frames are cognitive.

The development of an individual's cognitive frame(s) is very complex. It is connected to how the human brain stores and retrieves information (Kahneman, 2011), and is influenced by complex interactions among individuals' interests, personalities, and identities, as well as their experiences in various social contexts with different sets of norms, conventions, rules, and power structures both inside and outside of the workplace (Cradden, 2018; Henrich, 2016). Given this complexity, it is beyond the scope of this paper to delineate how actors' frames (of reference) form or are activated; rather, we theorize that if a certain frame is salient, then a resulting set of practices and behaviors would be expected to be desired. It is also beyond the scope of the paper to specify how frames may come to be shared among actors within groups and organizations, but we acknowledge that this likely involves power relations among different actors and possibly also framing contests and other discursive practices.

Cognitive Frames of Reference and Sensemaking in Organizations

In the organization and management literatures, cognitive frames have been recognized as important microfoundations that shape managerial cognition which then affects actions and outcomes (Cornelissen and Werner, 2014). Barr, Stimpert, and Huff (1992) compare leaders in two organizations in the same industry and demonstrate how leaders' mental models about industry conditions and technological opportunities explained differences in strategic change and resource deployment across the two organizations. As the

digital camera market emerged, Benner and Tripsas (2012) document how photography companies, consumer electronics companies, and computing companies started with distinct cognitive frames based on their own industries, and these frames led to differing beliefs about what consumers would value, and therefore resulted in different types of product features. Litrico and David (2017) show how airlines, airports, and suppliers interpreted challenges posed by civil aviation noise and emissions through six frames (regulatory compliance, image management, economic burden, operational efficiency, systemic efficiency, and technological innovation) and, in turn, how these frames contributed to differing responses that led to different actions. While not using the terminology of cognitive frames, Baron, Burton, and Hannan (1996) document the connection between a company's founder's views of employee attachment, the control and coordination of work, and the most important criteria when selecting employees on the one hand, and the adoption of certain human resources practices on the other. The importance of cognitive frames has also been developed in the literature on social movements; to understand when individuals will undertake collective action it "is not merely the presence or absence of grievances, but the manner in which grievances are interpreted and the generation and diffusion of those interpretations" (Snow et al., 1986: 466; also, Benford and Snow, 2000).

So the scholarship from other disciplines is quite compelling: cognitive frames structure individuals' expectations and behaviors in different contexts. We propose that this includes as actors in an employment relationship. There are many cognitive frames that could be incorporated into employment relations scholarship; we focus on frames of reference on the structural nature of the employment relationship.

To begin, we theorize that managers and organizational leaders will design and implement employment practices not solely as a function of structural factors, as in rational choice theory, but also as a function of their particular understandings about the nature of the

employment relationship based on their (cognitive) frames of reference. Greenwood and Van Buren (2017) similarly assert the importance of the particular frame of unitarism for causing and giving legitimacy to certain human resource management policies, and we broaden this to include alternative frames. The end result is that frames of reference on the employment relationship and associated employment practices become part of an organizational-level institutional logic (Fox 1974). That is to say that while frames are individual constructs, they can be contested and shared, and can be part of an organizational-level phenomenon through practices, rules, discourse, and interactions (Weber and Mayer, 2014).

Now consider workers in the organization. They experience a set of employment practices. If this experience is consistent with workers' expectations because it aligns with their frame of reference that guides their perception of what is appropriate, then workers are likely to accept these practices without much consideration. But if employment practices are contrary to what employees expect based on their frames of reference, we predict that workers will engage in sensemaking in order to give meaning to these unexpected experiences (Weick, Sutcliffe, and Obstfeld, 2005). Either reactively or proactively, then, managers can use framing tools such as mass e-mail communications or HR training and information sessions to influence employees' sensemaking processes in ways that result in congruent perspectives (Cornelissen and Werner, 2014).

Indeed, frames within organizations can be "a potential locus of contestation" (Kaplan, 2008: 730), and we extend this thinking to employment relationship frames of reference. That is, when organizational actors have conflicting employment relationship frames of reference, framing contests will result. With respect to employment practices, part of these framing contests will be accommodation and conflict over these practices. When various frame alignment processes are successful (Benford and Snow, 2000; Kaplan, 2008), then we expect stable archetypical employment patterns to emerge. But when actors' frames

are and continue to be mismatched, observed bundles of employment practices and corresponding outcomes are predicted to deviate from the ideal archetypes.

