



Exploration of the impact of institutional factors
on actors in the implementation of effective high
performance work system

A Thesis submitted for the degree of Doctor of Philosophy

By

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February 2014

Abstract

The current volume of research in the field of High Performance Work Systems (HPWS) is focused on identifying the factors, which influence their effectiveness. The realisation that there is a need to move forwards from the structural aspects of HPWS towards understanding their implementation has led to two new sectors of research. The first sector is investigating the role of actors in implementation using aspects such as cross functionality, shared responsibility and interaction. Another sector is investigating the impact of contextual factors on the implementation of HPWS. This research has combined the two sectors and looks at the implementation of HPWS from the perspectives of both the actors and the environment. This research investigates how the interaction between actors affects the implementation of HPWS. Also how internal and external institutional factors affect this interaction as well as the implementation. This research is qualitatively based on an interpretivist paradigm. Case study research design was used to conduct the research. Two Saudi Arabian banks were selected as case studies. Data was collected using 54 semi-structured interviews and 61 focus group interviews. Data about implementation and the impact of institutional factors was obtained through semi-structured interviews with human resource managers, line managers and senior managers. Data about employee outcomes was obtained using focus group interviews with the employees. This research finds evidence of conflict between the intended and actual outcomes of HPWS in the Saudi banking sector due to institutional pressures. This research contributes and extends the growing body of research on HPWS implementation by including the interaction of actors and accounting for institutional pressures. The finding highlights that the combination of these two factors are contextual institutional conductors and contribute to diversity in the implementation of HPWS practices. The managerial benefit of this research is that its model can help practitioners to improve their social interaction conditions for better performance.

Acknowledgement

This PhD thesis has been prepared for the degree of Doctor of Philosophy at Brunel University.

First, I would like to thank the all mighty Allah for giving me the strength to overcome one of the most significant challenges of my academic life despite all the hardships. At times, I could only draw strength from his blessings which I was sure were with me.

I dedicate this thesis to my mother (*Wahba Mallatani*), my father (*Ahmed Binjabi*), my husband (*Isam Rajab*), my daughters (*Lujain, Thraa, Renad* and *Basma*), my brothers, sisters and the rest of the family. They have stood by me at every step of life and I could not have fulfilled my dreams without their continuous support and motivation.

This thesis involved a lot of hard work but it has also been rewarding and interesting. This thesis has provided me with an opportunity to develop my skills within the area of Human Resource Management and I hope that it can contribute to present research as well as serve as an inspiration for future studies. However, this thesis would not have become reality if it was not for a number of people who all contributed to make this study possible.

Next, I would like to thank my supervisors, Doctor *Chima Mordi* and Professor *Ashley Braganza* at the Brunel University. They have through their guidance, advice and constant support, contributed to improve the quality of this thesis. Further, I would like to thank the respondents who took out time from their busy schedule to participate in this study. Without their participation it would have been impossible to achieve the desired results. Finally, I would like to thank my beloved family and friends who has not only stood by for advice, support and encouragement during this intensive time, but foremost because they never stopped believing in me.

Thank you all. May almighty Allah's blessing be upon you forever.

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Chapter 1: Introduction

1.0 Introduction

The linkage between High Performance Work Systems (HPWS) and improvement in performance is well established (Boxall and Macky, 2009; Becker and Huselid, 2006; Guest, 2011; Purcell, Kinnie, Swart, Rayton and Hutchinson. 2009; Rupidara and McGraw, 2011). But not all firms have managed to reap the benefits of HPWS and one of the key factors determining its success in improving organisational performance is its implementation (Guest, 2011).

This study examines the impact of institutional factors on human resource (HR) and line managers' interactions in implementing HPWS and the consequent impact on its effectiveness. The study adopted a qualitative research design and utilised data from 115 interviews to examine the impact of institutional factors and HR-Line manager interaction in the implementation of HPWS in Saudi Arabian banks. This research empirically tests the arguments made by prominent researchers such as Rupidara and McGraw (2011) and Lengnick-Hall, Lengnick-Hall, Andrade, and Drake (2009) who contend that in order to maximise the benefits of strategic human resource management (SHRM) practices, HR managers must reconcile the conflicting institutional pressures and logic during the implementation of SHRM bundles. In addition, they contend that SHRM practice is not only about configuration bundles but about adaptation, modifications and alterations worked over by the actors involved in the implementation of these practices.

Previous research has investigated several aspects of human resource management (HRM) which affect employee performance. These include factors relating to the type of HR strategies (Tregaskis, Daniels, Glover, Butler and Meyer, 2013; Guest, 2011; Wei and Lau 2010; Andersen, Cooper, and Zhu, 2007) and the contextual factors which influence the shape and practice of the HR strategy (Stavrou, Brewster, and Charalambous, 2010; Lengnick-Hall *et al.*, 2009). The literature draws attention to the investigation of information sharing as a key factor underpinning the level of

performance according to the planned HR strategy and that implemented through the relation between HR managers and line managers (Guest and Conway, 2011).

An effective and efficient HRM strategy can influence the overall performance of organisations. This is possible when firms adopt a suitable HRM strategy. There are several unique factors which determine whether a particular strategy will be successful in a firm; one of these factors is the individuals who formulate and implement the strategy; that is, the HR managers and line managers of the organisation because they are meant to be more aware of operational issues (Chen, Hsu, and Yip, 2011). The focus of this research is to investigate the role of intermediate actors (particularly human resource managers and line managers) in the formulation and implementation of an HPWS in Saudi Arabian banking.

HPWS is *a particular type of HR system made up of new forms of work organisation and flexible human resources practices based on employee involvement and empowerment* (Ferreira, Neira and Vieira, 2011, p.1). It is based on the assumption that firms which rely on human capital as a source of competitive advantage ultimately require the productive behaviour necessary to implement their strategies. Here human capital is referred to as *a unit-level resource that is created from the emergence of individuals' knowledge, skills and abilities, and other characteristics* (Ployhart and Moliterno, 2011, p.128).

The practice of HPWS varies from firm to firm but the core concept of HPWS remains the same, that is, *to increase empowerment of the employees, enhance their skills, arranging appropriate incentives, inventing ways to keep them motivated and eventually creating a powerful, dedicated workforce that would keep on matching with organisational, market and social requirements* (Ferreira *et al.*, 2011, p.2).

Evidence from previous literature indicates that there is a significant relationship between HPWS and organisational performance (Wei and Lau, 2010; Andersen *et al.*, 2007). Merely formulating an HPWS is not, however, enough to improve performance (Purcell *et al.*, 2009). The process of implementation of an HPWS is an essential step towards converting human capital into improved organisational performance (Wei and Lau, 2010; Rupidara and McGraw, 2011; Becker and Huselid,

2006) as it bridges the gap between the intended strategy (planned) and the actual in-practice one (Wright and Nishii, 2007).

Little attention has been paid to the specific agents involved in the implementation of an HPWS (Guest, 2011; Paauwe, 2009; Boselie, Brewster and Paauwe, 2009; Coyle-Shapiro and Shore, 2007; Purcell and Hutchinson, 2007). In order to obtain a comprehensive understanding of firms' inner social interactions, further research is needed to focus on actors' interests as an object for better implementation (Paauwe, 2009; Boselie *et al.*, 2009). There is a lack of empirical research which investigates the role of intermediate actors and the co-ordination amongst these actors in the success or otherwise of an HPWS (Guest, 2011; Gilbert, DeWinne and Sels, 2011).

Furthermore, Lertxundi and Landeta (2011) and Rupidara and McGraw (2011) have strongly advocated considering the contextual factors while formulating an HPWS and suggest that there are no ideal or universal best practices with regards to HPWS which are applicable in all contexts. This warrants attention to the institutional factors which may influence the implementation of HPWS in organisations.

This study is an extension of previous research linking HPWS and organisational performance. In particular, this research investigated how institutional factors affect the implementation of HPWS and the interaction between HR and line managers in effectively implementing HPWS.

1.1 Background to the research problem

While it is already known in theory that HPWS can positively affect overall organisational performance we should move forwards to investigate how we can actually achieve the positive benefits of HPWS in practice (Rupidara and McGraw, 2011; Lengnick-Hall *et al.*, 2009). Researchers have acknowledged the need for this shift in research and the results are already evident in new research, which focuses on the process of HPWS implementation (see for more details chapter two table 2.0).

There is a need to move to the operational process in order to achieve successful organisational outcomes. There is a need to understand the implementation process

of HPWS and practices (Chow, 2012) and to understand why and how it is implemented in this way. Managers are considered the linking thread between the developed strategy of HPWS and the implemented one (Purcell and Hutchinson, 2007; Wright and Nishii, 2007). Organisations, in order to gain the ultimate benefits from the planned strategy, have therefore to insure that the knowledge and ideology of that strategy is perceived similarly among the planners and executioners.

The interpretations and perspectives of HPWS can vary from organisation to organisation and individual to individual (Ollo-Lopez', Bayo-Moriones, Larrazakintana, 2011; Zhang and Li, 2009; Purcell and Hutchinson, 2007). For example, HR specialists can define the technical practices well but may fail in emphasizing the strategic practices (Becker and Huselid, 2006; Zhang and Li, 2009). The problem with different interpretations is that it creates a gap between the planned and actual strategies. The actual strategy deals mostly with the organisation's members on receiving and interpreting the intended strategy. The literature shows that the line managers' lack of knowledge on implementing HPWS practices affects the employees, thereby negatively affecting employees' performance and their perception of their immediate managers (Purcell and Hutchinson, 2007). As a result, the literature calls for further consideration of the contingent contextual factors and their affect on HPWS implementation (Dewettinck, and Remue, 2011; Stavrou *et al.*, 2010; Katou and Budhwar, 2010; Boselie *et al.*, 2009; Brewster, Wood and Brook, 2008). The aim of this research is to fill this gap.

