

# RESEARCH AND PRACTICE IN HUMAN RESOURCE MANAGEMENT

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## Implementation and Consumption of HRM: Stakeholder Differences

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### ABSTRACT

**A high proportion of research into the HRM function relies on data obtained from managers alone, usually HRM managers. This study uses both managers' and employees' evaluations of the importance and the effectiveness of the HRM function in their organisations. The study data demonstrate that managers' evaluations are significantly higher than employees' evaluations. This illustrates that implementing HRM and experiencing HRM are two different matters, and suggests the need for a multi constituency approach for the evaluation of HRM.**

### INTRODUCTION

In recent years, there has been a growth of studies, which aim to highlight the benefits of human resource management (HRM). This stream of research has mainly focused on establishing a cause effect relationship between the use of various HRM practices and various outcomes considered related to firm performance, such as financial performance (Huselid 1995), productivity (Guthrie 2001), and employee retention and absenteeism (Wood & de Menezes 1998). These studies generally find a positive association between the usage of HRM, as reported by HRM directors or managers, and a firm's performance. This has led researchers to conclude a relationship between HRM usage and firm performance is evident, with improved firm performance attributed to the use of effective HRM.

Less certain, however, is the issue of whether the relationship between HRM and organisational outcomes are robust, because the measures are biased towards one constituency (see Wright, Gardner, Moynihan & Allen 2005). One of the key concerns raised specifically relates to having HR managers report on the performance of their own HR practices, and the potential for this situation to lead to respondent bias (Wright, et al. 2005). It seems logical, therefore, in order to overcome the problem of respondent bias in studies of this nature that researchers gather data from multiple HRM stakeholders, or constituencies. A multiple stakeholder approach has appeal because many of the performance outcomes assessed are directly related to a particular HRM stakeholder perspective. Examples of performance outcomes include employee perceptions of the HRM experience in the workplace and individual level outcomes, such as absenteeism and turnover; employer implementation of HRM practices, such as quality programmes; and workplace level outcomes, such as reductions in reject rates or improvements in productivity levels. Thus, the reliance on data from only one HRM constituency could produce misleading performance assessment results.

The call for a multi constituency approach to HRM research is not new. Over 20 years ago Tsui (1984) and Salancik (1984) called for this approach to be used. Nevertheless, the call has largely been ignored, with most studies continuing to examine HRM through the views of a single constituency, namely the manager constituency (Huselid 1995, Becker & Gerhart 1996, Delaney & Huselid 1996, Delery & Doty 1996, Huselid, Jackson & Schuler 1997, Becker & Huselid 1998), with only a few exceptions (Mabey, Skinner & Clark 1998, Appelbaum & Berg 2000, Gibb 2000). This paper considers the theoretical rationale for using a multi constituency approach and agrees it is compelling. Subsequently, the paper reports an empirical study examining the differences between managerial and employee perceptions of HRM. The results show that the ratings of managers were significantly higher than the employees' ratings, both in the importance of HRM and on HRM implementation.

## MULTI STAKEHOLDER PERSPECTIVES

It is well established that organisations are comprised of multiple stakeholders (Cameron 1980, 1981, Tsui 1984, Zinn, Zalokowski & Hunter 2001), with organisational stakeholders defined as "... those individuals, groups, or organisations that have a contractual, ethical, financial and/or political interest (stake) in the decisions or actions of a particular organisation." (Blair, Savage & Whitehead 1989: 13). While these stakeholders may be in competition with each other, the relationship between the organisation and its stakeholders can also be viewed as one of 'mutual interdependence' (Zinn, et al. 2001), with the organisation endeavouring to respond to stakeholder concerns, to maximise the synergistic potential of these relationships. HRM, as a functional domain operating within an organisation, clearly has an effect on multiple stakeholders.