In practice, matches might be more frequent than mismatches due to managers' ability to recruit and select employees who share their frames, employee apathy, and the potential for actors' frames to adapt through socialization and discursive processes (e.g., framing contests) within organizations in which employees are at a power disadvantage. Nevertheless, mismatches can occur for a variety of reasons, such as imperfect recruitment and selection, changing worker frames due to being exposed to new perspectives, or new organizational leaders bringing in a different frame. Indeed, organizations (Greenwood et al., 2011) and professions (Currie and Spyridonidis, 2016) are complex institutions that confront multiple logics from varying sources which means that it is overly simplistic to assume uniform frames of references across managers and workers.[1]

We recognize that a mismatch requires an employee's frame of reference to have some degree of stability or stickiness. Cornelissen and Werner (2014: 183) caution against seeing frames as overly stable because they "are essentially dynamic and socially situated processes of meaning construction." As described above, some employees may adapt their frame to the organization's discourse. Our theorizing simply requires that it is possible that some employees' frames are not easily changed within some defined time period. To be clear, then, we are not making an empirical prediction as to the relative likelihood of matched versus mismatched frames; rather, we theorize that mismatches are possible and that different combinations of mismatched frames will increase the likelihood of unique outcomes that are imperfectly explained by traditional theorizing and focus on ideal archetypes of employment systems. Lastly, even if we rarely observe mismatched frames in practice, theorizing their

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[1] This harkens back to Fox's (1974: 260) observation that "the enterprise is seen not as a unitary structure but as a coalition of individuals and groups with their own aspirations and perceptions which they naturally see as valid and which they seek to express in action if such is required."

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possibility has implications for understanding the importance of proactive selection as well as framing practices in order to avoid negative outcomes.

Four Frames of Reference on the Employment Relationship

There are many issues in employment relations to which insights from cognitive framing could be applied. Our theorizing focuses on frames that shape one's understanding of the nature of the employment relationship between employers and employees. In employment relations scholarship, these are referred to as frames of reference on the employment relationship. Given the importance of these frames for our theorizing, we describe them in this section, and then develop the important connections between these frames and organizational employment systems in the remainder of the paper.

In contemporary scholarship building on Fox (1974), three of the most developed classifications of different frames of reference for the employment relationship have been put forward by Heery (2016), Budd and Bhave (2010), and Godard (2017) consisting of three, four, and five-part frameworks, respectively. While there are many similarities between these approaches, we believe that the four-perspective framework of Budd and Bhave (2010) provides the best foundation for theorizing the cognitive roots of organizational employment systems.[2] The four frames of reference we therefore adopt here are the neoliberal-egoist, critical, unitarist, and pluralist.

The neoliberal-egoist frame is derived from neoclassical economic thought and rests on a set of assumptions that employers and employees are rational agents pursuing their self-interest (hence, "egoism") in economic markets that approximate ideal competitive

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[2] Compared to the four-part framework we use, Heery (2016) focuses on three frames by combining the neoliberal-egoist and unitary frames which disguises important differences in these two frames that have unique predictions for organizational employment systems. Godard's (2017) intent is to develop perspectives on macro-level governance of the employment relationship, which leads to distinct pluralist and liberal reformist perspectives, but this distinction is unnecessary for our application because the within-organization implications are the same.

conditions. As labor markets are generally believed to be ideally competitive, they are embraced as the primary driver of the employment relationship. This is reinforced by viewing labor as a commodity that only differs from other commodities in its tendency to find the avoidance of full work effort to be in its self-interest. Under these assumptions, the neoliberal-egoist frame sees employees and employers engaging in voluntary, mutually-beneficial economic transactions that involve buying and selling units of labor based on what the labor market will allow. In this way, the neoliberal-egoist perspective assumes that employment systems and practices largely respond to what the market dictates. Moreover, this thinking embodies neoliberal, laissez-faire thinking whereby competitive markets and free choice result in outcomes that are seen as fair because abuses are prevented by the ability to freely exit the relationship. Through this lens, it is also the case that labor unions and government legislation (beyond the establishment and enforcement of property rights and contracts) are viewed as interfering with the ideal operation of competitive markets by restricting employers' and employees' ability to freely contract with each other on terms of their own choosing.

At the other end of the spectrum is the critical frame of reference, which reflects radical, heterodox, and feminist scholarship and perspectives in sociology, economics, and industrial relations. An important feature of critical perspectives is that the employment relationship is seen as one piece of a larger socio-politico-economic system through which elites are able to reproduce their dominance, albeit with some accommodation of the interests of the weaker party in order to foster the compliance and "coerced consent" of organizational actors. Marxist and related perspectives focus on unequal power relations between workers and organizations whereas feminist and critical race perspectives focus on unequal power relations across gender and race. There are also intersectionality approaches that emphasize multiple combinations of difference, and discursive approaches that emphasize the

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importance of language, discourse, and identity-construction in determining power imbalances. In contrast to the neoliberal-egoist frame, the critical frame rejects labor as a commodity and rejects employers and employees (or men and women, or members of different races) as equals in labor markets and in society more generally. As such, fundamental conflicts of interests and unequal power dynamics between competing groups are important assumptions embedded in the critical frame.

In between the neoliberal-egoist and critical frames of reference are the unitarist frame that softens the self-interested and transactional emphases of the former, and the pluralist frame that relaxes the deep–seated structural antagonism of the latter. In the unitarist frame of reference, a key assumption is that employers and employees share a unity of all of their interests; thus, the label "unitarist." When there is conflict in the neoliberal-egoist frame, employers and employees seek alternative partners with whom to consummate self-interested trades. In the unitarist frame, employment relationship conflict should trigger improved managerial policies and methods because the correct policies should be able to align employer and employee interests. As the unitarist frame of reference is rooted in scholarship in industrial/organizational psychology, organizational behavior, and human resource management viewing employees as social-psychological actors, employee interests are assumed to include satisfaction, self-esteem, reputation, and other psychological and social interests. Moreover, economic markets are believed to be imperfectly competitive so profit-maximizing employers can choose their strategies for pursuing their organizational goals rather than being strictly constrained by deterministic markets.