Three contextual factors that could moderate the set of HPWS include; business strategy (that is, cost strategy or innovation strategy, Sun Aryee and Law, 2007), social criteria (Aycan, 2005) and market condition (Cooke, Wood, Psychogios, and Szamosi, 2011). Additionally, researchers have pointed to organisation orientation (which consists of organisation structure, regulations and rules, actors, systems and culture) as a necessary specification to take into account when implementing HRM strategy (Brewster, Brookes, Croucher and Wood, 2007). This is to ensure that an organisation's structure is orientated towards adequate HPWS implementation (Boselie *et al.*, 2009). This study will, therefore, focus on how a middle management system, comprised of intermediate HR and line managers, can be orientated for adequate HPWS implementation. This would require a better understanding of the

elements related to HPWS structure (that is, the principles and power of control), the established rules and regulations for generating a clear strategy to be implemented, the actors involved (i.e., HR managers and line managers) and their influence on the process of HPWS implementation. The main focus of this research is on micro level internal issues, which affect the operationalisation of HPWS. While some researchers (example, Becker and Huselid, 2006; Guest, 2011, Purcell and Kinnie, 2007; Paauwe, 2009) have highlighted the need to investigate these aspects, none of the researchers have empirically investigated these aspects to the required extent.

1.2 Research motivation

There has been a significant amount of research in HRM but one of the most significant drawbacks of HRM research is the lack of guidance on practical implementation. HRM research provides numerous theoretical insights but provides little guidance on practical/implementation issues (Chow, 2012; Becker and Huselid, 2006). Consequently, HRM strategies often fail to generate the desired benefits (Guest, 2011; Purcell and Hutchinson, 2007). This indicates the significance of looking into practical/implementation issues of HRM.

While there has been a significant amount of research on HPWS, there has been a lack of research about the execution of HPWS in Middle Eastern nations especially Saudi Arabia. Studying this aspect of the problem in the context of Saudi Arabia is highly relevant to the modern global economy because of the significant role played by the Saudi Arabian economy in the global economy. Saudi Arabia stands to gain the attention of foreign investors and MNCs, as there is vast scope for improvement (and, consequently, financial gain) in the economy. But the problem still shows that while developing countries have embraced HRM concepts from the developed world, they have failed to generate the benefits to the same tune especially because of contextual differences between developed and developing countries. Countries like Saudi Arabia are still coming to terms with concepts such as HPWS and have met limited success in implementing these SHRM practices (Afiouni, Karam and, El-Hajj 2013; Budhwar and Mellahi, 2007).

Researcher endeavored in order to select the field of work closest to the reflection of Western countries; the banking field was the best choice. This is because; the banking sector is driven by market-orientation that requires a high utilisation of the workforce. This study is the first of its kind, which investigates HPWS implementation in the banking sector of the Arab countries, especially Saudi Arabia. The HRM practices in the Middle Eastern banking sector are still developing. It is essential for the domestic banking service providers to equip themselves with the best operational tools (Afiouni, Karam and El-Hajj, 2012). Adopting and implementing effective HPWS is likely to improve their chances of succeeding as a sector. Moreover, the scarcity of literature on the shape of advanced HRM systems such as high performance work systems in the Middle East context motivated the researcher to conduct such a study (Afiouni *et al.*, 2012; Budhwar, and Mellahi, 2007).

1.3 Research gaps

The literature review so far has indicated several gaps on the topic of human resource management strategy (SHRM) or so-called HPWS and organisation performance which includes the skeptical relationship between HPWS and organisation performance and needs the focus to be moved from *what* and *why* to *how* this relationship is connected. The role of the actors needs further explanation especially in the relationship between HR and line managers, together with the impact of environmental factors on social interaction when implementing HPWS. The following explains those gaps.

Previous studies have shown a great focus on the content of HPWS and how appropriate practices could positively influence organisational performance (Guest, 2011; Wei and Lau, 2010; Subramony, 2009; Mandelson, Turner and Barling, 2011; Boxall and Macky, 2009; Lengnick-Hall *et al.*, 2009; Arthur and Boyles, 2007; Kepes and Delery, 2007, 2006; Lepak, Liao, Chung, Harden, and Joseph, 2006).

HPWS addresses the issues concerning the implementation of planned strategy in regards to explaining the how of HPWS and organisation relationships, but the research on factors affecting the implementation of HPWS itself has been relatively

scarce (Guest, 2011; Boselie *et al.*, 2009; Becker and Huselid, 2006). Since the most efficient HPWS can fail, without proper implementation, to generate the desired benefits there is a need for further research in this area (Wei and Lau, 2010).

Recently, therefore, the trend of studies interested in the relation of HPWS and performance relations moved to fill this space. For example (Guest, 2011) pointed out that the previous research observes the linkage, but has not, however, distinguished which of the practices causes performance improvement and there is a growing belief that there are some intermediary factors which determine the overall success of a particular HPWS in a particular organisation (Guest, 2011; Boselie *et al.*, 2009; Lengnick-Hall *et al.*, 2009; Paauwe, 2009; Coyle-Shapiro and Shore, 2007; Purcell and Kinnie, 2007). For example: Becker and Huselid (2006) and Lengnick-Hall *et al.* (2009) recommend conducting further research investigating adequate implementation of HPWS and the intermediate factors which mediate the link between HPWS and performance, while Rupidara and McGraw (2011) and Guest (2011) recommend studying the role of actors in effectively implementing HPWS practices. It is necessary, therefore, to undertake a careful study to determine which of these intermediate elements accounts for positive performance (Bowen and Ostroff, 2004; Collins and Smith, 2006; Evans and Davis, 2005). This will improve the understanding of how we can develop and implement an HPWS, which can actually deliver the desired level of improvement in performance.

In their desire to generalise findings, researchers ignore the context in which the problem is researched. In the case of HPWS, there is a vast amount of research investigating it as a broad system but little research into the micro issues of HPWS (Purcell *et al.*, 2009; Lertxundi and Landeta, 2011).

To understand the process of shaping an HPWS within organisations, it is recommended to gain knowledge on how HR specialists cope and interact with the factors, which influence the shaping of appropriate HPWS suitable for their respective organisations (Rupidara and McGraw, 2011).

In this respect, previous literature calls for attempts that can clarify management perception on HRMS-added value to organisation success (Sanders and Frenkel, 2011; Guest and Conway, 2011; Bowen and Ostroff, 2004). Mainly the focus was

on HR functional credibility that shows how HR professionals can enhance line management perception about HR activities: trustworthiness and institutionalisation (Bowen and Ostroff, 2004; Guthrie, Flood, Liu, MacCurtain and Armstrong, 2011; Chen *et al.*, 2011; Sanders and Frenkel, 2011; Guest and Conway, 2011; Apospori, Nikandrou, Brewster and Papalexandris, 2008; Dany, Guedri and Hatt, 2008). Unfortunately, few efforts have been made to identify factors that explain how social structure is built between an HR manager when s/he communicates with a line manager in implementing HR functions (Björkman, Ehrnrooth, Smale and John 2011).

There is, also, another group of researchers building their studies on HR strategic strong climate theory (Bowen and Ostroff 2004). The bottom line imperative of this theory is the association between the decision maker of the HR intended strategy with the implementer of the actual one (HR managers and line managers) and the consequence is its affect on employees' perceptions. A series of research has been conducted on this trend, in order to confirm those links (Gollan, 2012; Guthrie *et al.*, 2011; Chen *et al.*, 2011; Sanders and Frenkel, 2011; Guest and Conway, 2011; Dany, Guedrib and Hatt, 2008; Apospori *et al.*, 2008). The focus in these studies has been on the cognitive influences by actors on their relationships. In other word the focus was on the output of their interactions rather than the input such as the role-played by the institutional factors in shaping their social interaction relationship behaviour, in particular, between the key players (HR and line managers). This study aims to fill this gap.

Most studies in this trend have, so far, tried to elaborate how the practice of effective HPWS is based first and foremost on a strong (distinctive), understandable, reliable and credible strategy (Bowen and Ostroff, 2004). Some of the contextual factors (if not accurately identified and in place) can limit its strength. For instance, the rationality and power of control designated by the values driven by the interest of management and their beliefs could affect the extent to which HPWS can translate from the planned context into an actual strategy. Generally, the interests of management are driven by external environments (i.e., market performance, the criteria and performance of the industry field, local society criteria and performance) while HPWS is an internal strategy and thus alignment between the two will depend

on several contextual factors (Rupidara and McGraw, 2011). The literature shows that these contextual factors can influence the decision makers' choice of the shape and style of organisational strategy in the first place (Leggat, Bartram, Stanton, 2011). But up to the knowledge gained from research so far, no empirical study has ascertained the influence of the intentional factors on the relationship between HR and line managers' interactions in the implementation of HPWS practices.

Culture is of concern in this study, various empirical studies have used a cultural approach in assessing the similarity and dissimilarity between nations on formulating and practicing HR functions (Lawler *et al.*, 2011) and the main focus of such literature has been on the core functions of the technical category of HPWS. Little cultural research, however, discusses HPWS as a system that includes both technical (such as SHRM) and non-technical (actors' involvement) practices (Mendelson, Turner and Barling, 2011). There is, therefore, a need to investigate the role of culture in influencing HR managers in shaping ideal HPWS best practice and their interactions with line managers. The institutional theory emphasises the role of regulatory and normative rules on administrating these conflicts and seizing obstacles that confront the operational system (Björkman, Fey and Park, 2007). In this study the role of culture is included in the institutional factors and is considered one of the normative institutional factors (DiMaggio and Powell, 1991), While there is a need to investigate the relationship between HR and line managers separately from the perspective of process behaviour, it is important to investigate the factors which affect the relationship between the two. In order, to achieve this end there is a necessity to investigate the operational area.

