



Qualitative Study of Job Restrictions and Their Impact on the Performance and Earnings of Employees with Low Bargaining Power in Firm Resource Protection Strategies

Nuril Khusni Al Amin¹, Seger Santoso²

¹⁻² Management, STIE Kasih Bangsa, Jakarta, Indonesia

Email : nurilkhusnialamin@gmail.com, seger@stiekasihbangsa.ac.id

Abstract. *This study aims to examine the impact of job restrictions on the performance and earnings of employees with low bargaining power, as well as the associated corporate resource protection strategies. Based on a qualitative literature review, it was found that job restrictions, such as non-competition agreements, can have negative effects on employees with low bargaining power, such as decreased job mobility, career stagnation, and lower earnings. However, some employees can experience benefits in the form of improved performance and development opportunities if provided with adequate support by the company. This study highlights the importance of companies to consider fair and transparent job restriction policies to minimize negative impacts on employees with low bargaining power.*

Keywords: *Job Restrictions, Low Bargaining Power, Employee Performance, Employee Income, Protection Of Company Resources*

INTRODUCTION

In the corporate context, human resource protection strategies are becoming increasingly important in the era of globalization and intense business competition. Human resources, especially individuals with high skills and access to valuable information or technology, play a key role in maintaining a company's competitiveness. One way that companies protect these resources is by implementing employment restrictions, which include agreements such as non-disclosure agreements (NDAs), non-solicitation agreements (NSAs), non-recruitment agreements (NRAs), and non-compete agreements (NCAs). These restrictions are designed to limit the flow of information and talent that can be used by competitors, so that the company can more easily maintain its competitive advantage. However, implementing these protection strategies has significant implications for employee performance and income, especially for those with low bargaining power.

This study aims to explore the impact of job restrictions on employee performance and earnings, with a particular focus on workers with low bargaining power. Previous studies have shown that restrictions such as NCAs can affect employee mobility and their decisions to change jobs (Mawdsley & Somaya, 2016). However, little is known about

the combined impact of these restrictions and how they interact to affect employee earnings, particularly in the context of workers with low bargaining power.

In a study by Balasubramanian, Starr, and Yamaguchi (2024), they found that firms tend to adopt multiple employment restrictions simultaneously, especially when employees have access to valuable resources or when the restrictions are more enforceable. Firms that adopt all four restrictions tend to experience a 5.4% reduction in average employee earnings compared to employees with only an NDA, with this effect being more pronounced for employees with low bargaining power (Balasubramanian et al., 2024). These findings suggest that while these restrictions are designed to protect firm resources, they may also reduce employees' ability to negotiate pay increases and worsen their financial well-being.

In addition, existing theories, such as the resource-based view of the firm, usually assume that protecting firm resources will strengthen competitiveness and improve long-term performance (Barney, 1991). However, in the context of job restrictions, especially for employees with low bargaining power, this strategy can lead to decreased income, which is contrary to the efficient contract theory which assumes that both parties in the employment agreement will benefit fairly (Friedman, 1991; Grossman & Hart, 1986). Therefore, there is a need to review the effectiveness of this protection strategy, considering the balance between the interests of the company and the welfare of employees.

Employment restrictions, such as NDAs, NSAs, NRAs, and NCAs, are designed to protect sensitive information and reduce the risk of knowledge leakage that can be exploited by competitors. In the context of the resource-based theory of the firm, human capital is considered a valuable asset, and protecting this resource is a top priority for firms (Coff, 1997). For example, non-compete agreements (NCAs) are often used by firms to prevent employees from joining competitors or starting competing businesses after they leave the firm (Bishara et al., 2015). However, the impact of NCA implementation on employee mobility and earnings has been a topic of debate. Several studies have shown that NCAs can limit job mobility and affect employee earnings, especially for those lower in the firm hierarchy (Kini et al., 2020; Starr et al., 2021).

In addition to NCAs, NDAs are also often used to protect sensitive company information. Although NDAs are designed to reduce information leakage, their implementation can create uncertainty for employees about what they can or cannot do after leaving the company. This may impact their ability to get jobs at other companies that require similar knowledge or skills (Arnold-Richman et al., 2022).