Given the key "unity of interests" assumption, the optimal organizational strategies are those that align the interests of employers and employees, and this becomes a virtuous cycle. For example, unitarist thinking is that if jobs are designed to be fulfilling, this will be valued by employees, and the organization will benefit because these employees will be more

productive. High performance, high-road or high-commitment employment systems and practices are therefore key manifestations of the unitarist paradigm. While this is a managerialist approach, it is done with employees' interests in mind by seeking policies that satisfy employer and employee needs.

Lastly, the pluralist frame of reference is similar to the critical frame in embracing employees as human beings entitled to key standards and rights consistent with human dignity and citizenship, and in viewing imperfectly competitive labor markets as unable to produce these standards. However, this frame stakes out a middle ground between the unitarist and critical perspectives by assuming employers and employees have a mixture of common and conflicting interests—that is, there are a plurality of interests in the employment relationship. Viewing employers' and employees' interests as legitimate, even when they stand in opposition such as a clash between wages and profits, means that one should never consistently dominate the other. And, rejecting the neoliberal-egoist assumption of ideally-competitive labor markets means that institutional interventions may be necessary to better balance bargaining power inequalities and protect workers when employers and managers prioritize their own interests. Pluralists therefore embrace the importance of industrial relations institutions such as labor unions and labor legislation to supplement high-road strategies for managing the workforce.

We propose that all actors hold a set of beliefs and assumptions about the employment relationship that can be usefully classified into one of these four frames. Most importantly, we propose that actors' frames of reference have implications for how they perceive the current employment relationship within their organizations, and how they behave as a result.

Organizational Employment Systems

Archetypical organizational employment systems—also referred to as HR systems, HR configurations, or HR architecture—are stable bundles of employment practices that are

adopted in the workplace to control and coordinate the behavior of employment relationship actors. Employment systems and their associated practices delineate both the formal and informal roles, responsibilities, and accountabilities of employers, management and employees vis-à-vis the other actors, ultimately governing their workplace-level interactions.

Numerous typologies have been constructed to help classify employment systems both between and within organizations (Kaufman, 2013; Kaufman and Miller, 2015). Some typologies adopt an empirical approach to identifying patterns or clusters of employment practices across firms while others adopt a more theoretical approach to establishing the presence of different arrangements. One seminal classification that has been widely cited in employment relations research outlines the patterns found in four different systems: low wage, HRM, Japanese-oriented, and joint team-based (Katz and Darbishire, 2000). In the strategic HR management literature, Lepak and Snell (1999) identify four HR configurations or employment systems (commitment, market-based, compliance, and collaborative) that cluster across occupation groups within firms, differentiated by cross-classifying the strategic value and uniqueness of employees.

But what determines a firm's choice of a particular archetypical employment system for a group of employees? While the connection has not been recognized by most employment relations scholars, the assumptions underlying the ideal types in these typologies are consistent with the assumptions identified in the aforementioned frames of reference. For instance, in the Katz and Darbishire (2000) typology, the low wage system is characterized by the assumptions embedded in the neoliberal-egoist frame, the Japanese-oriented and HRM systems are characterized by the assumptions embedded in the unitarist frame, and the joint team-based system is characterized by the assumptions embedded in the pluralist frame. The market-based and compliance HR configurations in the Lepak and Snell (1999) framework are consistent with a set of assumptions from a neoliberal-egoist frame, and a unitarist frame

for the commitment HR configuration. The collaborative HR configuration in Lepak and Snell's typology could arguably fall within the unitarist frame, but some of the assumptions align more closely with the neoliberal-egoist frame. Numerous scholars have proposed and documented variation in employment systems across organizations and between occupation groups within the same organization based on the beliefs and assumptions managers hold about the environment and specific occupational groups (Kaufman and Miller, 2011; Schmidt, Pohler, and Willness, 2018; Tsui et al., 1997). But what about cognitive foundations pertaining to assumptions managers implicitly make about the nature of the employment relationship?

There is only limited research explicitly connecting managerial values or frames of reference with particular employment systems, and this tends to focus on dualisms. Purcell (1987), for example, maps different management approaches as individualistic or collectivist and correlates this with employment practices. Adopting Fox's (1966) perspective that actors' employment ideologies are either unitary or pluralist, Geare, Edgar, and McAndrew (2006) found an empirical relationship between manager espousal of unitarist frames of reference and the use of high commitment management systems. We significantly extend this literature by considering a richer, broader typology of four key frames of reference that managers might implicitly or explicitly use as a cognitive foundation for configuring an organization's HR architecture.