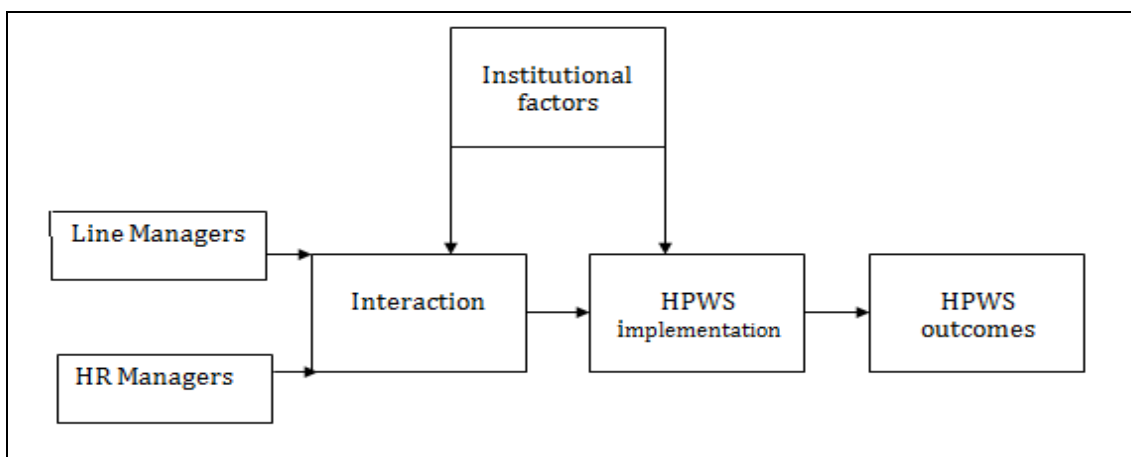
As far as environmental factors are concerned, economic trends often guide a business's future direction and the set of HPWS allows us to visualise these trends through the lens of macro-societal and market logic criteria and the consensus of the inner society practices of firms (Rupidara and McGraw, 2011). This supports the view that institutional pressures often determine the effectiveness of HPWS practices and must be given due consideration (Lengnick-Hall *et al.*, 2009). Although the design of the future strategy of a firm is largely dependent on macro-level trends, the success of the firm's intended strategy is dependent on several micro-level issues. HPWS is intended to address these micro-level issues, which can affect the overall

success of the corporate strategy (Kinnie, Hutchinson, Purcell, Rayton, and Swart, 2005).

Research, in the context of non-western countries, is also important to provide knowledge of the domestic contextual factors and their impact on the implementation of HPWS practices between HR and line managers, since there are some differences in cultural values between western and non-western countries that could point to differentiation when implementing HPWS. Diagonally, the limitation of the literature concerns HPWS implementation in Middle Eastern countries, specifically Saudi Arabia, which has guided this study to add to the literature available for reviewers to understand the reasoning behind the differentiation of HPWS implementation between the two contexts.

Overall, the main gap is that previous research has dearth in understanding the dimensions that build the social interaction behaviour between line and HR managers in the implementation of HPWS activities from an institutional perspective. Figure 1.0 shows the core aspects of this research aggravated by the identified gaps in the literature so far.

Figure 1.0: Factors influencing the implementation of high performance work systemeffectiveness



Source: the researcher

Thus, the researcher focuses on the gap issues related to the implementation of HPWS from the perspective of the social interaction in the first place, as well as to

understanding and clarifying the institutional reasoning behind the level of the HR and line manager relationship when implementing HPWS practices. Further, it is also important to discover the usefulness of combining both social interaction factors and environmental factors into the operational aspect of HPWS implementation in one study. This is because it allows the researcher to further improve the present understanding of HPWS implementation by highlighting the impact of the social interaction effectiveness level structured by the context institutional factors on employees' attitudes and behaviour, which eventually presents the effectiveness of HPWS and the returning value on the relation of HPWS and organisation performance. Within the previous literature, there is still a scarcity of studies combining these two factors in investigating HPWS implementation, in specific industries, e.g., banks in non-western contexts. This is revealed in the research objectives, aim and questions in the following sub-section.

1.4 Research aim, objectives and questions

The aim of this thesis is to investigate high performance work system HPWS implementation effectiveness through its institutional setting by combining institutional factors implication on actor's interaction-relationship (HR and line management) and its consequent effects on employees' satisfaction, which eventually turns on organisation performance. In doing so, it leads the researcher to design a bridge between the micro and macro orientated worlds. Thus, the focus is to deal with the aspects that constitute and structure HR and line management cross-functional mobility of partnership and co-ordination. The institution factors influence this relationship. Institution factors serve as a means for industry norms, management influences (actor's roles are considered a significant factor in this segment), and national culture. Thus the focus is not only to assess the interaction between the key players (HR and line managers) in their implementation of HPWS practices but also to explain the conditions underlying this association. This is in order to validate the research model proposed with regards to the impact of the institutional factor on the interaction between HR and line managers in HPWS implementation effectiveness.

Based on the literature view gaps, the researcher concludes that four objectives need to be met in order to achieve the research aim and to answer the research question.

1.4.1 Research objectives

Objective 1: To understand the nature of HPWS in the context of the Saudi banking sector.

Objective 2: To determine the existing relationship status between HR managers and line managers in the implementation of HPWS practices in the Saudi banking sector.

Objective 3: To identify the institutional reasons behind the structured interaction-relationship between HR managers and line manager in the implementation of HPWS practices.

Objective 4: To investigate the impact of the relationship between HR and line managers on the implementation of HPWS effectiveness related to employees' satisfaction and involvement.

These objectives support the researcher to answer the question of this research.

1.4.2 Research questions

This research aims to answer the following research questions.

- How the social interaction and context are significant influence on HPWS implementation effectiveness represented on employees' attitude and behavior?

Thus, the imperial questions take the following forms:

- How do institutional factors affect the interaction of human resource managers and line managers in delivering effective HPWS?

- How do the implemented HPWS affect employees' satisfaction?

The current study embraces institutional theory in order to, firstly, develop a framework that improves the understanding of the implementation of HPWS and,

secondly, to investigate the impact of institutional factors on line-HR manager interactions. Better interactions between HR and line managers are expected to result in higher shared meaning and shared values between managers (organisational-actors) thereby allowing close alignment of the intended strategy and the actual strategy in practice. The overall impact of this exercise is expected to mediate HPWS with high performance which reflects on an organisational subjective outcome of employees' satisfaction (Bondarouk, Looise and Lempsink, 2009; Evans and David, 2005; Festine and Eidemes, 2011; Rupidara and McGraw, 2011).

This study builds on the assumption that the more the organisational actors share in the meaning of the strategy of HPWS the greater is the effectiveness of its implementation and consequently the better is the organisational performance. Additionally, we have to keep in mind that an organisation's actors are still nested in a local social culture and institutions can enable their interaction either positively or negatively towards the implementation of HPWS by taking account of this (Aycan, 2005; Stavrou *et al.*, 2010). Focusing on implementation, therefore, aims to capture these two aspects and their relation to effective implementation resulting in employees' behaviour that could mediate or deliver high performance (Becker and Huselid, 2006; Wei and Lau, 2010).

1.5 Research methods and techniques

This research employs an interpretive philosophy that requires a qualitative methodology. Interpretivist approach can express the voice of those people affected by HRM system practices. This research is presented as an inductive exploratory study (Saunders *et al.*, 2011). In accordance with the inductive research approach, the current research will formulate a new theory on the roles of institutional factors and actors in improving the effectiveness of HPWS in the Saudi Arabian banking sector (Collis and Hussey, 2009).

This research adopts a case study design. Since this research argues that it is essential to consider contextual factors while implementing HPWS practices it is essential to adopt a case study design which embraces the context of the research (Woodside, 2010).

Data is collected using semi-structured interviews and focus groups. 54 Semi-structured interviews were conducted with HR managers, line managers and department heads of the banks included in the research. 10 Focus groups including 6 employees each were conducted with the front line and back office employees and were focused at understanding employee level outcomes of HPWS.

As data reliability and validity is concerned in this study, the researcher followed a case study protocol as a methodological guideline (Yin, 1994). The researcher followed the three stages of this method. In the first stage, based on a careful comprehensive assessment of the literature, the researcher developed an initial theoretical framework with regards to the study topic and the gaps found in previous studies. The researcher tried to rely on reviewing the literature and specifically on discovering the gaps in highly respected journals in the fields of human resource management and management (e.g., *Human Resource Management (USA)*, *British Journal of Industrial Relations*, *International Journal of Human Resource Management*, *Human Resource Management Journal (UK)*, *Organisation Studies*, *Harvard Business Review*, *British Journal of Management*, and the *Academy of Management Journal*). The gaps in the literature determined three taxonomies investigated in this study, which include HPWS implementation, actors' interactions and environment factors. The justification of the key factors of these three classifications was further explored (see chapter three for more details). Doing so helped the researcher to develop the initial theoretical framework of this study, which is based on the developed propositions underpinned with these explored key factors. The researcher, in the collection of the data, was guided by these propositions.

The second stage of the case study protocol was to examine the developed theoretical framework. This has been done through semi-structured interviews, focus groups and content data analysis. In order to obtain regroups of the data collection tools a pilot study was conducted at the beginning of 2012 with some experts in the banking sector and by following up with the supervisor, this went along with the data concluded from the banks' archival record.