While calls for a multi constituency approach to HRM research have tended to be ignored, more recently there has been an acknowledgement that the employee voice should be heard (Cully, Woodland, O'Reilly & Dix 1999, Guest 2001). The argument for taking cognisance of employee voice is compelling because it "... acknowledges the important position of employees as stakeholders in their own right." (Guest 2001: 1094). Commitment models of HRM, such as the Harvard model (Beer, Spector, Lawrence, Quinn-Mills & Walton 1984, Walton 1985), regard employees as being important in themselves, as well as a resource to meet organisational goals. This view is supported in the subsequent models of HRM, such as high commitment systems (Wood & Albanese 1995), high commitment management, or high performing work systems as they are known in the United States (Hutchinson, Purcell & Kinnie 2000). These models claim that the primary purpose of the HRM function is to serve and meet the needs and expectations of a number of different constituency groups, namely "... executives, managers, and employees." (Tsui & Milkovich 1987: 521), and the "... fulfillment of many employee needs is taken as a goal rather than merely a means to an end." (Walton 1985: 49).

While the strategic HRM model (Fombrun, Tichy & Devanna 1984) may not see employees as important in themselves, all variants of HRM are ultimately concerned. Indeed, there is widespread endorsement for the premise that it is through the effective management of people, organisations are likely to achieve their objectives and goals. However, even if the concern is only with outcomes such as 'profitability', getting employee views is still important. Arguably, if employees are dissatisfied in the workplace, high levels of dissatisfaction in the long term are likely to impact on profitability.

The use of managerial views on HRM, therefore, does not reveal how satisfactorily HRM is achieving the objectives of other relevant constituencies. As Connolly, Conlon and Deutsch (1980) have stated:

... individuals become involved with an organisation (as owners, managers, employees, customers, suppliers, regulators, etc.) for a variety of different reasons and these reasons will be reflected in a variety of different evaluations. It appears somewhat arbitrary to label one of these perspectives a priority as the 'correct' one. (p.212).

Thus, it is likely that divergent stakeholder groups will evaluate HRM differently, and these differences will reflect the differing objectives being pursued. Consequently, in practice there is a strong likelihood that there will be a gap between the managers' and the employees' perceived levels of HRM related attributes.

## Constituency Rating Differences

Given the potential divergence between managerial and employee assessments of HRM effectiveness, then the use of a multi constituency approach is advocated. Differences in assessment are probable for a variety of reasons. One reason is the variation in the criteria by which different constituency groups within an organisation make their assessments (Tsui & Ohlott 1988, Zinn, et al. 2001). Ratings of importance and effectiveness are fundamentally value-based assessments framed on the preferences of a particular constituency. Preferences relate to a particular constituency's objectives, and these preferences are not necessarily stable over time. It is more likely that individual preferences are subject to temporal adjustment, because they have been satisfied or for some other reason (Zammuto 1984). The multiple constituency approach assumes each constituency is concerned primarily with pursuing the "... fulfillment of its self interests." (Tsui & Milkovich 1987: 522), and hence, the approach recognises that there may be disagreement amongst individuals and groups as to exactly which HRM objectives and activities are the most important or effective. On the one hand, managers will make judgements about implemented HRM practice from a perspective that the important and effective HRM practices are those, which managers view help the organisation successfully achieve its objectives. On the other hand, employees will make judgements about the importance and effectiveness of implemented HRM practice from a consumer perspective, and their assessments are likely to be based on perceptions of how well various practices have the potential to, or are seen to help them achieve their own personal objectives. Thus, managers as implementers, and employees as consumers of HRM practice are likely to have divergent needs and expectations from a HRM practice. Furthermore, this perceptual plurality in needs and expectations is likely to impact on the evaluations of HRM importance and effectiveness.