Moreover, to our knowledge, no research has focused on how the frames of reference of workers and their agents influence organizational employment systems. A substantial amount of research analyzes how employees perceive the employment systems and practices of their employing organizations (e.g., Schmidt, Pohler, and Willness, 2018; Tsui et al., 1997) and research also examines the strategies and tactics unions use to shape employment systems and practices (Verma, 2007). This research indicates that in some cases, workers and

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their agents may not agree with the employment arrangements that exist within the organization. We theorize that the foundations of this disagreement may be partly due to a mismatch between the frame of reference of the employee and the frame of reference of the employer/manager. Indeed, theory and research in organizational behavior on person-organization fit (Kristof-Brown, Zimmerman, and Johnson, 2005) and competing values (Cameron and Quinn, 2011) has established the importance of employee perceptions that their values are compatible with those of the organization. Perceived fit has been shown to be an important indicator of work attitudes, turnover, and job performance (Kristof-Brown, Zimmerman, and Johnson, 2005); however, "fit" usually measures an employee's perceived fit with the required job skills, organizational culture, or environmental and socially responsible values (Jones, Willness, and Madey, 2014). We extend this work by proposing that shared manager and employee values, assumptions, and beliefs regarding how the employment relationship should be structured will also have implications for employee and organizational outcomes. Based on direct experience with the organizational practices adopted to coordinate and monitor employee behavior, employees accept these practices if they implicitly fit with their own values and assumptions about the employment relationship, but might experience cognitive dissonance if these practices clash with their expectations based on their cognitive frame.

Matched Frames of Reference: Ideal Employment Systems

We begin our approach to theorizing the nature and origins of employment systems by identifying how cognitive frames on the employment relationship undergird alternative archetypical employment systems. Table 1 shows the overall employment systems philosophy and representative human resources policies that are expected to follow from each frame of reference. For starters, a neoliberal-egoist frame of reference provides a cognitive foundation for a transactional employment system characterized by spot-market exchanges

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focused mostly on extrinsic rewards for workers with the expectation that a long-term relationship will only endure if the benefits to both parties continue to exceed the value of their respective alternatives. With a strong eye toward market competitiveness, compensation is expected to be what the market will bear or aggressively performance based. This is sometimes characterized as a "low road" approach. A unitarist frame of reference, in contrast, provides the basis for a commitment-focused employment system characterized by high employer investment in employees to foster worker loyalty. Expected human resources policies include the standard array of advanced or strategic policies covering selection, rewards, training and development, performance management, employee involvement, and communication.

Terms and conditions of employment in both the transactional and commitment archetypes are determined unilaterally by management. Thus, these two approaches are often collapsed in employment relations scholarship, or seen as "hard" and "soft" variants of managerialism. Recognizing the distinct cognitive roots provides an important way for appreciating and theorizing the distinctiveness of these two approaches, and for developing a better understanding of why organizations differ in their choices between high- vs. low-road HR systems and practices.

In a pluralist frame of reference, management recognizes the sometimes-conflicting yet legitimate interests of employees, which provides the cognitive foundation for an employment system that allows these interests to be accommodated and balanced. We therefore label this as an accommodative employment system. Such a system is characterized by employment practices and mechanisms that give employees opportunities to have meaningful input into workplace decisions, allows for distributive and/or more adversarial bargaining to occur, and encourages the parties to find compromises acceptable to both sides when interests are not aligned. Compared to the largely unilateral nature of the transactional

and commitment archetypes, the pluralist approach recognizes the value of at least some degree of bilateralism in determining terms and conditions of employment.

In each of these cases, our thought experiment is considering what type of organizational employment system would emerge based on the employer and/or manager's frame of reference. There are numerous, well-recognized examples of neoliberal-egoist (e.g., Wal-Mart, Ryanair), unitarist (e.g., Costco, Delta Airlines), and pluralist (Southwest Airlines, Ford) employers. But turning to the critical frame, what does it mean to be a critical employer? The critical frame of reference sees the employment relationship as a deeply unequal one rooted in socio-political-economic dominance by an elite group, such as capital. An employer that holds this view and seeks to exploit its advantage is acting in its own self-interest without regard for labor's well-being or interests. Such a view dismisses labor's welfare as something for workers to improve, for example through greater human capital, and not as the responsibility of the employer. Such an employer is therefore acting as a neoliberal-egoist employer and would likely provide market-driven, take-it-or-leave terms and conditions of employment. In fact, when employers believe that employees are able to self-improve, this is a neoliberal-egoist frame rather than a critical one. If this is the market-driven narrative embraced by such employers, it is more accurate to see these employers as having a neoliberal-egoist frame of reference rather than a critical one.

So when we theorize a critical employer, it will be different from this take-it-or-leave it, laissez-faire perspective. Specifically, imagine a business owner who sees the employment relationship through a critical frame of reference and is bothered by the inequalities that disadvantage workers rather than dismissing this as someone else's concern. From a true critical perspective, addressing these inequalities requires structural changes (rather than balancing institutions as in the pluralist frame). We theorize these "reformist critical" employers as seeking to create a different, perhaps non-capitalist, organizational form or

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alternative model that is characterized by a relatively equal distribution of resources and authority over decision-making between employers and employees. We label this a cooperative archetypical system where "cooperative" indicates worker-owned cooperatives (e.g., Mondragon) and other multi-stakeholder organizational forms (e.g., Stocksy); it should not be confused with unitarist views of worker cooperation. The resulting employment system will be one characterized by human resources practices that empower workers with ownership and decision-making rights over the full spectrum of organizational and employment issues.