Two approaches were applied in choosing the research case sampling and individuals. These were the purposive sampling and snowball sampling techniques. These sampling techniques enabled the researcher to decide on the selection of cases and individuals. As regards to the cases chosen for this study, this research deploys multiple case studies of private organisations in the Saudi Arabian banking sector. These banks were selected because they differ in terms of their size, age and geographical expansion. Besides, both of those considered have high reputations in the Saudi financial market. The researcher was also concerned (in selecting the case study samples) to include banks that have HRM managers in board positions, just to confirm that HRM departments from the chosen sample are equivalent to those portrayed in the literature. Such sampling would ensure that HRM is a strategic practice in the sample firm, which is a key requirement for effective HPWS. Collecting data from different banks assists in reducing any bias in the data. As for the sampling of individuals (i.e., HR and line managers) it had to be believed that they were capable of answering the required information to the research questions (Neuman, 2005). With regards to choosing semi-structured interviews this is because it allowed the researcher to introduce sub-questions depending on interviewees' unclear responses or to gain more details and information about the questioned subject. It also helped in allowing the researcher to do some modification to the interview questions according to the context and respondents, which allowed the researcher to focus on the important issues to the respondents without restricting them to a particular layout (Lindlof and Taylor, 2002). The focus group interviews were conducted with employees of different departments of the banks under study. The focus group interviews followed both purposive and snowball-sampling techniques and semi-structured interviews. All the interviews and focus groups were recorded and transcribed later. The transcriptions of the interviews were carefully written and reviewed by translator expertise and interviewees. This was done in order to obtain construct validity of the data collection (see chapter four for more details, section 4.7).

In this stage also, internal validity of the data is very essential. The data was therefore analysed by employing qualitative content analysis. The research began first with each case analysis separately then this was followed by cross-case analysis. Due to the massive amount of information collected from the qualitative interviews,

the researcher used NVivo9 software in order to organise, group, and code these data, as these steps are believed necessary for data reduction (Miles and Huberman, 1994). In order to obtain internal validity of this study, the researcher used a pattern-matching technique in data analysis (Yin, 2009) within each case study of the banks under study. This technique allowed the researcher in analysing the data to refer back to the literature propositions and suggestions and to build up explanations and descriptions of each case study by exploring alternatives and interpretations connected to prior theories embraced in these studies that have therefore helped in understanding the phenomena (Silverman, 2010). This process allows the researcher (at the stage of analysing the data for each case study) to examine the correlation between all three key themes (i.e., implementation of HPWS practices, HR and line managers' interactions and institutional factors) to explore the justification of the propositions and conclude the findings. In this stage also, the validity and reliability of findings is of highly concern. The researcher therefore generated a collection of themes, including: a key theme, a sub theme and a first order theme derived from the respondents' answers.

In the third stage of the case study protocol, the initial theoretical model (originally proposed in chapter three) was revised and validated based on the concluding findings set out in chapter seven. Hence, a novel conceptual framework was built (figure 8.0) that explains the institutional causes of HPWS implementation from the perspective of HR and line managers' interactions. The development of the revised model was built upon the results derived from an exploration of the first order themes with the second order, and then grouping data under the key theme of the institution factors, which in this study are industry norms, management practices (professional norms) and culture. For example, the key theme of the management practices shows; new factors influence the interaction between HR and line manager, such as, under the actors' roles HR department members (professionals, second senior HR managers and junior manager) besides line managers type of work, it turns out that there is some differentiation in the relation between HR managers and line managers of the front offices than with those of the back offices because of job interest goals. Secondly; the efficacy of business technology systems can lift the interaction of these to actors, and it turn out that the employee performance appraisal sheet is the key lever that tied the relationship between HR and line managers in all

departments. Besides, professional norms of the industry seems to direct the relationship between HR and managers owing to its intensive focus on objectivity performance rather than subjectivity which limits HR influences in some cases. While culture influence relatively seen in some occasion especially within high power distance and uncertainty avoidance (see for more details chapter seven sections 7.3.1 Management factors, 7.3.2 Industrial factors and 7.3.3 Cultural factors)

In order to ensure the quality of the research findings, reliability and validity criteria (i.e., internal validity, external validity) (Yin, 2009) were taken into consideration (Zhang and Wildemuth, 2006).

1.6 Significance and contribution of the study

1.6.1 Theoretical contribution to the understanding of the implementation of HPWS

According to the research problem, firms often fail to convert their intended strategy into action and this failure can be attributed to poor operationalisation of the intended strategy. This operationalisation can, in turn, be attributed to poor implementation of HRM strategies and tools. To better explain, therefore, how successful implementation could be achieved, the findings of this study contribute to a deeper understanding of the reasoning underpinning HPWS implementation effectiveness from a social interaction perspective immersed in a contextual approach.

The outcomes of this research contribute to knowledge by expanding the literature of HPWS implementation, by combining social interaction theories together with institutional theory on the contextual approach in SHRM. The findings of this study contribute in particular to the literature interested in reducing the gap between the intended strategy of HPWS and the actual one. This research focuses on obtaining in-depth insight into the operational process and the factors influencing the implementation of HPWS. Organisations' actors, cultural beliefs, institutional factors and human resource practices of HPWS are the focus of this study. In particular, the researcher seeks to highlight the role played by intermediate actors and institutional factors in the success of HPWS. This is in order to compensate for the drawback of

previous research on HPWS implementation, which neglected the combination role of actors and contextual factors in this phenomenon.

While there has been a significant amount of research on HPWS, there has been a lack of research about the execution of HPWS in Middle Eastern nations especially Saudi Arabia. Studying this aspect of the problem in the context of Saudi Arabia is highly relevant to the modern global economy because of the significant role played by the Saudi Arabian economy in the global economy. The finding of this research also hoped to contribute to the existing understanding of SHRM by adding knowledge to the process of implementing HPWS in the much less considered parts of developing countries and on issues that are so far less explored.

Finally, the main findings of this research contribute to its originality in developing a model which represents the institutional rationality underpinning the interaction of HR and line manager interaction in the implementation of HPWS effectiveness.

1.6.2 Contribution to industry and policy

The findings of this research represented in its novel model are useful for managers from all industry sectors, which aim to implement global HR practices in their organisations. While this study has been conducted to study the implementation of HPWS, still the fundamental arguments of this research are applicable to all HR practices. By doing so, the researcher hopes to contextualise the model and add to the decision criteria and local considerations that must take place when choosing an HPWS orientation or ideal HPWS practices.

Finally, the novelty of this research is vested in conceptualising a model where its value can assist decision-makers at all levels to achieve better results when taking the contextual factor into consideration while formulating their strategies and putting them into action.

1.7 Research outline

This thesis is comprised of nine chapters.

Table 1.0: The structure of the thesis

Chapter 1 Introduction	Presents the research problem, aims and objectives. This provides an overview of the background to the research including a discussion of the previous literature and gaps. This chapter also discusses the practical and theoretical contributions of the research as well as providing an argument for why this research and its context are essential.
Chapter 2	This chapter provides a comprehensive review of the respective literature. In this chapter the literature on the link between HPWS and organisational performance is critically discussed. Then, a comprehensive review is presented of the literature of HPWS implementation process. Following this, the role of HR and line managers and their involvement in the implementation of HPWS is discussed followed by a discussion of the literature concerning the impact of institutional factors on the implementation of HPWS effectiveness. Building a theoretical basis for the research is the aim of this chapter. This is, in order to highlight the gaps in the existing literature.
Chapter 3	This chapter presents the initiative theoretical framework of this study based on the identified gaps exists in theoretical background of the focus of the study. This chapter provides explanations of the key factors highlighted in the framework, which is then considered as a foundation for formulating interview questions.
Chapter 4	This chapter presents the research design pointing out the research paradigms, philosophy and methods. This chapter presents the description of various data collection tools, philosophies and methods employed for this research. The data collection tools and methods are critically analysed and the rationality of selected data collection methods and tools are discussed.

Chapter 5	Presents the research empirical context. This chapter aims to highlight the Saudi Arabian HR context in general and in particular the Saudi Arabian banking sector.
Chapter 6	This chapter presents the analysis of the field survey data collected by Semi structured interviews and focus group data. In this chapter a detailed interpretation of the data outcome for each case study was given in details. And then it presents the main findings of the two case studies.
Chapter 7	This chapter presents the findings from chapter six. A discussion of the findings is provided compared with the existing literature findings that this research draws upon. This with the aim to identify the key findings. The presentation of this chapter is built on a cross case analysis of the banks under study in this research.
Chapter 8	This chapter presents the outcome of the analysis chapters and revises the initial theoretical framework of this study. The chapter also discusses the key finding and presents the novel model of this research.
Chapter 9	Presents the research conclusion with a discussion of key research findings, research and objectives achievement in answering the research question and accomplishing research aim. The discussion also presents the theoretical and methodological contribution of this research and the practical benefits of the research model. The limitations of the research that the readers must be aware of when reading the findings. Directions for future research and practical recommendations for practitioners are offered in this chapter.

Chapter 2: The Literature Review

2.0 Introduction

Chapter two discusses the literature related to the interaction between HR and line managers and the impact of institutional and cultural factors on this interaction and consequently on the effectiveness of HPWS implementation. To develop these observations, this chapter is structured as follows; the first part begins with a discussion of the concept of the strategic human resource management (SHRM). This is followed by a review of the literature on high performance work system (HPWS) and its theoretical foundation, and its added value to organisations. This part also discusses the research related to HPWS implementation and the link between HPWS effectiveness and organisational performance. The second subsection discusses the literature on the interaction between line and HR managers and its impact on SHRM implementation in general and HPWS implementation specifically. The third subsection discusses the impact of institutional factors on line and HR managers and on SHRM implementation. The fourth subsection reviews the literature on the impact of cultural factors on SHRM implementation on the relationships of middle managers. Finally a summary of the chapter is presented in order to highlight the rationalisation for the study, which is demonstrated in table 2.2. Using the theoretical background and the shortcoming in the literature review was the basis that the researcher depends on in the development of the theoretical framework of this study.

2.1 Overview

The distinctiveness of human resource management (HRM) is in the strength of its strategies/systems, and in the added value that organisations can gain objectively and subjectively through implementing it (Guest, 2011; Wei and Lau 2010; Andersen *et al.*, 2007; Becker and Huselid, 2006). The strategic role of HRM is researched under the umbrella of strategic human resource management (SHRM). SHRM has several synonyms such as modern human resource management, best practices universalistic

approach, high performance work system (HPWS) (Wei and Lau, 2010), high involvement work system (HIWS) (Zatzick and Iverson, 2011) high commitment work system (HCWS) and new work practices (Ramirez, Guy and Beale, 2007). This research focuses on HPWS, which is a form of SHRM and involves forming and implementing practices which target both the development of employees and organisational performance. HPWS is mainly aimed at maximising employee contribution through constructive approaches towards human resource management such as employee empowerment and employee development. Researches indicate that such practices improve organisational performance (Guest, 2011; Boselie, 2010).