Differences between managerial and employee ratings of HRM performance are expected according to attribution

theory (Jones & Nisbett 1972). This theory suggests that actors (i.e., implementers, here managers) attribute success to themselves or their actions, and attribute failure to environmental or external factors. Conversely, observers (here, employees) attribute success to environmental or external factors, and failure to the actors or their actions. Thus, the ratings provided by managers, as implementers, and the ratings provided by employees, as observers, are likely to differ significantly. Similarly, the literature on performance rating suggests self ratings are consistently higher than other ratings (Holzbach 1978, Landy & Farr 1980, Harris & Schaubroeck 1988). Given that HRM practices can be considered a close reflection on the performance of managers, then ratings of HRM in an organisation can be considered quasi performance ratings. The performance rating literature suggests managers give higher ratings of HRM outcomes than other groups since these are, in effect, self-ratings. Support for this perspective is available in the literature.

## **THIS STUDY**

The empirical study reported here adopts a multiple constituency approach, using matched manager-employee data sets (i.e., manager and employee evaluations from within the same organisation). Data were obtained from 35 organisations, to test the degree of discrepancy between these two groups in relation to evaluations of HRM importance and effectiveness. This approach provides empirical information about those functional areas of HRM where there might be a disjuncture between manager and employee viewpoints. Identification of these areas of disjuncture is important because they signal potential areas where HRM may not be adequately meeting the needs of either managers or employees.

Two areas of evaluation are selected for assessment in this study. The first concerns the level of importance managers and employees attach to various functional areas of HRM. The second evaluation takes a process oriented approach and assesses how effectively HRM achieves its goals. The assessment is underscored by examining the extent a range of HRM practices (encompassed within those functional areas used for evaluations of importance) are viewed as having been effectively implemented within the organisation.

Four functional areas of HRM practice were assessed in this study. These four areas are those generally included in models of best practice (Kimmerling 1993, Wood & Albanese 1995), and are presented as (1) good and safe working conditions, (2) recruitment and selection processes, (3) equal employment opportunity (EEO), and (4) training and development opportunities. Each of these four areas was assessed in terms of its importance and its implementation effectiveness. Specific HRM practices were identified for inclusion in the survey by asking a group of six academics to select, from an array of activities for each of the functional areas examined, those which could be considered as being the most illustrative of 'best practice' in HRM. There was an expectation that there would be significant ratings differences between managers and employees, with managerial ratings higher than employee ratings.

Research Question: Are managerial ratings on the importance and the effective implementation of HRM practice significantly higher than employee ratings?

## **METHODOLOGY**

### **Respondents and Site**

Respondents for this study were secured by writing to 234 organisations employing 50 or more employees, in the Wellington and Christchurch regions listed in the New Zealand Business Who's Who (1999). The number of organisations that agreed to participate was 40. The majority of the employees in the sample were New Zealanders of European origin (78%), New Zealand Maori (7%), Polynesian (5%), and Chinese (5%). Nearly half were male and 78 per cent were 20 to 50 years of age. A total of 47 per cent of the respondents had a length of service between one to five years and 37 per cent more than five years of service. Examination of the respondents by professional status revealed 53 per cent claimed themselves to be professional, 13 per cent semi professional, and 24 per cent clerical or administration personnel.

Among the 35 organisations in the sample, nearly half (49%) were in the public sector and the rest in the private sector. These organisations represented a variety of industries including service, manufacturing, retail and sales, education and transportation. Some 20 per cent of the organisations employed less than 50 employees, 20 per cent employed 51 to 100 employees, and 60 per cent of the study firms employed more than 100 employees.

## Procedure

The senior manager responsible for HRM in each organisation was asked to complete the manager questionnaire, and then to distribute the employee questionnaires to a representative sample of their workforce, in terms of occupational classification, ethnicity, and gender. Employee participation was voluntary, confidentiality was guaranteed, and the company fully endorsed their participation. The targeted population of employees from the 40 participating organisations consisted of 1075 full and part time employees. Some 626 employees (a 58 per cent response rate) responded by completing the questionnaire and returning it in the provided reply paid envelope. Because of missing responses on some measures, 35 usable matched manager-employee data sets were obtained. These matched data sets comprised one completed manager questionnaire, and on average, around 15 employee questionnaires for each organisation (total usable employee responses = 538). The number of actual employee responses received for each organisation varied with workplace size, ranging from six to 42 people.