In these ways, we can see the intellectual and ideational roots of alternative archetypical employment systems. We theorize that the particular cognitive frame embraced by an organization's leaders influences, along with structural and environmental factors, the organization's desired HR architecture. We posit that the choice of employment systems is not completely deterministic and propose that managers make choices that are influenced by their cognitive frame. This could occur at an organizational or suborganizational level.

Importantly, we further theorize that the archetypical approaches and practices summarized in Table 1 are predicted to emerge and be more stable when the employer's and/or managers' frames matches the frames of the workers. In such cases, a shared cognitive frame is likely to lead to and be reinforced by a particular set of "taken-for-granted" structures, expectations, meanings, practices, and behaviors. These "taken-for-granted" cognitive frames are arguably institutions themselves (Weber and Glynn, 2006), which manifest as observable "ideal" employment system archetypes at the organizational and workplace levels (Katz and Darbishire, 2000), and potentially also map directly onto higher-order "institutional logics" associated with national industrial relations systems (Hall and Soskice, 2001). Where actors share congruent frames of reference, the frame may not even be salient to the actors, and the associated employment system will be characterized by

relatively minimal conflict about the nature of that system, and high levels of actor satisfaction with employment relationship practices and possibly even outcomes. But in practice, we observe numerous situations where managers and workers clash over the nature of employment practices and where these employment practices deviate from the ideal archetypes. We turn to a consideration of mismatched frames of reference to contribute to a better understanding of these situations.

Mismatched Frames of Reference: Theorizing Off-Diagonal Systems

The next step in our theoretical development of the cognitive foundations of organizational employment systems is to introduce worker agency by recognizing that workers also have cognitive frames on the employment relationship. We reject workers as uniformly passive vessels who reflexively acquiesce to organizational practices. So while Table 1 summarizes what we expect to emerge when managers' and worker's frames are in alignment, we need an intersectional approach to theorize likely outcomes when the employer and employees do not share the same frame of reference—that is, when there are mismatched frames of reference. We therefore present 4x4 matrices that allow employers (columns) and employees (rows) to have their own frames of reference on the employment relationship. Table 2 expands Table 1 by presenting the employment practices that are predicted to be present based on each combination of employer and employee frame of reference. The diagonals reflect matched frames of reference and reflect the same expectations as were presented in Table 1.

Employment Practices

Of particular interest in Table 2 are the off-diagonals that indicate the likely employment practices when there are mismatched frames between actors. Consider the first column in which an employer has a neoliberal-egoist frame of reference. Based on this frame, we expect an employer to favor market-based, low-investment employment practices, but if

employees have a pluralist or critical frame (rows 3 and 4) we expect them to demand more voice and authority, possibly through a union or direct ownership/involvement in governance. Thus, a neoliberal-egoist employer is likely to also use union suppression tactics such as firing union supporters. When the employees have neoliberal-egoist or unitarist frames, they are unlikely to see a need for independent worker voice so the employer's union and voice suppression tactics would be unnecessary.

In column 2 of Table 2, a unitarist employer provides high-commitment human resources policies, but when employees are focused on getting the best deal possible for themselves (row 1), these high-commitment policies are likely to be underused or abused. When pluralist or critical employees seek greater voice, a unitarist employer is predicted to respond with union substitution strategies such as non-union voice mechanisms (rows 3 and 4). A pluralist employer (column 3) is predicted to provide consultation and voice mechanisms to employees, but neoliberal-egoist employees are predicted to lack engagement with these mechanisms that do not serve their interests so we predict that these mechanisms would be under-utilized (row 1). When employees have a unitarist frame of reference, we hypothesize that they will be satisfied with non-union voice or enterprise unions (row 2) whereas when workers have pluralist or critical mindsets (rows 3-4), they are likely to seek greater co-determination and/or other structural sources of power.

Lastly, the expected practices when an employer has a reformist critical perspective are presented in column 4 of Table 2. Recall that a reformist critical employer is hypothesized to favor policies that share resources and authority over decision-making with employees. Self-interested neoliberal-egoist employees are predicted to use these policies for their own self-gain (row 1) while unitarist employees are predicted to use these policies more for work-related issues than to determine terms and conditions of employment (row 2). When employees possess pluralist and critical frames, in contrast, their interest in greater self-

determination over terms and conditions of employment is predicted to result in greater involvement and utilization of the reformist critical employer's decision-making machinery (rows 3-4).

Employment Outcomes

Table 3 presents a similar 4x4 matrix with a focus on expected outcomes rather than practices. Again, the diagonals represent matched frames situations which reflect congruent employer-employee expectations. These cells represent the outcomes one would expect from the archetypical employment systems: mutual acceptance of market-based terms and conditions (neoliberal-egoist), committed and loyal employees in high-investment human resources systems (unitarist), enduring bargaining relationships with independent labor unions and/or works councils (pluralist), or employee-owners engaged in business and job-related decision-making while sharing relatively equally in the distribution of organizational surplus with employers (reformist critical). As indicated in the previous section, we hypothesize that these matches will be relatively stable (as long as the underlying frames of reference are stable, ceteris paribus) and not marked by either manifest or latent conflict over these practices. Other forms of conflict may occur, such as interpersonal conflict or bargaining disputes over specific terms and conditions of employment, but not systemic conflict over the nature of the employment relationship and configuration of the employment system.