Most firms, however, especially in the developing countries, have failed to achieve their objectives of implementing HPWS (Afiouni *et al.*, 2013). While there has been significant focus on the design and structure of HPWS bundles (Lengnick-Hall *et al.*, 2009) not sufficient attention has been paid to the implementation process (Rupidara and McGraw, 2011). It is the contextual environment in which these bundles are implemented where developed countries differ from developing countries and understanding the role of this contextual environment could explain the reasons why western HPWS practices have been relatively less effective in developing countries.

It is, thus, argued that to understand the implementation of HPWS it is important to understand both the macro and micro context (Rupidara and McGraw, 2011). While the macro level has a considerable influence on the shape and structure of HPWS bundles the process of HPWS implementation can, however, be interpreted more precisely from a micro level perspective (Bondarouk *et al.*, 2009; Kinnie *et al.*, 2005).

There are several factors, which can affect the development and implementation of HPWS and these factors are often the characteristics of the organisation or its environment. These include: system, resources and environment. Research has provided ample evidence that adequate HPWS practices could have a positive impact on organisational performance (Wei and Lau, 2010; Hutchinson and Purcell, 2010; Wei *et al.*, 2008; Akhtar, Ding and Ge, 2008; Datta, Guthrie, and Wright, 2005) but few researchers have investigated the mechanism by which HPWS practices affect organisational performance. Additionally, none of the researchers (for example

Smale, 2008; Tuselmann, Allen, Barrett, and McDonald, 2008; Bjorkman and Lervik, 2007; Pudelko and Harzing, 2007) have empirically tested the factors that affect the implementation of HPWS, even though they agree that there are several factors, which could affect the implementation of HPWS and consequently its impact on organisational performance.

HPWS is based on the principles of SHRM and hence before digging deeper into HPWS the theoretical background of SHRM theories must be reviewed to highlight the principles of HPWS.

2.2 The concept of strategic human resource management and high performance work systems

2.2.1 Strategic human resource management (SHRM)

Human resource management (HRM) is considered to be a science which replaces other traditional management like Personnel Management (PM), Industrial Relations (IR) and employment relationship (ER) (Boselie *et al.*, 2009).

SHRM on the other hand is acknowledged as a system of HRM policies and practices, which is horizontally and vertically consistent with business strategy and needs (Festing and Eidems, 2011). A horizontal link indicates that all the functions of HRM are coherently correlated to each other. A vertical link means that HR functions are correlated with the inner context, such as business strategy and culture (Festing and Eidems, 2011). For example, Way and Johnson (2005) views the extent of alignment between HRM strategy with business needs and goals, by defining the positional role of HRM as strategic. He distinguishes the HRM role from reactive (that is an administrative role) to a proactive (strategic role) link with business strategy (Way and Johnson, 2005). Researchers try to make a distinction for SHRM in that it is capable of changing people and conditions by implementing plans and by resolving conflicts with enquiries about situational changes to achieve competitive advantage (Wright and McMahan, 2011).

Cabrera and Cabrera (2003) list four key roles for modern HR managers. As an

administrator the HR manager must look to improve the efficiency and performance of the workforce in order to maximise organisational performance. As an employee champion the HR manager must duly represent and address the interests of the employees. He should work towards improving employee welfare and act as a bridge between the top management and employees helping the former in developing policies and practices aimed at welfare of the latter (Ismail and Long, 2009). As a strategic partner, the HR manager must ensure that there is a link between HR and corporate strategy. The HR manager must help the firm structure and implement policies which will help the firm achieve its objectives (Inyang, 2008). Finally, as a change agent the HR manager must ensure that any change initiatives are implemented smoothly and should work with the employees to minimise any resistance to change.

Thus, the modern SHRM view puts more responsibility on HR managers and highlights the significance of HR managers in the success of the organisation. This significance of HRM is based on the view that employees are assets of the organisation (as proposed under the Resource Based View) and these assets must be managed adequately in order to maximise their usefulness for the organisation. This is the view supported by the Resource Based View which is discussed below.

2.2.2 SHRM and the resource based view (RBV) of the firm

The Resource Based View was proposed by Penrose 1959, cited in Mahoney, (2005, p.241), who proposed that *an organisation is an administrative organisation and a collection of productive resources*. The Resource Based View assumes that heterogeneous resources can lead to competitive advantage. According to this view a firm can draw competitive advantage on the basis of resources that are *valuable, rare, inimitable and, non-substitutable* (Shanine, Buchko and Wheeler, 2011).

One of the most significant resources that firms possess is its human resources. But a firm has to manage its human resources in order to be able to draw competitive advantage from this resource. In this respect, a firm's HRM strategy which affects the perceptions, performance, behaviour, capabilities of its workforce is difficult to imitate. In other words, if adequately implemented, a firm's HR strategy can be a

source of competitive advantage (Purcell *et al.*, 2003). Firms' human resources can differentiate the firm from its competitors by providing its customers with a comparably high quality service. The intellectual capital of the employees combined with their motivation can be a useful tool through which organisations may draw competitive advantage (Purcell *et al.*, 2003).

According to Armstrong (2004, p.108), the Resources Based View proposes *improving resource capability - achieving strategic fit between resources and opportunities, and obtaining added value from the effective deployment of resources*. In other words, alignment of HR and business strategy is an absolute essential for organisational competitiveness.

SHRM practices positively affect organisational performance (Chuang and Liao, 2010; Gittell *et al.*, 2010; Paauwe and Boon, 2009; Takeuchi *et al.*, 2007). It allows efficient resource allocation, improvement in operational efficiency, and encourages innovation thereby allowing the firm to meet the changes in its macro and micro environments (Katou and Budhwar, 2007). The Resource Based View proposes a more proactive approach to human resource management in which line managers share the responsibility of delivering HR policies (Leopold, Harris and Watson, 2005). This, in turn, is expected to improve employee motivation and enhance organisational citizenship behaviour in which employees adhere to corporate values (Anderson, Cooper and Zhu, 2007). Increased employee motivation and satisfaction is likely to improve organisational performance by improving customer satisfaction (Schuler and Jackson, 2007; Wright and Kehoe, 2008) through value creation for all the stakeholders (Mello, 2006; Ramlal, 2006). According to Garavan (2007, p.11), SHRM contributes to *the creation of firm-specific knowledge and skill when it is aligned with the strategic goals of the organisation*. The benefits of this approach are evident in both large scale and small-scale firms (Singh and Vohra, 2005).

Based on the above literature there is no doubt that organisations, in order to obtain SHRM from an RBV perspective as a capability can promote its human resources to operate efficiently. There is a need to cope with the changeable surrounding environment. One of these measurements is encouraging proactive management, to

transmit organisational goals clearly and motivate line managers on the involvement of SHRM concerns.

2.2.3 SHRM theoretical approaches

Universalistic theories

Researchers commonly characterise this approach by normative models or theories (Guest, 2011). Built on bundles of HRM practices, the universalistic best practice approach presumes that, by implementing these bundles, organisations can obtain better performance (Paauwe, 2009; Gooderham, Parry and Ringdal, 2008). The strength of the theory came from incorporating some individual HRM practices into a bundle, and then examining each bundle in relation to organisational performance (Gooderham *et al.* 2008). The authors of this theory affirmed that when firms employ these bundles in a coherent systematic approach, organisations could achieve better performance both objectively and subjectively.

The universalistic approach can be classified into several bundles of practices. Researchers have applied the universalistic approach to 26 practices (Boselie, Dietz and Boon, 2005). Pfeffer (1994, cited in Munjuri, 2011), however, defined 16 practices to enhance organisational performance. He affirmed that 7 of the 16 practices which are initially related to improved performance include: employment security, careful selecting and hiring, team working, high pay and intensive training, reducing differences in the workplace (equality) and fostering the sharing of information between an organisation's members (Munjuri, 2011).

The interest now, however, has shifted tremendously towards a high-commitment system and employee participation. Frequently, for most of the studies investigating the relation between SHRM or standardisation and performance, the main focus is on the following four core HR functions: 1) careful recruitment and selection; 2) comprehensive training; 3) a compensation and reward system; and, 4) performance appraisal. These practices, on their own, do not, however, succeed in achieving the aforementioned purposes, and hence SHRM practices such as HPWS are introduced to produce a collective bundle of practices. According to Fernandez-Alles and

Ramos-Rodríguez (2009), the purpose of HRM is mainly to practice *Z theory* management for the subjective outcome resulting from the psychological effect on subordinates' satisfaction and loyalty that have been found to have a significant and positive link to higher performance (Boselie, 2010). That is why recent literature gives great consideration to both high-commitment and high-involvement as a mediator effect as well as to HPWS in organisation outcome (Guest, 2011; Wood, 1999). Collectively, high performance systems emphasise the need for practices such as teamwork and work autonomy, flexible job design and incentive reward mechanisms which correlate with better performance (Brewster *et al.*, 2007; Van Mierlo, Vermunt and Rutte, 2008).

HRM configuration approach

This approach is based on the HRM bundle concept. Most studies have considered this approach as another version of universalistic HRM best practices, but combining some interrelated practices of HRM consistently into an order of groups (that is, bundle). In order, therefore, for organisations to attain high performance, they have to follow certain combinations of HRM practice bundles (Becker and Huselid, 1998).

