HRM AND PERFORMANCE LINKAGE: THE ROLE OF LINE MANAGERS

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crossref http://dx.doi.org/10.5755/j01.em.17.1.2294

Abstract

Assuming that HRM serves as a value creation function and despite the great research interest in HRM and performance linkage issue, there is still disputes concerning HRM nature, performance outcomes and the causal path involved in the linkage between two constructs. The paper proposes an answer to the question - how HRM practices can influence organizational performance. The approach of impact is based on role of line managers by delivering HRM practices. Acknowledging that there is the gap between what is formally determined and what is actually delivered, the role of line managers as essential intermediaries in shaping HRM practices and performance are revealed. Besides, the paper presents empirical research showing how the employee perceive the activities of line managers and indicating that the role of line managers in delivering practices has a positive relations with HRM practices and two affective human resource reactions: organizational commitment and job satisfaction.

Keywords: human resource management, performance, line managers, HRM-performance linkage.

JEL Classification: M12, O15.

Introduction

Due to uncertainty and new trends in the market traditional sources of competitive advantage are necessary but not sufficient for success in today’s business environment. The idea that people represent a key resource of organization is widely accepted (Boudreau & Ramstad, 1998) and the contribution of human resource management (HRM) to the overall achievement of organizational targets is increasingly acknowledged (Budhwar, 2000). Recognizing the fact that the ways in which people are managed can make the difference (Colakoglu, Lepak & Hong, 2006), there is the growing literature on the impact of HRM on organizational performance (Gooderham, Parry & Ringdal, 2008). Although the researchers have made considerable progress in identifying HRM and performance linkage (Katou & Budhwar, 2010), however in order to improve the understanding a theory about HRM, a theory about performance and a theory about how they are linked are in demand (Guest, 1997).

Concerning HRM there is no consensus on what combination of practices are likely to have the greater impact on performance. As regards the performance, the choice of performance measures used in research studies varies widely (Colakoglu et al., 2006). The most applicable categorization is provided by Dyer and Reeves (1995): they proposed a causal chain that HRM practices must impact human resources related outcomes before the organization could expect to see an impact on organizational, financial and market based outcomes (Wright, Gardner & Moynikan, 2003).

Respecting the linkage between HRM and performance, it is acknowledged that "there is a little understanding of the mechanisms though which HRM practices influence performance" (Delery, 1998). The theorizing the means through which the relationship occurs and specifying the intervening variables between the HRM practices and performance outcomes refers to the fact of opening so-called "black box" (Boselie, Dietz & Boon, 2005). In scientific literature numerous models have been proposed suggesting mediating variables (Becker, Huselid, Pickus & Sprat 1997; Guest, 1997; Purcell, Kinnie, Hutchinson, Rayton & Swart, 2003; Wright & Nishii, 2006). Some of models (Purcell et al., 2003; Wright & Nishii, 2006) underline the role of line managers stressing that typical studies examining the nature and extent of HRM practices and their impact upon performance, make the dangerous assumption that line managers will simply act as “robotic conformists” in enacting practices (Marchington & Grugulis, 2000). Meanwhile line managers are crucial in HRM and performance linkage due to the fact that line managers vary in how they understand their human resource management activities. This fact determines different employees experiences of HRM practices, moreover shapes different affective human resource reactions such as organizational commitment and job satisfaction.

The research problem includes question: what is the role of line managers in the HRM and performance linkage?

The research aim – The paper aims to examine theoretically and empirically the role of line managers in HRM and performance linkage by delivering HRM practices and shaping affective human resource related outcomes.
**Methods:** The theoretical part of paper is built on the analysis and synthesis of scientific literature; data collection – questioning survey; data analysis – descriptive, discriminant and correlation analyses.

**The position of line managers in HRM and performance linkage**

HRM and performance linkage is the increasingly popular research theme since the mid-1990s (Boselie, 2010; Kazlauskaite, Buciuniene & Turauskas, 2012). However, since the research was launched, there has been uncertainty to HRM nature, to performance nature and to the nature of linkage between two constructs.