Perhaps more powerfully, an appreciation of the off-diagonals in Table 3 is needed to be able to more fully understand the diversity of situations observed in practice that go beyond archetypical systems. When an employer has a neoliberal-egoist frame (column 1), we hypothesize that conflicts will arise with employees who have alternative frames, whether in the form of an employee desire for greater engagement and communication (unitarist) or voice over terms and conditions of employment (pluralist), or involvement in governance

(critical). We further hypothesize that critical employees will be more militant than pluralist employees, so the level of labor-management conflict will be greater in that case as well, and this might be where the most intense union busting campaigns are witnessed. In all three cases (unitarist, pluralist, and critical employees), however, conflict over the HR architecture stems from employees wanting more than the employer feels is warranted to provide. At the opposite end of the spectrum, we expect conflict to arise when employees are mismatched with a reformist critical employer (column 4) because the employer expects employees to engage in greater levels of decision-making than they desire. We posit that this conflict will be the sharpest when employees have a neoliberal-egoist frame such that they are likely to behave opportunistically by taking advantage of an employer that is overly concerned about employee well-being, issues around income inequality and racial and gender inclusion, and structural imbalances of power in the economy and broader society.

For both unitarist (column 2) and pluralist (column 3) employers, we expect that conflict will arise in two ways: in some mismatched combinations, employers will desire more engagement or participation than employees want to provide, in other mismatched combinations employees will want more voice than employers prefer. More specifically, neoliberal-egoist employees are unlikely to full engage with a unitarist employer's high-commitment human resources practices, and may opportunistically abuse them (for example, by using autonomy or flex-work to shirk); similar predictions emerge for a lack of neoliberal-egoist employee participation in the union or a pluralist employer's voice and consultation programs. This clash in desired employment systems will manifest in employer frustration with a lack of employee loyalty, engagement, and participation.

In contrast to employer frustration in some mismatched situations, mismatched frames are predicted to result in conflict when pluralist and critical employees desire greater levels of independent voice (e.g., unions) than a unitarist employer believes is necessary. We further

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posit that critical employees are more likely to be suspicious of unitarist employers, and form more militant unions even when employers are pluralists. Conflict is thus predicted to be more intense between unitarist employers and critical employees than in other nearby combinations.

Putting all of this together reinforces a unique contribution of our framework: helping understand not only situations where employees want more than what employers are giving (mismatches below the diagonal in Tables 2 and 3), but also the reverse situation in which human resources initiatives do not resonate with (some part of) the workforce leaving employers frustrated (mismatches above the diagonal). Furthermore, this framework can help understand varying levels of employment relationship conflict. Mismatches furthest from the diagonals in Tables 2 and 3 represent the biggest clashes in cognitive frames, and are likely to have the strongest conflicts in practice. Furthermore, we suspect that managers' and workers' frames of references on the employment relationship are commonly linked to complementary cognitive frames on the nature of work and why we work. Specifically, the neoliberal-egoist frame goes hand-in-hand with a cognitive frame focusing on material aspects of work, the unitarist frame is associated with a cognitive view of work as psychological fulfillment, the pluralist frame sees work as a citizenship activity that should respect human rights, and the critical frame embraces work as a source of power, dignity, and identity (Budd, 2011). The correlation between these cognitive frames on work and those on the employment relationship are expected to magnify the potential for conflict when employment relationship frames are mismatched.

However, not all employment systems subject to mismatched frames will necessarily lead to high levels of conflict. In cases where the frames of reference between employers and employees are mismatched between critical and pluralist employers and unitarist and pluralist employees, conflict will also be minimal as employees will be relatively satisfied with the

human resource investments the employer makes in its workforce. Employees will also be more or less satisfied with the level of concern their employer exhibits about their goals and interests, and the provision of opportunities for greater involvement in decision-making. Mismatches of these types will foster employee loyalty, commitment and identification with the organization, even if opportunities for voice are underutilized by employees. In the case of unionized firms, the relationship between the employer and the union will be professional. The employer recognizes that the union has a legitimate right to bargain on behalf of employees (pluralist frame) and the reformist critical employer may even proactively assert that unions are necessary institutions that mitigate the structural imbalance of power between employers and employees.

Sensemaking and Framing Contests Revisited

To the extent that matched frames of reference manifest as ideal archetypes of employment systems and result in minimal conflict over the nature of the employment system, we propose that most of the mismatched combinations of frames of reference will result in less stable arrangements that are subject to greater conflict and contestation between the actors as they attempt to change the employment system and its associated practices. When an employment relationship actor perceives a mismatch between their desired employment practices that are explicitly or implicitly rooted in their frame of reference and the actual employment practices they observe (reflecting the frame of reference of the other), the literature on sensemaking indicates that they will seek to understand this dissonance (Weick, Sutcliffe, and Obstfeld, 2005). In other words, frames become more salient to actors when they perceive an inconsistency between their empirical and normative frame of reference (i.e., how they think the employment system operates and how they believe it should operate), which motivates them to want to understand and possibly change the situation. The other party has an interest in pushing this sensemaking process toward their

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own frame. For example, when faced with an employee desiring union representation, a unitarist employer can try to shift the employee's thinking to see the employment relationship as characterized by a unity of interests, and thus to perceive unions as unnecessary. If frames become aligned, then there is no longer a mismatch and we predict that a potential conflict would subside (that is, a movement toward the diagonals in Tables 2 and 3). Or in some cases, workers might instead leave the organization to find a better fit elsewhere, or be forced out because of this lack of cognitive congruency.