## Measures

### HRM Importance

Manager and employee respondents were asked to indicate the extent to which they considered the following to be important – (1) a good and safe working environment; (2) the use of impartial recruitment and selection processes (i.e., free from any bias); (3) training and development opportunities being available for employees; and (4) ensuring there are equal employment opportunities (EEO). This latter area of HRM practice comprised four separate statements specifically addressing the importance of ensuring there are equal employment opportunities for (a) Maori, (b) women, (c) people from ethnic minority groups, and (d) people with disabilities. Each of these aspects were measured by a one item five point Likert scale (which ranged from 1 = definitely no to 5 = definitely yes).

### Implementation Effectiveness

Managers and employees were invited to rate the effectiveness of four dimensions of implementation of HRM practices in their workplace. The four aspects were: (1) training and development opportunities, (2) good and safe working conditions, (3) EEO, and (4) recruitment and selection processes. Each aspect was assessed with a five item scale. The employed measures were five point Likert scales (responses ranged from 1 = strongly disagree to 5 = strongly agree).

## Analysis

The basic research question of this study was to assess the extent of differences between managerial and employee evaluations in terms of the importance and the implementation effectiveness of HRM. Since matched manager and employee data were collected from the 35 organisations in the sample, either the independent sample t-test or Two Way ANOVA could be used to compare the means of manager and employee ratings. Which analysis should be used depends on whether or not employee responses from the 35 organisations are independent from each other. If employee ratings within an organisation did not show higher similarity with each other compared to ratings of employees across organisations, independent sample t-test can be used to compare the means of two groups, 35 managers as one group and 538 employees as another group. If employee ratings within an organisation were more similar than those across organisations, Two Way ANOVA is used to assess the difference between 'the manager in organisation x' and 'the employees in organisation x'.

To achieve a balanced data set, the ratings of employees within the same organisations were aggregated to give a group mean (mean ratings of employees within an organisation). In this case, in each organisation there is one manager response and one employee mean value. The matched manager score and employee mean value from same organisations were used in further Two Way ANOVA analysis. Before conducting Two Way ANOVA on aggregated employee data, the measure of interrater agreement,  $r_{wg}$ , was first examined to determine the appropriateness of aggregating data to higher levels (James, Demaree & Wolf 1984).

Non-independence in the multilevel design can be measured through One Way ANOVA; and the amount of variance in employee responses that is explained by organisation effects can be measured by Intraclass Correlation Coefficient (ICC) (Kenny & Lavoie 1985). The ICC is defined by the equation 1.

$$ICC = \frac{MS_B - MS_W}{MS_B + MS_W (n - 1)}$$

**Equation 1**

where  $MS_B$  and  $MS_W$  are the mean square between and within groups, respectively, and  $n$  is the number of persons in each group, which is assumed to be the same for all groups.

In this study, the number of persons in each group is not the same across all the groups in the sample data. The number of persons in each group for unequal group size  $n_j$  is calculated by equation 2.

$$n' = \frac{N^2 - \sum_{j=1}^k n_j^2}{N(k - 1)}, \text{ where } N = \sum_{j=1}^k n_j, \text{ where } k = \text{number of groups}$$

**Equation 2**

In the current sample data,  $N = 538$ ,  $k = 35$ . The  $n_j$  for each group varied across organisations. By calculating the equation,  $n' = 15.27$  is obtained.

The One Way ANOVA results and the ICC for each aspect of the employee rated HRM importance and HRM implementation effectiveness were calculated and summarised in Table 2. Results on overall ratings of HRM importance (average value of the four aspects of HRM importance) and overall ratings of HRM implementation effectiveness (average value of the four aspects of HRM implementation effectiveness) are reported in Table 3 to Table 5, inclusive.