The majority of studies define the HRM in terms of HRM practices or bundles of practices (Pauwwe & Boselie, 2005), still the attempts to produce a comprehensive model that accounts for all possible variations in HRM practices is “a daunting task” (Lepak, Bartol & Erhardt, 2005): HRM checklists were produced, but do not generally accepted due to the different context and concept, like the universalistic approach, a contingency perspective or a configurational approach (Guest, 2011). Although there is no single agreed or fixed list of HRM practices or systems of practices that are used to define or measure human resource management (Pauuwe, 2009), some certain commonality around how HRM is operationalized arises due to the AMO model, which presents the specific way of defining HRM practices and allows to group practices into skills-enhancing, motivation-enhancing and engagement-enhancing practices (Boselie, 2010).

Performance is multidimensional construct, however Dyer and Reeves’ (1995) categorisation of outcomes (human resource related outcomes, organizational outcomes; financial outcomes; market based outcomes) has a significant importance exploring HRM and performance linkage whereas (Wright et al., 2003) some outcomes, such as human resource outcomes, are more proximal to HRM practices than others and the impact that HRM practices have on on more distal outcomes are through the impact on more proximal outcomes. Assuming that „attitudes significantly and substantially predict future behaviour” (Kraus, 1995), two affective human resource reactions: organizational commitment and job satisfaction are relevant for organizations to gain competitive advantage using HRM as a value creating function.

Although the numerous research in the past two decades demonstrated that HRM practices are positively related to organizational performance (Arthur, 1994; Huselid, 1995; Delery & Doty, 1996; Guthrie, 2001), however they revealed very little concerning the processes through which the value is created (Wright et al., 2003). The theoretical frameworks used for explaining the HRM and performance linkage did not present a specific structure that defines the precise mechanisms through which HRM practices influence performance (Wright & Gardner, 2003), meanwhile it is more important to see “how” something is done compared to just “what” has been done (Paul & Anantharaman, 2003, as cited in Katou & Budhwar, 2010). As there is no consensus regarding the ways in which HRM might impact performance, the call to open the “black box“, to explore the process linking HRM and performance (Edgar & Geare, 2009; Guest, 2011) and to outline what is taking place in the “black box“ between two constructs (Purcell et al., 2003) are of the high importance.

Numerous models have been proposed suggesting mediating variables between the two end-points in the HRM and performance linkage (Becker et al., 1997; Guest, 1997; Purcell et al., 2003; Wright & Nishii, 2006), however acknowledging the fact that there is the gap between what is formally required in HRM and is actually delivered by line managers (Purcell & Hutchinson, 2007), the role of line managers, as mediating variables in HRM and performance linkage, is emphasized.

Since the emergence of the concept of HRM the role of line managers began to chance: they accepted greater responsibility for human resource management (Larsen & Brewster, 2003). Line managers have always had some responsibility for people management (Purcell, Kinnie, Hutchinson, Rayton & Swart, 2009), whereas the models of HRM strongly emphasized that management of people should be increasingly integrated and shared with line management (Guest, 1987). Following an approach that “HRM is too important to be left to personnel managers” (Guest, 1991), nowadays there is common to give to line managers more responsibility for the management their staff and to reduce the extent to which line management autonomy is controlled or restricted by human resource manager (Larsen & Brewster, 2003). The same approach share Gunnigle et al. (2006), as cited in Harney & Jordan ( 2008), underlying that whereas HRM is an aspect of all management jobs it follows that line managers will be more intimately involved in the delivery of HRM, particularly in relation to their own teams. According to McGarthy, Darcy & Grady (2010) the devolution of HRM decision-making to line management “inevitably means there is greater scope for disparity and inconsistencies between the policy formulated at senior HR level and the actual decisions taken by line managers”.