But when clashing actors have strong beliefs about their own cognitive frames and prefer to stay than to leave, then we predict that these actors will be motivated to persuade the other actor to change their frame. Conflict is a likely outcome of this mismatch as actors engage in "framing contests"—the strategic use of framing in social interactions to win over others to support their own political interests (Kaplan, 2008). The outcomes of framing contests will be determined by the relative power of the different actors to impose their particular frame onto other actors, which may contribute to whether conflict is outwardly visible, or remains latent. In the language of the literature on discursive institutionalism, these outcomes will depend on an actor's power through ideas ("the capacity of actors to persuade other actors to accept and adopt their views through the use of ideational elements") and an actor's power over ideas ("the imposition of ideas and the power to resist the inclusion of alternative ideas") (Carstensen and Schmidt, 2016: 318). The former might depend on power rooted in role legitimacy, charisma, and expertise while the latter involves coercive power tied to each party's ability to leverage structural sources of power to force their particular cognitive frames on others.

As a result, we would also expect to observe more consistency and shared frames within the groups of different actors in unionized workplaces, and also more conflict if frames of reference are mismatched in unionized firms, due to the greater solidarity and

bargaining power unionized workers often enjoy relative to non-unionized workers. We expect conflict to be a function of the extent to which there is a shared consensus within a group of actors about the frame of reference, and social identification or solidarity within the groups. Shared frames and social identification are likely to be greater among managers than between employees because there are usually more employees than managers in the firm, and thus greater likelihood of heterogeneity. Moreover, different employees are often subject to different employment systems within the same firm depending on their perceived strategic value and uniqueness (Schmidt, Pohler, and Willness, 2018), and thus some employees may be more or less likely to perceive a mismatch between their own frame and the employer's frame than other employees.

Lastly, organizations can benefit from stable employment systems and a consistent culture so that existing as well as prospective employees are clear on the expectations, needed skills, authority structures, and implicit contracts (Baron, Hannan, and Burton, 2001). So we would expect an organization's managers to use discursive practices to maintain the acceptance of their preferred frame of reference as part of a broader organization logic. If this is successful, mismatched frames would not be observed very frequently in practice. But theorizing what might happen if mismatched frames do occur is still valuable because it reveals the utility of these discursive practices.

Conclusion

Previous employment systems research has focused on "ideal" archetypes—bundles or clusters of employment practices within organizations that are internally consistent, relatively stable over time, and documented across contexts. We posit that "ideal" employment systems emerge, and more importantly, are stable over time only if employers and workers share a similar frame of reference. In this case, both sets of actors will be operating within a system that they find consistent with their values and assumptions about

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the employment relationship. Where the actors share a similar frame of reference, both the set of employment practices, as well as the outcomes of the system that is developed, will generally be viewed as acceptable by the actors.

Our framework on the microfoundations of employment systems as embedded in actors' (mis)matched frames of reference allows for the development of a broader and more nuanced set of employment systems that better matches the variation we observe in practice. Enriching the dominant paradigm that emphasizes environmental and structural determinants of employment practices by adding managerial agency through their own cognition provides an avenue for understanding how competing organizations in the same industry can have very different human resources strategies (Harvey and Turnbull, 2010). And, by linking the conflict and (in)stability of employment systems to the underlying (mis)matched frames of reference of employment relations actors, we provide a theoretical basis for a deeper understanding of the origins of patterns of workplace practices beyond ideal archetypes.

There is a long-standing interest in what makes certain employment systems effective (or not). Our framework contributes to this literature by connecting the macro-employment systems literature on bundles of employment practices to the micro and meso frames of reference of key employment relations actors and their agents to provide greater insights into why certain employment systems emerge, and why some employment relationships may be subject to ongoing conflict and tension. This includes an explanation not only for conflict that stems from employees wanting more, but also for employer frustration rooted in a lack of employee commitment, loyalty, and participation.

Frame analysis has received substantially more attention in the management and organizational literature to date than in employment relations theory and research. We propose that our framework begins to address this gap by incorporating an understanding of how key employment relationship actors' matched frames of reference lead to the

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development of the "ideal" employment relations systems that have been the subject of much prior attention. We further highlight how actors' mismatched frames are more likely to result in conflict within the employment relationship by providing examples of how actors' mismatched cognitive frames may produce less stable systems of meaning. In these ways, employment systems are theorized not simply as the deterministic result of the environment and/or manager's strategic choices, but are also shaped by cognitive microfoundations. This approach is consistent with the recent attention being paid to the power of ideas in employment relations (Hauptmeier and Heery, 2014; McLaughlin and Wright, forthcoming).