## RESULTS

The results of the factor analysis for the data of the 'HRM implementation effectiveness' construct are shown as Table 1. The content of Table 1 reveals that all items, except one, loaded onto their predicted factors. This exception was the item "Interview panels are used during the recruitment and selection process in this organisation", of the recruitment and selection processes sub scale. Thus, this item was discarded.

Table 1 Factor Analysis Results for Measures of HRM Implementation

Items	Factors			
	1	2	3	4
<b>Eigenvalue</b>	<b>8.26</b>	<b>1.89</b>	<b>1.75</b>	<b>1.23</b>
<b>% Variance</b>	<b>17.61</b>	<b>16.83</b>	<b>15.67</b>	<b>15.52</b>
<b>% Variance cumulative</b>	<b>17.61</b>	<b>34.44</b>	<b>50.11</b>	<b>65.63</b>
<b>Training and Development Opportunities</b>				
Extending the abilities of our employees is important to this organisation.	.67	.26	.22	.25
This workplace offers employees the opportunity for training to enable them to improve their skills and abilities.	.85	.14	.13	.12
This organisation provides opportunities for discussion of the training and development requirements with its employees.	.76	.20	.20	.20

Items	Factors			
	1	2	3	4
<b>Eigenvalue</b>	<b>8.26</b>	<b>1.89</b>	<b>1.75</b>	<b>1.23</b>
This organisation pays for any work related training and/or development employees wish to undertake.	.76	.14	.10	.08
This organisation is committed to the training and development of its employees.	.81	.17	.16	.22
<b>Good and Safe Working Conditions</b>				
The working conditions here are good.	.33	.68	.22	.08
Employee health does not suffer as a result of working for this organisation.	.09	.74	.14	.15
The working conditions in this workplace make it a safe place for employees to work.	.07	.83	.11	.18
This organisation does what it can to ensure the safety of its employees.	.26	.77	.19	.21
This organisation spends enough money on health and safety related matters.	.19	.72	.17	.13
<b>EEO</b>				
This company spends enough money and time on EEO awareness and EEO related training.	.14	.20	.71	.13
This organisation supports employees with the balancing of work and family responsibilities.	.23	.36	.58	.17
Management are supportive of cultural difference in this organisation.	.14	.19	.76	.23
Men and women have the same opportunities in this organisation.	.17	.14	.65	.42
EEO is promoted in this organisation.	.14	.12	.82	.20
<b>Recruitment and Selection Processes</b>				
The recruitment and selection processes in this organisation are impartial.	.18	.21	.16	.83
Favouritism is never evident in any of the recruitment decisions made in this workplace.	.21	.23	.23	.80
Interview panels are used during the recruitment and selection process in this organisation.	.22	.05	.37	.38
All appointments in this organisation are based on merit (i.e., the best person for the job is selected regardless of individual characteristics).	.20	.12	.22	.71

Items	Factors			
	1	2	3	4
<b>Eigenvalue</b>	<b>8.26</b>	<b>1.89</b>	<b>1.75</b>	<b>1.23</b>
This organisation does NOT need to pay any more attention to the way it recruits people.	.10	.19	.26	.71

Note. Extraction Method: Principal Component Analysis. Rotation Method: Varimax.

Reliability assessments were conducted for all retained data. The Cronbach alpha for the scale “training and development opportunities” was .90 for the managers’ responses and .88 for the employee responses. For the scale “good and safe working conditions” the coefficient alpha was .95 for the managers’ data and .85 for the employee data. The “EEO” scale had an alpha of .88 for the managers’ responses and .83 for the employee responses; while the scale of “recruitment and selection processes” had alpha scores of .71 and .87 for the managers and the employees, respectively.