An HR systems bundle is usually a group of activities gathered under one function of HRM practices. Unified with policies (for example, staffing system policies, compensation system policies, and so forth), the combination of bundles becomes a *system* or configuration (Gooderham *et al.*, 2008). Typically, scholars supporting this approach insist that it is an *ideal* HR system and that its policies are considered a mediator which directs work force effectiveness towards higher organisational outcomes, particularly employee performance by justifying that its application will affect individual ability, motivation, attitudes, and performance (Gooderham *et al.*, 2008). This is because a configuration system or HPWS promotes the organisation's members through training and development (including managers and staff) and fostering employee involvement (Ramirez *et al.*, 2007). This linkage of practices focuses on shifting organisation philosophy from Taylorism (that is, materialist management) to a managerial philosophy – orientated towards coping with qualified employees: that is, employees are a valued asset (Almond, Ferner, Colling and Edwards, 2005). The bottom end for organisations applying an HR configuration

system is to achieve the highest utilisation of human resources to achieve competitive advantage (Edward and Kuruville 2005). For example, staffing system policies include careful procedures for recruitment and selection, compensation system policies (that is, performance-contingent pay, profit sharing, and merit rewards), and a management development system for training. These are some activities initially linked with the benefits gained from employees' behaviour by accomplishing a business's missions and goals effectively. Those approaches have, however, been criticised rigorously because they linked the HRM bundle system directly to high-performance and ignored any intermediate factors/conditions (Paauwe, 2009; Gooderham *et al.*, 2008).

2.2.4 High performance work systems (HPWS)

HPWS is an approach of the universalistic and configuration methods that embraces hard and soft models of HRM, in order to obtain high-performance high-involvement and high-commitment management (Datta *et al.*, 2005; Subramony, 2009; Guest, 2011).

HPWS consists of several types of bundles that have to be taken into consideration. Kroon and his partners describe the structure of an HPWS bundle as consisting of:

... a number of coherent practices aimed at managing employees in organisations in such a way that they work together to select, develop, and motivate a workforce that has outstanding qualities and that uses these qualities in work-related activities with discretionary effort, which result in improved organisational performance and sustained competitive advantage for the organisation (Kroon, Voorde and Veldhoven, 2009, p.221).

Takeuchi, Lepak, Wang, and Takeuchi (2007, p.1069) defined HPWS as *a group of separate but interconnected human resource (HR) practices designed to enhance employees' skills and effort. HPWS bundles include practices related to recruitment and selection, pay for performance and other incentive-based compensation plans, information sharing, rigorous performance appraisal processes, and training in both*

generic and company-specific skills (Takeuchi, Chen, and Lepak, 2009).

Authors have different opinions on categorising these bundles. For example, Huselid (1995) categorises them as *technical* and *strategic* bundles. The former includes careful selection and hiring, conditional pay related to performance and intensive training programmes. Strategic bundles contain; security, teamwork, decentralisation, share information, fairness and equalities statutes (Mendelson *et al.*, 2011). Additionally, Huselid (1995) gives extra subcategories of strategic bundles that include employee-management communication and employee empowerment for both sharing information and reducing statutes of dissimilarity among people within workplaces. According to Becker and Huselid (2006), however, HR specialists successfully implement technical bundles, but the strategic bundles of practices suffer from some implementation difficulties (Becker and Huselid, 2006).

In the same trend, Bailey *et al.* (2001) and his colleagues pay attention to the bottom end of HPWS, that is, towards employees' ability and participation. The authors categorise the bundles, according to high involvement work practices, into three groups of practices. *Opportunity* is the first group/bundle that is comprised of employees' opportunities to participate in decision-making (Bailey *et al.*, 2001). As mentioned earlier SHRM practices in this bundle include teamwork and high information systems, which allows team members to share information to accomplish obligatory tasks. *Motivation to Participate* is the second group that employs a collective compensation system, in order to motivate and encourage organisation members to familiarise them with collective decision-making. The third bundle is labeled as *Skills to Participate*. Careful hiring and intensive training are practices that promote organisations' embedded employees' participation and involvement. This is because cautious selection and hiring provides qualified people in the first place. Secondly, intensive training promotes their abilities and skills to share and participate in collective decision-making (Mendelson *et al.*, 2011).

Several authors have mentioned that there are some intermediate factors, which influence the decision to adopt certain HPWS practices (Ramirez *et al.*, 2007), such as the geographic, cultural and institutional differences between the origin and foundation culture (America) (Festing and Eidems, 2011; Ollo-Lo'pez *et al.*, 2011).

Secondly, the differentiation depends on organisational characteristics. In the process of HPWS implementation it is, therefore, highly recommended that HR managers communicate carefully the tools and techniques of the mechanism of operating these bundles of practices to line managers.

The rationality of HPWS decisions mainly depend on the perspective undertaken by the management such as, for example, the resource based view (Rupidara and McGraw, 2011), and the firm strategy of competitive advantage (Sanders *et al.*, 2008). The hard and soft visions of organisations also have a deterministic influence on the shape of HPWS practices and the way in which they are implemented. These are evident in Huselid's (1995) categories of HPWS bundle practices (technical, strategic and communication) and the governance structure of HR position in an organisation.

The hard vision includes clarity of goals, missions, tasks, rules, regulations, and obligations or so called *how work should be done* factors. And, the soft vision involves dealing with employee needs. This includes employees' development, training, incentives, career path opportunities, information sharing and involvement. Recently, most studies have supported the soft view for the positive results (Beardwell, Holdon and Claydon, 2010). HPWS implementation is aimed at achieving both soft and hard targets. As discussed later, however, the differences between managers' preferences (soft targets for HR managers and hard targets for line managers) create a discrepancy in the planned and actual implementation of HPWS. To sum up the above discussion, the strength of these bundles lies in their success at implementing both hard and soft concepts in reality (Jensen, Patel and Messersmith, 2013).

Based on the above information HPWS implementation requires from HR specialists a careful transmission of HR activities to the key implementers (managers), in order to ensure firstly that the principles of HPWS are put into practice and secondly, to ensure the outcome of implementing HPWS is positively achieved from both objective and subjective perspectives for both levels; organisational and individual.

Having clarified and explored the theories of HPWS, the following section will discuss the implementation of HPWS. Key findings and key dimensions are demonstrated in order to recognise the importance of the strategic practices of HPWS bundles in studying the link of HPWS with organisation outcome. It highlights key dimensions in influencing the implementation of HPWS and its effects and cause from the inner perspective.

2.2.5 High performance work system implementation

The field of strategic human resource management has been associated with organisational performance and has been of interest to researchers. Since the beginning of this millennium, academic attention has focused on an in-depth enquiry into the trend and the emphasis has shifted from macro to micro level research (Becker and Huselid, 2006; Bowen and Ostroff, 2004).

Although as Hrebiniak (2008) argue, formulating strategies is difficult, but implementing them is even more difficult. A host of factors influence the manner in which strategic plans are operationalised. While strategy formulation can be done by a limited number of individuals, strategy implementation requires rigorous efforts by almost all organisational actors. For managers, putting strategy into practice is more like science (Liao *et al.*, 2009; Podsakoff, Whiting, Podsakoff, and Blume, 2009). The challenges of putting strategy into practice are evident from the fact that most organisations fail to meet their intended targets. Implementation is also significant because it can counter the dynamics of change in the business environment. While strategy is formulated on the basis of historical data and predicted future development, implementation occurs in real life. Thus, implemented strategy is closer to reality than formulated strategy (Liao *et al.*, 2009). Thus strategy implementation is much more difficult and complex than strategy formulation (Schaap, 2006).

According to Yang, Sun and Eppler, (2009) strategy implementation can be seen from the following three different perspectives:

The first perspective is the *Process perspective*. According to this perspective, strategy implementation is about operationalising the strategy that is putting strategy into action with an aim to achieve the stated objectives. According to this perspective implementation has to take into account several influencing factors, which may often lead to conflicting situations (Hrebiniak, 2008). So strategy implementation is an iterative process in which actions and counteractions are part and parcel of the process and in this case implementation is as significant as the planning, if not more, where the implementation may even require change in the planned strategy (Schaap, 2006). As firms operate in a dynamic business environment, scenarios may change unexpectedly from the planned scenarios and this may trigger an unplanned response during implementation (Lehner, 2004). Implementation is more time and resource consuming than planning and careful implementation can even eliminate the errors in strategy formulation (Hrebiniak, 2008; Harrington, 2006).

The second is the *Behaviour perspective*. The behavioural perspective of HPWS implementation indicates that HPWS implementation comprises *decisions* and resultant *actions*, aimed at committing required resources towards achievement of outcomes (Srinivasan, 2008). The committed resources include both tangible and intangible resources. In the behaviour perspective, implementation is undertaken through mobilisation of actors and control systems; occurring, as well, as through actions involving organisational structures (Hrebiniak, 2008). The managers are given responsibility to align the organisational actions with corporate strategy. This also involves aligning the relationship with external entities so that their contributions also feed into achieving corporate goals (Homburg, Krohmer and Workman, 2004). This requires the managers, who implement the strategy to possess managerial skills required for implementing change (Schaap, 2006). Strategy is operationalised through the actions and behaviour of the senior management which could minimise the gap between intended and implemented strategy (Schaap, 2006).

Hybrid perspective as the name explains is a combination of the process and behaviour perspectives. According to this perspective, implementation is *the sum total of the activities and choices required for the execution of a strategic plan...the process by which strategies and policies are put into action* (Srinivasan, 2008,

p.141). When the implemented programme, plan, is new to the organisation, the hybrid perspective proposes reconfiguration of the organisational design. This would involve redesigning the systems, structures, processes and human resources (Schmidt and Brauer 2006). If the implemented plan, programme, is not new to the organisation then hybrid perspective proposes administering and controlling the process as done under the *action-orientated approach*. Thus strategy is executed incrementally (Schmidt and Brauer 2006).