Our cognitive approach focuses on managers' and workers' cognitive frames around one important issue: the nature of the employment relationship. But these and other employment relations actors have frames and therefore preferences and expectations around a wide variety of phenomena. The cognitive approach further leads to a consideration of framing and discursive contests (Kaplan, 2008; Carstensen and Schmidt, 2016) which can have many applications in employment relations. For example, scholarship on managerial resistance to unionization has generally focused on the implications for labor costs and labor control. But a framing perspective also leads to the possibility that managers seek to avoid unionization because a union makes it harder for managers to impose their desired organizational cognitive frame on employees. By illustrating the applicability and usefulness of this new (to employment relations) theoretical approach, we hope to inspire others to extend it, including to applications involving labor unions and new employment relationship actors.

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Table 1
Frames of Reference and Archetypical Organizational Employment Systems

Frame of Reference	Overall Approach	Representative HR Policies
Neoliberal-Egoist	**Transactional** • Cost-driven • Market-based • Little investment in workers and HR	• Market-driven compensation or aggressive performance schemes • Minimal benefits • Authoritarian power structures • Onerous scheduling • Contingent work
Unitarist	**Commitment** • Paternalistic employment practices • Intrinsic rewards and growth opportunities • Win-win, strategic investments in workers and HR	• Careful selection procedures • Training and career progression opportunities • Market-leading compensation and benefits • Work-related decision-making authority (individual and team) • Performance management • Extensive communication and information sharing
Pluralist	**Accommodative** • Policies to balance organizational and worker interests • Meaningful, autonomous worker voice	• Job ladders • Seniority rights • Negotiated terms and conditions of employment • Labor unions and/or works councils
Reformist Critical	**Cooperative** • Equal distribution of decision-making authority and resources	• Employee ownership and shared governance • Work- and conditions-related decision-making authority

Table 2:
Expected Employment Systems Resulting From (Mis)Matched Frames of Reference

		Employer Frame of Reference			
		Neoliberal-Egoist	*Unitarist*	*Pluralist*	*Reformist Critical*
Employee Frame of Reference	*Neoliberal -Egoist*	**Transactional** Market-based, low-investment policies and procedures.	High-commitment policies that are unfulfilled and underutilized, or are abused by workers.	Under-used consultation and voice vehicles.	Policies giving employees decision-making authority that are unused or abused.
	Unitarist	Market-based, low-investment policies and procedures.	**Commitment** High-commitment strategic HRM policies.	Consultation and voice vehicles.	Policies giving employees decision-making authority but only work-related mechanisms are used.
	Pluralist	Market-based, low-investment policies and procedures with aggressive union suppression tactics.	High-commitment strategic HRM policies with union substitution approaches including voice mechanisms.	**Accommodative** Consultation and bargaining vehicles. Independent institutions of worker voice.	Policies giving employees decision-making authority over work and employment conditions are used.
	Critical	Market-based, low-investment policies and procedures with aggressive union suppression tactics.	High-commitment strategic HRM policies with union substitution approaches including voice mechanisms.	Consultation and bargaining vehicles. Independent institutions of worker voice.	**Cooperative** Governance practices and/or policies giving employees decision-making authority are used.

Table 3:
Expected Outcomes of (Mis)Matched Frames of Reference

		Employer Frame of Reference			
		Neoliberal-Egoist	*Unitarist*	*Pluralist*	*Reformist Critical*
Employee Frame of Reference	*Neoliberal -Egoist*	Both sides focused on self-interest. Acceptance through consensual contracts. Look elsewhere rather than clash.	Employers seek commitment through policies to secure worker loyalty/ organizational identification; frustrated by lack of employee commitment.	Employee interest in consultation and participation low; employers frustrated by lack of employee involvement.	Employers seek to create inclusive and progressive environment; conflict arises as employees act opportunistically.
	Unitarist	Conflict arises as employer desires to minimize costs and employees desire greater investment and commitment.	Win-win strategic, investments in workers satisfy both sides. High loyalty. Minimal ER conflict.	Employees happy with opportunities for involvement and "high-road" employment practices. High loyalty. Minimal conflict.	Employees happy with opportunities for involvement and "high-road" employment practices. High loyalty. Minimal conflict.
	Pluralist	Conflict arises as employer may adopt more aggressive union suppression tactics, strategies to minimize costs; employees desire greater investment, commitment and voice.	Employer adopts more extensive union substitution approaches with voice mechanisms to secure employee loyalty and identification with organization. Conflict if inadequate voice.	Both sides accept respect for own and others' interests. Bargaining conflict over specific terms but not relationship.	Employees' receive extensive investments and their desire for active involvement in decision-making welcomed by the employer. Minimal conflict.
	Critical	Intense conflict arises due to employer monitoring and employee sabotage.	Conflict present as employees perceive "high-road" employment policies as union substitution strategies or managerial strategies to gain "coercive consent".	Conflict occurs because employees more likely to form militant unions and/or engage in active "policing" of the employer.	Equal distribution of decision-making authority and resources satisfy all. Minimal ER conflict.