Table 2 shows the overall employee ratings on HRM importance and HRM implementation effectiveness. The content of Table 2 shows greater within group similarity than between group similarity, as indicated by the significant F statistics in One Way ANOVA ( $F = 3.08$ ,  $p < .01$  for HRM importance;  $F = 4.92$ ,  $p < .01$  for HRM implementation effectiveness). The four aspects of HRM implementation effectiveness and three aspects of HRM importance also show nonindependence. Only one scale, employee rating on importance of good and safe working conditions, demonstrates data independence ( $F = 1.37$ ,  $p > .05$ ). The  $r_{wg}$  coefficients reported in Table 2 suggested that employees have high within group agreement on their ratings on overall and specific aspects of HRM importance and implementation. However, as indicated by ICC, the proportion of variance in employee responses explained by organisation effects is not large (a maximum of 18 per cent) for the four aspects of HRM implementation effectiveness and the three aspects of HRM importance. This is very normal in most cross level designs (James 1982) and the sample data can be assumed to be independent. In this study, a more conservative method was used and the sample data were analysed through both independent sample t-test and Two Way ANOVA.

Table 2 Results of One Way ANOVA, ICC, and  $r_{wg}$

Measure	$MS_B$	$MS_W$	F	ICC	$r_{wg}$
EE-rated HRM Importance	.562	.183	3.08**	0.12	0.91
Importance of GS	.269	.196	1.37	0.02	0.89
Importance of RS	.923	.546	1.69**	0.04	0.74
Importance of EEO	2.661	.569	4.68**	0.18	0.81
Importance of TD	.467	.320	1.46*	0.03	0.83
EE-rated HRM Implementation	1.949	.396	4.92**	0.20	0.81
Implementation of GS	2.517	.539	4.67**	0.18	0.87
Implementation of RS	3.503	.829	4.22**	0.00	0.75
Implementation of EEO	2.588	.563	4.60**	0.18	0.89
Implementation of TD	2.700	.724	3.73**	0.14	0.80

Notes: a. EE = employee responses, GS = good and safe working conditions, RS = recruitment and selection processes, EEO = equal employment opportunity, and TD = training and development opportunities. b. \*  $p < .05$ , and \*\*  $p < .01$ . c.  $MS_B$  and  $MS_W$  are the mean squares between and within groups, respectively.

Table 3 gives the results of t-test assessment of the mean difference between manager and employee ratings for HRM importance and HRM implementation effectiveness. The content of Table 3 reveal that the manager and the employee overall ratings on HRM importance ( $t = 2.95, p < .01$ ), and HRM implementation effectiveness ( $t = 2.68, p < .05$ ) are significantly different, and that managers provided higher evaluations. Managerial ratings on five of the eight specific aspects of HRM importance and implementation are significantly higher than those of the employee ratings. Only on three aspects, managers and employees were non significantly different in their ratings: importance of EEO ( $t = .46, p > .05$ ), implementation of good and safe working conditions ( $t = -.03, p > .05$ ), and implementation of EEO ( $t = .58, p > .05$ ).

Table 3 Results of T-test Comparing Manager-Employee Mean Difference

Measure	Mean of manager	Mean of EE	Mean difference	t
HRM Importance	4.723	4.573	.150	2.95**
Importance of GS	5.000	4.825	.175	9.06**
Importance of RS	4.886	4.655	.231	3.05**
Importance of EEO	4.093	4.026	.068	.46
Importance of TD	4.914	4.791	.123	2.27*
HRM Implementation	4.099	3.806	.292	2.68*
Implementation of GS	4.057	4.061	-.003	-.03
Implementation of RS	3.943	3.470	.473	3.56**
Implementation of EEO	3.811	3.727	.085	.58
Implementation of TD	4.486	3.870	.616	5.03**

Notes: a. EE = employee responses, GS = good and safe working conditions, RS = recruitment and selection processes, EEO = equal employment opportunity, and TD = training and development opportunities. b. \*  $p < .05$ , and \*\*  $p < .01$ .