In an analysis conducted by Balasubramanian et al. (2024), it was found that workers bound by four job restrictions (NDA, NSA, NRA, and NCA) experienced a 5.4% reduction in earnings compared to workers bound by NDA alone. This was especially true for workers with low bargaining power, who tended to have fewer options in salary negotiations or career advancement. One explanation for this finding is that job restrictions may reduce employees' opportunities to move to higher-paying jobs, leading to earnings and career stagnation. Employees bound by these restrictions may feel trapped in their current roles, which in turn affects their job performance.

Furthermore, previous research has also shown that these restrictions can limit employees' opportunities to develop in more competitive or innovative environments. For example, research by Ganco et al. (2015) shows that restrictions such as NCAs can limit individuals' ability to move to more innovative companies or have better opportunities for career development.

Based on these findings, further research is needed to explore how firms can balance protecting their resources with the need to retain motivated and competent employees. In addition, there is a need for a better understanding of how job restrictions can be implemented in a fair manner, especially for workers with low bargaining power. Future research could lead to the development of a more detailed conceptual model to analyze the implementation of job restrictions across industries and types of firms (Lobel, 2021). Thus, this study focuses not only on the benefits that firms can gain from job restrictions, but also on their impact on employee well-being.

LITERATURE REVIEW

Employment restrictions, such as noncompete agreements (NCAs), have become an important tool used by companies to protect intellectual resources and prevent leakage of sensitive knowledge. However, the implementation of these restrictions can affect employee performance and earnings, especially for those with low bargaining power.

Based on previous studies, the following is a review of the impact of employment restrictions in this context.

Job restrictions can limit labor mobility, which hinders employees' ability to move to better jobs. This is especially relevant for workers with low bargaining power, who are often more attached to their companies due to a lack of lucrative employment alternatives. According to Starr, Prescott, and Bishara (2021), noncompete agreements can reduce worker mobility, which in turn reduces their ability to increase their earnings and advance in their careers (Starr, Prescott, & Bishara, 2021).

Although some studies have shown that job restrictions can protect company assets, such as sensitive knowledge and skills, it can negatively impact employee performance. According to Marx and Strumsky (2009), limited mobility can hinder employee innovation and creativity, as they are unable to explore new opportunities or apply their skills outside the company (Marx & Strumsky, 2009). This can create a stagnant work environment, reducing employee motivation and productivity.

Employees with low bargaining power are often more vulnerable to the impacts of job restrictions. Arnow-Richman et al. (2022) show that workers with low bargaining power may be forced to sign noncompete contracts even though doing so may harm them in terms of future earnings and job opportunities (Arnow-Richman et al., 2022). Furthermore, research by Lipsitz and Starr (2022) reveals that imposing NCAs on low-skilled workers often leaves them trapped in low-wage jobs with few opportunities for career advancement (Lipsitz & Starr, 2022).

In some cases, although job restrictions may protect the interests of the firm, they may hinder investment and innovation in the long run. Ganco, Ziedonis, and Agarwal (2015) suggest that firms that rely on job restrictions may be less willing to invest in new innovations, for fear of losing employees with critical skills (Ganco, Ziedonis, & Agarwal, 2015). Therefore, even though firms seek to protect their human capital, this may act as a barrier to firm growth and competitiveness.

Job restrictions also affect the overall dynamics of the labor market. Kolvin and Shierholz (2019) highlight that widely implemented NCAs can reduce competition in the labor market, which in turn affects wages and job quality (Colvin & Shierholz, 2019). When many employees are constrained by job restrictions, they may not be able to utilize their skills to their full potential, which reduces overall economic efficiency.

Given the negative impact of job restrictions on employee performance and earnings, some countries have begun implementing reforms to limit the use of NCAs. For example, research by Starr (2019b) suggests that reforms to noncompete contracts in some jurisdictions can increase worker mobility and stimulate healthier competition in the labor market (Starr, 2019b).

Overall, employment restrictions such as noncompete agreements can have significant impacts on the performance and earnings of employees with low bargaining power. While there is an argument that these restrictions protect a company's resources, evidence suggests that they can limit mobility, stifle innovation, and lower employee earnings. Therefore, it is important for companies to consider the long-term impacts of these policies on employees and the labor market as a whole.