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Where lies the importance of line managers in HRM and performance linkage? Line managers are key players in delivering HRM practices, they “bring policies to life” (Purcell et al., 2003, p. x), accordingly it is not enough just to have HRM practices or bundles of HRM practices. The way in which line managers deliver these practices is linked to how employees perceive these practices and what attitudes will be shaped.

Based on the argument that the source of competitive advantage is not only HRM practices, but critically the way these practices are delivered (Purcell et al., 2003), Wright and Nishii (2006) make obvious distinction between intended, actual and perceived by employees practices. Intended HRM practices are practices designed by the organization to contribute to the achievement of organization strategy. Actual HRM practices are those practices that are implemented, this means that not all intended HRM practices are actually implemented, and that practices can be implemented in ways that differ from the initial intention. Actual HRM will be perceived and interpreted subjectively by each employee, further based on the perceived HRM practices, employee will react in some way.

Employees reactions are at the heart of all HRM and performance linkage models, because causal link is flowing from practices to performance via responses of employees (Macky & Boxall, 2007). This confirms that is not sufficient to analyse only the presence of practices, it is essential to pay much more attention to how the organizations communicate the purpose as well as the content of HRM practices (Guest, 2011). Examining the HRM and performance linkage it is relevant to take account of the mediating role of line managers since the HRM practices that employee perceive and react according the perception will be heavily influenced by the quality of their relationship with line managers (Boxall & Purcell, 2008).

Four different aspects of line managers activity can be stressed (Purcell et al., 2003): implementing, enacting, leading and controlling. Implementing HRM practices refers to whether line managers put HRM policies into operation. Enacting is related to the way in which line managers enact the policy to make it effective. Leading encompasses actions of line managers which they undertake on a daily basis that have a great impact on employees experience about work in particular organization. Controlling is concerned with controlling the behaviour of the employees and their influence over the job duties.

The role of line managers in delivering HRM practices means that they need to be included in causal chain seeking to open the „black box“ and to explain the relationship between HRM and performance (Purcell & Hutchinson, 2007). Although Boselie et al. (2005) stressed that the role of line managers has been largely ignored in huge volume of research, still this fact do not deny that employee’s perceptions of HRM practices as they experience them will be mainly the practices applied by line managers (Purcell & Hutchinson, 2007). Summing up, it could be stated that line managers may serve as critical intermediaries in shaping the actual HRM practices, the human resource reactions and ultimately in shaping overall performance.

Based on the theoretical approach, a virtual representation of line managers as intermediaries in HRM and performance linkage is shown in Figure 1.

![Figure 1. Line managers as intermediaries in HRM and performance linkage](image)

**Research methodology**

**Sample.** The data are derived from research conducted among employees working in one service sector organization in Lithuania. The questionnaire was given to 67 employees (in the organization apart top and line managers work 77 employees). A total of 62 questionnaires were returned giving a 92 per cent response rate. The average age was 44,3 and the majority of respondents had a higher university degree (87,1 per cent). 35,5 per cent of employees work in the organization longer than 10 years, 43,5 per cent are occupied less than 5 years.

**Data collection:** questioning survey using questionnaire. In this study the role of line managers delivering HRM practices is measured using specific statements that have been taken from previous empirical studies, in particular from Purcell et al., (2003; 2009). In order to explore the role of line managers we choose to measure four different aspects of the management of people: implementing, enacting, leading...
and controlling. The core of the HRM practices implementing aspect is based on statements did the line
managers actually carry out the practices. An example of a specific statement would be: “my line manager
precisely perform his duties”. The concept of enacting is built on ideas of enthusiasm, casualness and
encouragement of employees by delivering practices. A specific statement within the concept of enacting
would be: “my line manager encourages me for work”. The concept of controlling is based on the extent to
which line managers supervise the work of employees by checking them frequently or trusting more. An
example of a specific statement would be: “my line manager allows me to choose on my own the way of task
implementation”. Finally, the concept of leadership comprises five items regarding communication,
responding to suggestions, treating employees fairly and managing operational problems. A specific
statement within the concept of leadership is: “my line manager treats all employee fairly”. Using a five-
point Likert scale (1=strongly disagree, 4= strongly agree, 5= no opinion), respondents were asked to
indicate the extent to which they agree concerning the role of line managers in the organization.