Table 4 presents the results of the Two Way ANOVA analysis of manager and employee responses from the same organisation. It should be noted that the sample is extremely unbalanced with unequal numbers of managers and employees in each organisation (one manager and, on average, 15.27 employees per group). Littell, Stroup, and Freund (2002) point out that the power of the test can be very low if there are any cells with low frequencies (managers in this study). The results shown in Table 4 are generally consistent with those in Table 3. The overall ratings of managers and employees were significantly different on HRM importance ( $F = 4.53, p < .05$ ) and HRM implementation effectiveness ( $F = 5.47, p < .05$ ). These groups also differed on their ratings on specific aspects including importance of good and safe working conditions, importance of recruitment and selection (non significant,  $F = 3.24, p < .10$ ), implementation of recruitment and selection, and implementation of training and development. The only gap between results in Table 4 and Table 3 was that the ratings of managers and employees on importance of training and development did not differ in Table 4 ( $F = 2.00, p < .05$ ). But as previously stated this may be due to the unbalanced data.

Table 4 Results of Two-Way ANOVA for Non-Aggregated Employee Data

Dependent Variable	F	df	p <
HRM Importance	4.53**	1, 34	.03
Importance of GS	5.27*	1, 34	.02
Importance of RS	3.24 <sup>†</sup>	1, 34	.07
Importance of EEO	.39	1, 34	.53



<b>Dependent Variable</b>	<b>F</b>	<b>df</b>	<b>p &lt;</b>
Importance of TD	2.00	1, 34	.16
HRM Implementation	5.47**	1, 34	.02
Implementation of GS	.13	1, 34	.72
Implementation of RS	6.66*	1, 34	.01
Implementation of EEO	.16	1, 34	.68
Implementation of TD	16.71**	1, 34	.00

Notes: a. EE = employee responses, GS = good and safe working conditions, RS = recruitment and selection processes, EEO = equal employment opportunity, and TD = training and development opportunities. b. † p < .10, \* p < .05, and \*\* p < .01.

Table 5 shows the results of Two Way ANOVA on aggregated employee data. The manager and employee evaluations were significantly different regarding overall HRM importance (F = 15.42, p < .00), and HRM implementation effectiveness (F = 6.57, p < .00). Five of the eight aspects of HRM importance and effectiveness were significantly different. However, the managers and employees reported non significant difference in their ratings on importance of EEO (F = .36, p > .05), implementation of good and safe working conditions (F = .07, p > .05), and implementation of EEO (F = .14, p > .05).

Table 5 Results of Two-Way ANOVA for Aggregated Employee Data

<b>Dependent Variable</b>	<b>F</b>	<b>df</b>	<b>p &lt;</b>
HRM Importance	15.42**	1, 34	.00
Importance of GS	53.54**	1, 34	.00
Importance of RS	8.33**	1, 34	.01
Importance of EEO	.36	1, 34	.55
Importance of TD	5.69*	1, 34	.02
HRM Implementation	6.57**	1, 34	.00
Implementation of GS	.07	1, 34	.79
Implementation of RS	7.02*	1, 34	.01
Implementation of EEO	.14	1, 34	.72
Implementation of TD	19.82**	1, 34	.00

Notes: a. EE = employee responses, GS = good and safe working conditions, RS = recruitment and selection processes, EEO = equal employment opportunity, and TD = training and development opportunities. b. \* p < .05, and \*\* p < .01.

## **DISCUSSION**

The results of this study show significant differences exist between how a manager views HRM compared to how their employees' view HRM across the two perceptual ratings (i.e., importance and effectiveness) used and across three of the four HRM functions examined. The study results demonstrate some consensus with the relevant

psychology literature. First, attribution theory suggested that HR managers would rate HRM outcomes differently when compared to employees, because these two groups attribute their observed HRM to different stimuli, and thus, have different evaluations. This rating difference has been confirmed by the study results. Second, consistent with the literature on performance ratings, this study also finds self ratings of HRM (managerial) tended to be higher than other ratings (employee).