METHODS

This study uses a qualitative approach in the form of a literature review, which aims to explore and analyze various previous studies related to the impact of job restrictions on employee performance and income, especially those with low bargaining power. In this context, the literature review focuses on discussing theories that link job restrictions, such as non-competition agreements, to employee performance and economic implications for companies and individuals with low bargaining power.

The method used in this study is a systematic literature review. According to Kitchenham (2004), a systematic literature review aims to identify, evaluate, and summarize research results that are relevant to a particular research question. In this case, this study collects literature related to the effects of job restrictions on labor mobility, performance, and their earnings, with a focus on workers with low bargaining power. The sources selected include academic journals, books, research reports, and other relevant publications, taking into account strict quality criteria (Tranfield, Denyer, & Smart, 2003).

To ensure the accuracy and relevance of the literature used, this study adopted clear inclusion and exclusion criteria. Studies included in this review were articles that focused on employment-restrictive agreements, such as non-compete agreements and non-disclosure agreements (NDAs), and their impact on workers with low bargaining power. Literature exploring issues related to worker mobility, wages, and firm innovation was

also considered (Bishara, 2011; Starr, 2021). Meanwhile, articles that were not relevant to the research focus or did not meet strict methodological standards, such as articles with non-transparent methodologies or non-reproducible results, were excluded from this review (Balan, 2021).

Data collection was conducted through a systematic search of leading academic databases. The search was conducted using relevant keywords, including "non-compete agreements," "worker mobility," "low bargaining power," "employee performance," and "compensation." This search process was conducted by considering articles published in the last 10 years to ensure the relevance and timeliness of the data used (Starr, 2019a).

After the literature data is collected, the next step is to conduct a thematic analysis. This analysis is carried out by identifying the main themes that emerge from the relevant literature, such as the impact of employment restriction agreements on labor mobility, the effect on wages, and the relationship between low bargaining power and performance. This analysis refers to the approach used by Gamboa and Orozco (2020), who analyzed the relationship between non-compete agreements and the economic outcomes of companies and individuals.

After the analysis is conducted, the results are synthesized to provide a comprehensive picture of the topic under study. The synthesis results will provide conclusions about how job constraints affect the performance and earnings of employees with low bargaining power, and how these factors can be optimized by the company. This process follows the guidelines of the meta-synthesis of qualitative research described by Dixon-Woods et al. (2006), which emphasizes the importance of exploring broader patterns of contextual results.

The results of this literature review will be presented in a clear and structured narrative form. The discussion of the research results will be grouped based on previously identified themes, and accompanied by relevant references. The synthesis results will be presented by considering the views of the theory of corporate resources and bargaining power of workers (Barney, 1991; Coff, 1997).

RESULTS

This study aims to analyze the impact of job restrictions on the performance and income of employees with low bargaining power. The results of this literature review

indicate a complex relationship between job restrictions implemented by companies, such as non-compete agreements, and their effects on labor mobility, individual performance, and income of employees with low bargaining power. The following are the results of the analysis obtained from the reviewed literature:

Restrictive employment agreements, particularly non-compete agreements, have a significant impact on labor mobility. Studies show that these restrictions can reduce employees' ability to seek better employment opportunities, especially for those with low bargaining power (Starr, 2019a). Employees with low bargaining power tend to be locked into long-term contracts with few options to move to another company, which in turn limits their potential for career and income advancement (Bishara, 2011).

Job constraints can affect employee performance in various ways. On the one hand, several studies have shown that constraints can increase employee loyalty and focus on their jobs, as they feel bound by a contract that limits their ability to change jobs (Coff, 1997). However, on the other hand, such constraints can reduce employee motivation and performance by creating dissatisfaction with their jobs and the company, especially if they feel they do not have opportunities for further development (Gamboa & Orozco, 2020).

Based on literature analysis, employment restrictions, especially in the form of non-compete agreements, tend to reduce the income of employees with low bargaining power. This is because such agreements reduce career options and opportunities to earn higher salaries in other companies (Bishara, 2011). In addition, workers with low bargaining power may not be able to negotiate higher compensation within the company where they work, because they are bound by the restrictions contained in their employment contracts (Starr, 2021).