The measurement of HRM practices and two affective human resource reactions– job satisfaction and
organizational commitment were revealed by authors previously (Savaneviene & Stankeviciute, 2011).

Data analysis (using SPSS 12.0): Statistical analysis carried out by applying methods of descriptive
statistics and performing discriminant (non parametric Kruskal Wallis test) and correlation analysis.

**Results**

**The level of role of line managers.** According to survey results, the level of role of line managers in
delivering HRM practices is high (mean 2,82).

The research results allow to state that the employee assess the best the level of line managers
leadership (mean 3,15), on the second place - controlling (mean 2,89), on the third place – implementation
of practices (mean 2,72), further goes – enabling (mean 2,24).

In relation to the leadership of line managers, even 91,94 per cent of respondents agree that line
manager responds to suggestions from employees and effectively deals with operational problems at the
workplace. 90,32 per cent of respondents admit that line manager provides employee with a change to
comment on proposed changes and 88,71 per cent feel that they are treated fairly. On the bottom of rating is
statement concerning communication: 83,87 per cent of respondents consider that line managers keep them
up to date about proposed changes. According to Cocks (2010), open and direct feedback and
communication systems are critical. The employee generally wish that managers would “keep them
informed”, especially about changes that directly affect their jobs (Conrad, 1990, as cited in Heide,
Gronhaug & Johannessen, 2002). That desire of employees reflect the situation in the organization:
employee admit that they receive sufficient information, however emphasize the wish to be informed more.
Whereas it needs to be made very clear what employee need to achieve individually and in their teams,
measure performance against their targets, provide feedback on performance and reward based on the result
(Cocks, 2010), hereof the organization has to pay attention to the communication process and due to well
established communication procedures to employ the opportunity to generate new ideas, to create news
concepts, moreover to meet decisions leading to sustainable competitive advantage.

Concerning the controlling of employees work, the research reveals controversial findings. From one
side, 88,71 per cent of respondents agree to statement that line manager trusts their abilities to perform tasks
well, besides, 77,42 per cent of respondents confirm that they choose the ways how to perform tasks on their
own. However, from another side, even 64,52 per cent of respondents indicate that they frequently feel the
work control. Although line managers provide the framework and contextual conditions (like space,
resources) for employee to perform their tasks (Larsen & Brewster, 2003), however it could be drawn the
conclusion that employee need more trust to get on with jobs and exercise the influence over how the tasks
are done.

As regards to implementation of HRM practices, the considerable part of respondents (93,55 per cent)
agree that line manager precisely implements practices. Less that half of respondents (46,77 per cent)
envisage the opportunity for improvisations. These findings could be explained by the sector where the
organization is operating: the organization due to strict legislation has less freedom to make the decisions
like concerning HRM practices. Following Guest (2011), we can state that it is not enough to have good
practices (practices determined by law), the fact that line managers actually put practices into operation has
greater importance.

Concerning the enacting of HRM practices, at the top of rating are statements which illustrate the
enthusiasm of line managers by delivering practices (69,33 per cent) and encouragement of employees. Only
6.54 per cent or respondents keep the position that line manager casually implements practices. There is the behaviour of line managers as they enact HRM practices (Boxall & Purcell, 2008) and due to the fact that line managers have to follow the rules concerning HRM practices implementation, they can do that very enthusiastically or grudgingly with little enthusiasm (Purcell et al., 2003). The research results confirm the first possibility, underlying that if there is the gap what management promises and what line managers deliver, the employee are like to feel less satisfied and less committed, therefore like to work less effectively.