A salient conclusion is that managers and employees are likely to differ in their ratings on overall HRM importance (consistent with Tsui and Milkovich 1987) and on overall HRM implementation effectiveness. The study groups expressed a number of substantial differences for ratings on the importance and implementation of HRM, as well as aspects of good and safe working conditions, the importance of recruitment and selection, the importance of training and development, the effectiveness of recruitment and selection, and the effectiveness of training and development. Nevertheless, the mean score ratings for importance and implementation of HRM (and all four aspects) were always higher for the managerial responses. Moreover, the mean scores for the employees were relatively high. Overall, both managers and employees of the study groups expressed relevance for HRM in their study workplaces. A possible explanation for these findings is that, of the four HRM functions, EEO has been introduced because of prescriptive legislation, and good and safe working conditions have been influenced by proactive legislation. These two functions, and in particular EEO, may not, therefore, have been introduced to further managerial objectives. Indeed, Tsui and Milkovich (1987: 520) suggest the development of activities in both these areas can "... be attributed to external legal and union pressures."

While this study examined both managerial and employee responses to HRM, the managerial information still came from a single managerial representative. Ideally, managerial data from each organisation should come from line managers as well as HR staff. For example, Ichniowski, Kochan, Levine, Olson and Strauss (1996) have critiqued past empirical studies on the basis of the data source.

... only one respondent per firm or establishment, implying that any idiosyncratic opinions or interpretations of the questions can distort the results. Commonly, the respondent is often a top level manager who may have limited knowledge of what is happening at the workplace. (p.309).

Much HRM research is based on gathering data from a single managerial representative. Usually, a HRM director provides the responses, which are subsequently aggregated across a number of organisations. This approach is open to serious criticism. Indeed, Guest (2001: 1098) points out that people should be sceptical about the ability of an individual at headquarters to "... provide an accurate picture of what is happening inside the organisation.", and further claims that even at the establishment level the personnel manager may neither know nor be in a good position to judge what is practised. Gerhart, Wright, McMahan and Snell (2000: 807) are also critical, given that "... in actuality, these practices often vary significantly with respect to location, type of employee, or business unit.". So having only one managerial respondent in this study means these problems of possible response bias remain. However, having employee responses in this study at least makes one aware of the possible problem.

## CONCLUSION

Establishing whether or not differences between managerial and employee views on HRM exist is useful because it provides insights into how HRM is interpreted from two very different perspectives. Indeed, the study findings have implications for future HRM studies and highlight some directions for future research. The finding of the difference between managerial and employee ratings of HRM does not imply inaccuracy in ratings by one of these groups. Instead, it suggests that when it comes to evaluating HRM, implementing HRM and consuming HRM is not the same thing. However, researchers do need to be aware of the limitations that may arise from using only one rate in studies that examine HRM practice and its relationship to firm performance. If a thorough understanding of HRM – how it is applied and how it relates to organisational performance – is to be obtained, it would seem to be beneficial to adopt a tripartite research approach. This approach would involve collecting views of HRM effectiveness from managers, HRM specialists, as well as employees. Indeed, these findings demonstrate that if HRM has a genuine concern to meet employee needs and hear the employee views then HRM research, which relies on managerial or HRM specialist responses to reflect their views, is deficient because it does not incorporate an accurate representation of employee views. This study finds that there is a clear gap between the managerial view and the employee view. Hence, researchers cannot simply regard information collected from either of the two sources as the a priori accurate one. Moreover, researchers cannot rely on information collected from one source as the replacement of information collected from the other source in doing their investigations. The logical solution to this problem seems to be the collection and matching of data from multiple constituencies and even multiple respondents within an organisation (as discussed in the limitations section, managerial responses should come from both line managers and HR staff).

The findings of this study are of significance not only to researchers, but also to HR practitioners and their institutions. The study findings clearly demonstrate that employee ratings of both the importance and the effectiveness of HRM functions differed significantly from the ratings of HR managers, and in a lower direction. A profound implication of this finding is that HR managers cannot presume that the workforce generally accepts their

views. Therefore, senior management and Boards of Directors are obliged to realise that while their HR managers' assessments of their functions may be accurate, it is unlikely to be supported by the workforce. This situation clearly reflects the need for more discussion and interaction between HR departments and employees in general.

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