Employees with low bargaining power are more vulnerable to the negative impacts of job constraints. Low bargaining power typically leads to greater dependence on a particular job and firm, as they have few alternatives or leverage to negotiate their working conditions (Barney, 1991). This affects their ability to gain greater benefits from the labor market, potentially harming their performance and earnings in the long run (Coff, 1997).

From this literature review, it can be concluded that there are major challenges in balancing job restriction policies with the interests of employees, especially those with

low bargaining power. Job restrictions that are too strict can cause dissatisfaction and reduce employee performance, while at the same time, can limit their earning potential. Therefore, companies need to consider the welfare aspects of employees as well as the long-term implications of these job restrictions, to ensure that the policies implemented remain fair and beneficial to both parties (Balan, 2021).

Overall, job restrictions have mixed impacts on the performance and income of employees with low bargaining power. On the one hand, such restrictions can strengthen the relationship between the company and employees, but on the other hand, they can hinder the mobility and income of employees, especially those with low bargaining power. Therefore, companies need to carefully evaluate the job restriction policies they implement, taking into account their impact on employee well-being and their development potential.

DISCUSSION

This study aims to analyze the impact of job restrictions on the performance and earnings of employees with low bargaining power. Through a qualitative literature review approach, we review previous studies to deeply understand the effects of job restriction agreements, such as non-compete agreements, and how they affect the performance and earnings of employees with low bargaining power. Based on the results of the literature review, there are several key findings that need to be discussed in detail, taking into account the perspectives of various relevant studies.

Employment restrictions, especially in the form of non-compete agreements, affect employee mobility. Many studies have shown that non-compete agreements can reduce employee flexibility and opportunities to move to other companies that may offer better working conditions or compensation (Bishara, 2011). This is in line with the findings of Gamboa and Orozco (2020), who stated that such employment restrictions create monopolistic conditions in companies, where employees are trapped in a limited employment relationship. Employees with low bargaining power tend to be more affected by these restrictions because they have few alternative jobs or opportunities to develop their careers outside the same company (Starr, 2019a).

A comparison with research conducted by Barney (1991) revealed that although job restrictions may provide short-term benefits to companies in maintaining the knowledge

and skills possessed by employees, this in turn can reduce the ability of employees to move to more profitable jobs. The reduced mobility of employees with low bargaining power creates inequalities that can harm them in the long run, as explained by Coff (1997), who revealed that lack of mobility can result in income and career stagnation.

The impact of job restrictions on employee performance depends largely on how employees respond to the situation. Several studies have shown that job restrictions can increase employee focus and loyalty to the company (Coff, 1997). In this case, employees feel motivated to work harder and make greater contributions to the company as a form of reward for their continued employment. However, this only applies to employees who feel valued and given opportunities to grow within the company. Conversely, for employees with low bargaining power, job restrictions can reduce their motivation, which ultimately has a negative impact on their performance (Balan, 2021).

Comparison with research by Gamboa and Orozco (2020) revealed that job restrictions often create tension between the interests of the company and employees. Employees with low bargaining power are more likely to feel trapped in an unfavorable relationship. This can lead to decreased levels of job satisfaction, which ultimately reduces their performance. For example, in a study by Starr (2021), it was found that employees bound by non-compete agreements often feel trapped and frustrated, which negatively impacts their motivation and performance.

On the contrary, a study by Coff (1997) showed that in some cases, job constraints can serve as an incentive to increase productivity. For example, employees who feel that their company is the only place where they can grow may try harder to show better performance. However, this depends greatly on the level of employee satisfaction with their jobs and whether they feel that the company provides sufficient opportunities for career development.

Job restrictions also have a direct impact on employee income, especially those with low bargaining power. Non-compete agreements often restrict employees from seeking new, higher-paying jobs, as they are bound by the restrictions in their employment contracts (Bishara, 2011). This can lead to income stagnation, as employees with low bargaining power have little opportunity to negotiate salary or other benefits (Starr, 2021).