**The results of correlation analysis.** The results of correlations between role of line managers in delivering HRM practices, HRM practices and affective human resource reactions are shown in Table 1.

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<th>Table 1. Correlation between the role of line managers in delivering HRM practices, HRM practices and affective human resource reactions</th>
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<td>The role of line managers in delivering HRM practices</td>
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<td>1. Skill-enhancing HRM practices</td>
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<td>2. Motivation-enhancing HRM practices</td>
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<td>5. Job satisfaction</td>
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<td>6. The role of line managers in delivering HRM practices</td>
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Notes: *mutual correlation is significant at p<0.05; **mutual correlation is significant at p<0.01

The correlations in Table 1 show that meaningful statistical relationships are between the role of line managers in delivering HRM practices and HRM practices. Therefore it is possible to state that the enhancement of the nature of delivering HRM practices increases the level of motivation-enhancing HRM practices (r=0.592, p<0.01), engagement-enhancing HRM practices (r=0.579, p<0.01) and skill-enhancing HRM practices (r=0.442, p<0.01). The research results fit with statements of Purcell & Hutchinson (2007) who underline the symbiotic relationship between line managers and HRM practices: from one side, in order to deliver HRM practices successfully, there is the need for the effective activities of line managers that are accepted by employees. From another part, line managers need well designed HRM practices which they can use in their daily management activities in order to help motivate and reward employees and deal with performance issues.

Other meaningful statistical relationship is between the role of line managers in delivering HRM practices and organizational commitment (r=0.424, p<0.01) and job satisfaction (r=0.757, p<0.01). These results allow to draw the conclusion that despite the fact that line managers are responsible for quality, manufacturing and other aspects, their role in delivering HRM practices is essential seeking the sustainable competitive advantage through employee who are satisfied with organization as the work place, positively rate the activities of organization, treat the organization as place again to start to work (organizational commitment) (Kumpikaite & Rupsiene, 2008), and through the employee who are satisfied (job satisfaction).

In summing up, it could be stated, that the respondents most value the leadership style of line managers and miss not only the enthusiasm by enacting HRM practices, but also the encouragement. From another side, the enhancement of the nature of delivering HRM practices increases the level of HRM practices and two affective human resource reactions – organizational commitment and job satisfaction.

**Conclusions**

Acknowledging that HRM serves as a value creation function and that most of the empirical research has demonstrated significant relations between HRM practices and performance, there is ongoing debate concerning nature of HRM, nature of performance and nature of linkage between two constructs. As regards HRM, it could be admitted that the AMO model presents the specific way of defining HRM practices and this allows to envisage some commonality around how HRM is operationalized. Concerning performance, the measures of performance may vary based on the measures level of proximity to the HRM practices. Due to that fact the human resource related outcomes are at the heart of all HRM and performance linkage models: the causal link is flowing from practices to performance via responses of employees.

Numerous models have been proposed suggesting mediating variables in the HRM and performance linkage, however admitting the fact that there is the gap between what is formally required in HRM and what is actually delivered by line managers, the role of line managers, as mediating variables in HRM and
performance linkage, is emphasized. As line managers vary significantly in how they understand HRM, it follows that the perceptions of employee concerning practices will also vary. This allows to conclude that line managers serve as critical intermediaries in shaping actual HRM practices and moreover, in shaping all performance.

The empirical results indicate that the employee assess the best the level of the leadership style of line managers, further goes controlling of employees, on the third place – implementation of practices and ultimately – enabling of practices. Among the employees at the highest level are these activities of line managers: responding to suggestions, dealing with problems, treating employees fairly. Besides, the employee miss enthusiasm by enacting HRM practices, frequently feel the work control and do not feel encouragement.

The empirical results suggest that enhancement of the nature of delivering HRM practices increases the level of HRM practices and two affective human resource reactions – organizational commitment and job satisfaction.

References