HPWS implementation captured scholars' attention as an effectual variable that can elucidate the linkage of HPWS practice and performance. In 1998 Becker and Huselid emphasised the connection between HPWS and business strategy by highlighting the significance of HRM strategy implementation. They concluded that implementation is a key factor mediating this relation (Becker and Huselid, 2006). Wright and Nishii (2007) exemplify the implementation of intended SHRM strategy and the actual SHRM implemented. The authors assessed the level of performance according to the actual HR practices that exist and how these are perceived and interpreted subjectively by employees. The study contributes methodologically to the HRM field by providing multiple level analysis illustrating three levels of practices by the workforce which includes; HR specialist, line managers and employees. To provide a persuasive explanation the study elaborates on HRM professionals' practices on setting policies and designing the intended HRM. While the actual HRM practices reflect two levels of practices; line managers enacting managerial practices; and, consequentially, the bottom line is the perceived SHRM by employees and their reaction towards the firm. Both line managers' and employees' practices are considered as two central variables that reflect the reality of causal pathways, which explains the relation between the intended HRM and performance.

Most researchers agree on the role of top management (Schaap 2006) and external factors in strategy implementation (Lehner, 2004, and Harrington, 2006). A firm exists in an environment which is comprised of several other entities and institutional relationships between those entities. These institutional relationships are known to have an impact on strategic outcomes (Messah and Mucai, 2011). Chimhanzi and Morgan (2005) stress that inter- and intra- organisational relationships, corporate structure, procedures, policies and practices all have an impact on the

implementation of corporate strategy as well on its outcomes. Under this perspective the interdepartmental co-ordination has a significant influence on the outcome of strategy implementation (Schmidt and Brauer 2006; Chimhanzi and Morgan, 2005). Thus, strategy implementation can be improved by enhancing communication and conflict resolution. For this it is essential to engage senior management and develop a joint rewards system (Schmidt and Brauer 2006). Organisations which pay attention to human resource issues and align their internal and external marketing efforts to corporate strategy are likely to achieve greater success in implementing corporate strategy (Chimhanzi and Morgan, 2005). The research implies that it is essential to develop a co-operative and collaborative relationship between line managers and HR managers through strategies such as information communication, top management support, joint reward systems and written communication.

In their noteworthy theoretical study Becker and Huselid (2006) raised the notion of a causal chain in the effective implementation of HR strategies. The authors call for a new trend of research investigating human resource management strategy and call for further exploratory SHRM research that focuses on the measurement of effective strategy implementation. In this respect, the authors suggest considering the operational process as a mediator variable for effective implementation. A specific consideration should, therefore, be given to the impact that HR managers have on managerial practices (Becker and Huselid, 2006). Designing an effective and useful HR system is not so much of a challenge as is encouraging line managers to enact these systems' initiatives. This can be achieved by holding line managers accountable for the outcome of strategy implementation and their success in managing talent. Thus, line managers have to contribute to the development of the workforce to make it more effective.

The following table provides the literature pertaining to HPWS implementation, in order to identify key findings and dimensions.

Table 2.0: Studies on HPWS implementation-performance relationship

Research	Theory	Method	Sample	Dimension	Key findings
Truss and Grantton, 1994	Review literature of SHRM	Conceptual and theoretical	The literature debate on SHRM	The meaning of SHRM, models of SHRM, the key variables that need to be included in SHRM model	SHRM requires a process model to remedy the existing weakness of reliability of the relationship of SHRM with organisation performance. Especially from interrelationships perspective
Bowen and Ostroff, 2004	Contingency approach of SHRM. Situationism in social psychology	Theoretical		Integrate HR functions and process Organisation climate a mediator, Strength situation, Strength of SHRM HR reward system	Strength of HPWS is a process and has to contain distinctiveness, consistency and consensus throughout the implementation of HR functions. Implementing HR system by achieving these elements can develop reliability among employees' perception leads to a strong situation, which reflect uniformity on shared meaning - regarding HR function. This in turn, creates a climate that promotes employee performance to contribute positively on organisational outcome.
Evans and Davis 2005	Multilevel theory of social networks, exchange relationships, shared mental models, role making, and organisational citizenship behaviour	Theoretical And conceptual research		HPWS; social networks, Knowledge exchange, work flexibility,	Acknowledge social context a mediator that links HPWS with performance. Employing HR practice effectively-enhances organisation's human resource perception, quality and trust, which in turn creates compassionate social network that exchanges knowledge, which results in facilitating –tasks accomplishment in a short time. And that ultimately results in creating a supportive social context. This affects performance average-on both an individual and organisation level.
Becker and Huselid, 2006	Theoretical	Theoretical and conceptual research		Implementation of HPWS mediator; Strategic capabilities, Differentiation between HR practices and the intended strategy, Share meaning	HR system implementation process is the core of the new research trend which focuses on HPWS and the link with firms' performance. The focus can be in two directions; the ability of implementation mechanisms by strategic capabilities result in improved resources productivity that turn out to be a competitive advantage for organisation. Secondly, what institutional factor (s)

					limits differentiation on implementing HR practices from the intended HR system
Fleetwood and Hesketh, 2006	Scientific approach	Theoretical research		Lacks explanatory power	The explanation of linking HPWS with organisational performance has to concern under the scientific approach.
Purcell and Hutchinson, 2007		Empirical study	14 company in UK	HR manager, line manager, tool techniques and method	HR managers have to provide line managers with tools, techniques and methods, in order; to enable line manager enacts HR functions and insure it is done affirmatively. This in return, can affect their employees in good way.
Sun <i>et al.</i> , 2007	Relational perspective	Empirical research	Hotel industry in the People's Republic of China (PRC)	Service-orientated mediator. Contextual variables, Labour market condition, Business strategy, Moderator	Considers service-orientated 'organisational citizenship behavior (OCB)' mediating the relationship between HR system of high performance and organisational performance. Taking contextual variables, as moderators, such as labour market trend and the firm's strategy, control the relationship between service-orientated OCB and organisational performance.
Sanders, <i>et al.</i> , 2008	Adopt strong situation and strength of HR system (for Bowen and Ostroff, 2004)	Empirical research	Departments within 4 hospitals 671 employees 67 line managers 32 HRM consultants	Human resource management, Employee behaviour, Job satisfaction, Organisational effectiveness	Defines the ability of HPWS process when sustains distinctiveness, consensus and consistency in its polices, practices and routines, can create strong situation. By affecting individual perception. Once the strong situation is high, it causes positive affect on individuals' shared commitment. In contrast, the existence of strong situation on department affects organisation level causing a climate of commitment.
Bondarouk <i>et al.</i> , 2009	Social cognitive theory	Empirical research	Case study in a construction company 21 line managers and HR specialist	strategic motivation, HRM principles innovation, Actual SHRM, ownership perception and interest	The interpretation of SHRM value, nature and reason between HR managers and line managers. Divergent interpretation results in conflict in the process of implementation.
Zhang and Li, 2009	SHRM theories, universalistic, bundle, and contingency theory	Empirical research	650 firms of pharmaceutical companies in China. General manager,	Contingencies market oriented, universalistic approach	Ideal HPWS is related to market trend of performance efficiency.

marketing
director, human
resource director,
the finance
mangers

Wei and Lau, 2010	Dynamic capabilities perspective	Emperical research	Science park in china	HR managers, adaptive capability as the mediator. Contextual factor, Institutional location as a moderator	Defines HPWS as a adaptive capability that builds and enhances the firm's resources by responding quickly to line managers' requirement, solving problems and facilitating information.
Festing and Eidems, 2011	Dynamic capability-based analysis	Theoretical and conceptual research		Solve problem, identify the nature of the problem, transfer knowledge, communication co- ordination. Standardisatio n practices, Local practices.	International organisations; in order to maintain balance for standardisation practices and local adaptation in HRM systems. A need for balancing capabilities on the process of transnational SHRM. Balancing capabilities revolves on delivering information that requires high communication, co-ordination and experts. The ultimate aim is to transfer knowledge and learning.
Rupidara and McGraw, 2011	Rational choice, institution theory and the micro politics of actors	Theoretical research		HR configuration. HR manager role, contextual factors, social network implication	The dynamic interaction of actors' roles with their contextual factors.
Chow, 2012	HPWS – performance link.	Empirical study	243 managerial respondents of different positions level; top, middle and front line managers from HKT firms in China	Implementation; organisational culture. Intermediating factors of the relationship between HPWS and organisational performance.	The role of implementation and organisational culture as intermediate factors that foster HPWS and performance relationship

Source: the researcher

The key findings from the literature concerning HPWS implementation illustrate that current attempts mainly include theoretical studies. The trend of these studies comes in response to the skeptical view of the relation between HPWS and organisational outcomes (Becker and Huselid, 2006). The main aspect discussed is HPWS as a capability that influences a firm's resources (that is, the employees) and enables them to contribute a better performance. There is a consensus about improving the strength of HPWS through effective implementation and the implications regarding creating a strong organisational climate (Chow, 2012; Bowen and Stroff, 2004; Sanders *et al.*, 2008; Evans and David, 2005). These studies consider a firm's climate as being the mediator that links HPWS with performance. Shared meaning, understanding and reliability of the HPWS strategy are the foremost requirements for the process of HPWS implementation (Chow, 2012; Sanders *et al.*, 2008; Bowen and Stroff, 2004). Apart from Bonderouk's and his colleagues study there is a lack of investigation of the clarity of HPWS strategy among the organisation's actors. Nevertheless, Bonderouk's *et al.* (2009) study is conducted on only one company and with a sample of 21 managers including both line managers and HR managers.

It does appear that there is a lack of studies relevant to this area. It can be inferred from the recent inquiry of researchers that there is a need to shift the focus from a SHRM structure with an appropriate amount of practices to the process of implementation, in order to obtain better understanding of the link between performance and HPWS practices and the existence of the intermediate factors. This would involve understanding the factors that affect the implementation and how to manage those factors.

2.3 Line manager-HR manager interaction in implementation of HPWS

Several researchers have investigated the impact of HPWS on employee perception and behaviour (for example, Takeuchi, Chen and Lepak, 2009; Wu and Chaturvedi, 2009). Organisational loyalty and job efficiency are two key employee outcomes investigated by researchers as these are found to be directly linked with organisational outcomes and also, probably, because these are easy to measure

objectively through proxies (for example, Den Hartog, Boselie and Paauwe, 2004). Research has indicated that HPWS results in increased organisational loyalty (Boon, den Hartog, Boselie and Paauwe, 2011; Guchait and Cho, 2010) and improved productivity (Chang and Chen, 2011; Liao *et al.*, 2009).