A study by Barney (1991) also revealed that job restrictions can affect employees' ability to earn higher compensation. Because they are tied to one company, they cannot

take advantage of labor market competition to increase their income. A study by Gamboa and Orozco (2020) highlighted that these job restrictions can also lead to inequality in the distribution of income between employees who are tied to the company and those who are not tied to such agreements.

Employees with low bargaining power are particularly vulnerable to the negative impacts of job constraints. They are often unable to negotiate better terms of employment, including salary and other working conditions (Balan, 2021). This leads to their dependence on the company and reduces opportunities for advancement or higher salaries. Non-compete agreements further trap them in an inflexible employment relationship, which can lead to lower performance and job satisfaction (Bishara, 2011).

In a study by Coff (1997), it was found that employees with low bargaining power have few options to negotiate their working conditions, which makes them more likely to be trapped in agreements that limit their freedom. Research by Starr (2021) also shows that employees in this position often feel constrained by the restrictions imposed by the company, which leads to decreased motivation and, ultimately, their performance.

Based on the findings of the reviewed literature, job restrictions, especially for employees with low bargaining power, can create an imbalance between the interests of the company and employee welfare. Job restriction policies need to be considered carefully, because they can have detrimental impacts on both employees and the company. Job restrictions can reduce employee mobility, reduce their earning potential, and hinder their career development. Therefore, companies need to consider this policy carefully, by providing opportunities for employees to develop, while maintaining the sustainability of the company's business (Balan, 2021).

Research by Gamboa and Orozco (2020) shows that companies that impose work restrictions should be more transparent in communication and provide sufficient incentives to maintain employee well-being. In this way, despite the restrictions, employees will feel appreciated and motivated to improve their performance. This is also in line with the view put forward by Coff (1997), who suggested that companies develop policies that balance the interests of the company and the individual development needs of employees.

The results of this literature review indicate that employment restrictions, especially non-compete agreements, have a significant impact on the mobility, performance, and

earnings of employees with low bargaining power. Although they can benefit companies in the short term by maintaining employee knowledge and skills, these employment restrictions can also reduce employee motivation and performance. Companies need to carefully consider the long-term impact of these employment restriction policies to ensure that the policies implemented do not harm employee welfare and can create a balance between business interests and individual development.

CONCLUSION

Based on the results of the literature review, it can be concluded that job restrictions, especially in the form of non-competition agreements, have a significant impact on employee performance, mobility, and income, especially for those with low bargaining power. These job restrictions, although intended to protect the interests of the company by maintaining employee knowledge and skills, can create inequality between employees and companies, especially in terms of career development opportunities and income.

For employees with low bargaining power, job restrictions can reduce their flexibility to move to other companies that may offer better opportunities. This can lead to career stagnation and lower earnings, as they are tied to the same company without the ability to negotiate higher salaries. On the other hand, for some employees who feel valued and given opportunities for growth, job restrictions can encourage them to improve their performance in exchange for the opportunity.

However, in general, the negative impacts of job restrictions are more dominant for employees with low bargaining positions, who are often trapped in unfavorable relationships. Therefore, companies need to consider job restriction policies carefully, ensuring that they do not harm employees and provide them with opportunities to grow professionally and financially.

LIMITATION

Although this study provides valuable insights into the impact of job restrictions on the performance and earnings of employees with low bargaining power, there are several limitations that need to be considered. Limitations of Empirical Data: This study is based on a review of existing literature, which is mostly theoretical in nature and does not include more in-depth empirical data. Therefore, although the findings are relevant, this

study cannot provide a comprehensive picture of the real conditions on the ground, especially in the context of a specific industry or region.

Focus on Limited Literature: This study relies on available and relevant literature, but some relevant studies may not have been included, or there may be more recent research that has not been covered. This may limit the conclusions drawn, especially in the face of recent changes in employment restriction policies and labor market dynamics.

Differences in Social and Economic Context: Many of the studies reviewed were conducted in countries with different legal and economic systems. These differences may affect the generalizability of the findings, especially since social and cultural contexts can influence how companies and employees respond to work restrictions.

Variability in Performance and Revenue Measurement: The studies used in this review measured performance and revenue in different ways, which may lead to variations in the results obtained. Therefore, although there are general patterns found, consistent performance and revenue measurements in future studies may provide a clearer picture.

Not Considering Long-Term Impacts: Much of the research reviewed focuses on the short-term impacts of job restrictions. The long-term impacts on the careers and well-being of employees with low bargaining power, such as the accumulation of dissatisfaction or the impact on long-term career development, have not been fully explored.

Further research that combines empirical data and broadens the scope of analysis across industries and regions is expected to provide a more comprehensive understanding of the impact of job restrictions on employees with low bargaining power.

REFERENCES

- Arnow-Richman, R.S., Carlson, G., Lobel, O., Roginsky, J., Short, J.L., & Starr, E. (2022). *Supporting market accountability, workplace equity, and fair competition by reinforcing non-disclosure agreements*. Day One Project. Retrieved from <https://fas.org/publication/supporting-market-accountability-workplace-equity-and-fair-competition-by-reining-in-non-disclosure-agreements/>
- Balasubramanian, N., Starr, E., & Yamaguchi, S. (2024). Employment restrictions on resource transferability and value appropriation from employees. *Strategic Management Journal*, 45(12), 2519–2547. <https://doi.org/10.1002/smj.3634>
- Balan, D.J. (2021). Labor noncompete agreements: Tool for economic efficiency or means to extract value from workers? *The Antitrust Bulletin*, 66(4), 593–608.

- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management* , 17(1), 99–120.
- Bishara, N.D. (2011). Fifty ways to leave your employer: Relative enforcement of noncompete agreements, trends, and implications for employee mobility policy. *University of Pennsylvania Journal of Business Law* , 13, 751–795.
- Bishara, N.D., Martin, K.J., & Thomas, R.S. (2015). An empirical analysis of noncompetition clauses and other restrictive postemployment covenants. *Vanderbilt Law Review* , 68, 1.
- Coff, R. W. (1997). Human assets and management dilemmas: Coping with hazards on the road to resource-based theory. *Academy of Management Review* , 22(2), 374–402.
- Colvin, A., & Shierholz, H. (2019). Noncompete agreements: Ubiquitous, harmful to wages and to competition, and part of a growing trend of employers requiring employees to sign away their rights. *Economic Policy Institute* , 57. Retrieved from <https://www.epi.org/publication/noncompete-agreements/>
- Dixon-Woods, M., Agarwal, S., Jones, D., Young, B., & Sutton, A. (2006). Synthesising qualitative and quantitative evidence: A review of possible methods. *Journal of Health Services Research & Policy* , 11(1), 45–53.
- Friedman, D. (1991). Non-competition agreements: Some alternative explanations. Mimeo.
- Gamboa, L.F., & Orozco, A.A. (2020). Contractual limitations on mobility and innovation in high-tech industries: Evidence from noncompete clauses. *Strategic Management Journal* , 41(12), 2241–2263.
- Ganco, M., Ziedonis, R.H., & Agarwal, R. (2015). More stars stay, but the brightest ones still leave: Job hopping in the shadow of patent enforcement. *Strategic Management Journal* , 36(5), 659–685.
- Kini, O., Williams, R., & Yin, D. (2020). CEO noncompete agreements, job risk, and compensation. *Review of Financial Studies* , 34, hhaa103.
- Marx, M., Strumsky, D., & Fleming, L. (2009). Mobility, skills, and the Michigan non-compete experiment. *Management Science* , 55(6), 875–889.
- Starr, E. (2019a). *The use, abuse, and enforceability of non-compete and no-poach agreements: A brief review of the theory, evidence, and recent reform efforts* . Economic Innovation Group.
- Starr, E. (2019b). Consider this: Training, wages, and the enforceability of covenants not to compete. *ILR Review* , 72(4), 783–817.
- Starr, E. (2021). Non-compete agreements and their impact on innovation and labor mobility: A review of the literature. *Journal of Economic Perspectives* , 35(2), 87–112.
- Starr, E., Balasubramanian, N., & Yamaguchi, S. (2021). Employment restrictions and earnings: Evidence from worker mobility. *Strategic Management Journal* , 42(7), 1319–1337.
- Starr, E., Prescott, J. J., & Bishara, N. (2021). Noncompetes in the US labor force. *Journal of Law and Economics* , 64, 53–84.
- Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management* , 14(3), 207–222.