Researchers have utilised several theoretical frameworks to explain these linkages and one of the most commonly used theories for this purpose is social exchange theory (SET) which was proposed by Blau (1964). The basis of the argument is that organisations exchange effective HPWS practices with positive attitudinal and behavioural responses from the employees. Positive behavioural and attitudinal reactions include increased productivity and improved organisational loyalty (Gilbert *et al.*, 2011; Gong, Chang and Cheung, 2010; Purcell and Hutchinson, 2007; Gould-Williams, 2007).

Tsui and Wang (2002) for example, highlight two types of relationship that the organisation can look to develop with its employees. The job-focused relationship would involve financially compensating the employees for their efforts while in organisation focused relationships the organisation aim is to invest in the employees and adopt a long term vision of mutual benefit. The job focused employment relationship can be considered as a transactional approach which involves using monitoring and control mechanisms combined with narrowly defined job profiles, higher levels of hierarchy, centralised decision-making, low investment in employee training and development, and a cost based approach. HPWS is intended to develop an organisation-focused relationship, which is similar to the transformational approach that involves focusing on employee satisfaction, empowerment and motivation. HPWS can help firms in achieving this through HPWS bundles such as selective hiring, extensive training, competitive remuneration, employee engagement and empowerment, feedback systems *amongst others* (Rupidara and McGraw, 2011; Guest, 2011). These practices (that is HPWS bundles) have a positive impact on organisational performance as confirmed by research (for example, Combs *et al.*, 2006; Subramony, 2009). Nevertheless, those types of relations can be affected by other factors, which in turn can influence and/or determine management methods in dealing with their employees.

Some researchers have emphasised the role of the line manager in implementation of HR practices and policies such as HPWS (Hutchinson and Purcell, 2010; Watson, Maxwell and Farquharson, 2007). Another stream of researchers have investigated the role of the mechanism of social exchange relationships in effective implementation of HPWS and consequently in organisational performance (Coyle-Shapiro and Shore, 2007; Shore, Tetrick, Coyle-Shapiro and Taylor, 2004). In order to understand the social exchange it is essential to focus on the actors involved in the implementation of HPWS. The current stream of research has limited itself to investigating the impact of the presence of HPWS while a handful of researchers have gone deeper into understanding the mechanism through which HPWS affects organisational outcome and mechanisms of implementation of HPWS so as to improve its overall effectiveness (Guest, 2011; Hutchinson and Purcell, 2010; Watson, Maxwell and Farquharson, 2007; Purcell and Kinnie, 2007).

One of the key aspects missing from some of the previous research is the role of actors involved in the implementation of HPWS (Guest, 2011; Hutchinson and Purcell, 2010; Watson, Maxwell and Farquharson, 2007; Purcell and Kinnie, 2007; Coyle-Shapiro and Shore, 2007). Researchers have indeed agreed that implementation of HR practices should be treated as a shared responsibility between HR and line manager (for example, Currie and Procter, 2001; Renwick, 2003; Watson, Maxwell and Farquharson, 2007; Whittaker and Marchington, 2003) but few researchers have actually investigated how to achieve this shared responsibility (Gilbert *et al.*, 2011; Guest, 2011).

2.3.1 Role of line managers in HPWS implementation

Before moving to the relationship between line and HR managers it is necessary to discuss the role of line managers in HPWS implementation. Traditionally HPWS is considered an HRM responsibility and, hence, the literature on the line manager's role in HPWS implementation has only just begun to emerge.

Line managers play a vital role in the achievement of organisational goals by improving the operationalisation of corporate strategy. Managers generally play three

roles in the organisation – advisory or counselling, service and control roles (Qadeer, Shafique and Rehman, 2011).

HR functions are generally considered as the responsibility of the HR division but the modern SHRM model requires involvement of line managers (Hutchinson and Purcell, 2010; Wright and Nishii, 2007). Line managers interact closely with the employees on a very regular basis and have more control over employees' actions than any other individual in the organisation (Cascio, 2006). There is overwhelming evidence in the literature about the involvement of line managers in delivering HPWS practices (for example, Guest, 2011; Hutchinson and Purcell, 2010; Watson *et al.*, 2007; Purcell and Kinnie, 2007; Wright and Nishii, 2007). For example, first line managers set the targets (that is, goal setting), engage employees in role-based decision making (that is empowerment) and carry out performance appraisals (that is, for employee motivation and development) (Lepak, Liao, Chung, Harden and Joseph, 2006; Noe, 2007; Liao, Toya, Lepak and Hong, 2009). Additionally, line managers are responsible for HPWS functions such as succession planning and employee development. The frequent and close interaction with the employees places the line manager in an ideal position to assess the career objectives and monitor the progress of the employees towards achieving those objectives. The line managers engage the employees and improve their participation (Detert and Burris, 2007). If given better autonomy in implementing HPWS, line managers can create a local HPWS which can lead to differences at branch level or in division level performance (Bartel, 2004). The whole debate of involving line managers in devolving HR practices is based on the perspective that line managers are most capable (in terms of their proximity to the front line employees) of enhancing the skills and motivation of the employees through adequate use of HPWS. This, in turn, is likely to improve organisational outcomes. There is, thus, little argument that front line employees are vital to the delivery of HPWS bundles (Hutchinson and Purcell, 2010; Guest, 2011).

Line managers can play a vital role in identifying possibilities of developing human capital of the organisations and this human capital is the most significant production input for most organisations (Wright and McMahan, 2011; Crook *et al.*, 2011). Ployhart and Moliterno (2011, p.128) defined human capital as *a unit-level resource*

that is created from the emergence of individuals' knowledge, skills and abilities, and other characteristics. Line managers can enhance both individual level and team level human capital through efficient use of HPWS bundles such as performance appraisal, training and development *et cetera* (Lepak *et al.*, 2006).

The role of line managers can be viewed through employee outcomes such as employee empowerment (Liao *et al.*, 2009). Empowerment can be categorised as structural and psychological empowerment (Leach, Wall and Jackson, 2003; Mills and Ungson, 2003). Structural empowerment refers to *a set of practices that involve delegation of authority and responsibility to employees* (Mathieu, Gilson and Ruddy, 2006, p.97). It involves job design with increase autonomy (Mathieu *et al.*, 2006).

Line managers can improve employee experience by increasing psychological empowerment (Butts *et al.*, 2009; Liao *et al.*, 2009). The link between psychological empowerment and employee performance can be explained on the basis that the employees who believe that their efforts contributes significantly to organisational performance and who have greater autonomy to carry out their role are intrinsically motivated and likely to put in their best efforts, which, in turn, is likely to result in improved productivity and efficiency (Chen, Kirkman, Kanfer, Allen and Rosen, 2007). Empowerment is known to influence performance at both an individual and a team level (Chen *et al.*, 2007; Mathieu *et al.*, 2006).

Researchers have empirically tested and found a positive relationship between HPWS, human capital and organisational performance at firm level (Yang and Lin, 2009), establishment level (Takeuchi *et al.*, 2007) and individual level (Liao *et al.*, 2009). Line managers work with the employees and contribute to their development thereby improving the overall human capital of the organisation which, in turn, improves the productivity and efficiency of the workforce (Liao *et al.*, 2009). HPWS is a valuable tool for line managers to achieve these outcomes. It also, however, requires line managers to possess a certain level of skills and motivation to do so. Researchers have found evidence of differential outcomes from similar HPWS practices in different units/branches and they have attributed it to the capabilities of the line manager in implementing HPWS (McGovern *et al.*, 1997; Purcell *et al.*, 2003; Bartel, 2004). This confirms that the effectiveness of HPWS depends on how

effectively it is implemented and also by line managers' significant role in the implementation of HPWS.

Thus, as far as HPWS is concerned, it is a shared responsibility of the line managers and the HR managers. The relationship between the two will determine the effectiveness of the workforce.

Modern HR places a greater responsibility on the line managers for undertaking HR practices and for HR managers to interact and exchange knowledge and information with line managers. This expansion of scope of their role has a profound impact on line and HR managers (McConville, 2006; Renwick, 2003; Harris *et al.*, 2002). Very little attention is, however, paid to this aspect (Qadeer *et al.*, 2011).

One aspect of the role of HR manager is to ensure that HPWS practices are implemented as intended; that is, to minimise the gap between the intended and actual implementation of HPWS (Guest, 2011; Purcell and Kinnie, 2007). But, in addition, line managers also need to exchange information with HR managers in order to enhance the latter's understanding of business issues which, in turn, is likely to help HR managers in formulating more effective HPWS practices (Purcell and Hutchinson, 2007; Hutchinson and Purcell, 2010; Watson *et al.*, 2007; Khilji and Wang, 2006; Wright and Nishii, 2007; Kinnie *et al.*, 2005). Line managers and HR managers, thus, act not only as receivers of information but also deliverers of information. This highlights the need for social exchange between the two and hence the need for interaction.

2.3.2 Role of HR managers in HPWS implementation

The role of HR managers has been enhanced, especially in scope and influence, over the last decade or so. Since Ulrich (1997) highlighted the usefulness of proactive HR management in successful implementation of business strategy, several researchers have investigated the strategic orientation of HR practices (Mitchell, Obeidat, and Bray, 2013; Glover and Butler, 2012; Long, Ismail and Amin, 2011; Truss, 2009; Francis and Keegan, 2006; Hailey, Farndale and Truss, 2005). Ulrich's (1997) model highlighted how raising the level of HR focus from operational to strategic level can

prove beneficial for the firm (Francis and Keegan, 2006; Hailey *et al.*, 2005). On this basis, HR managers will increasingly be looked to as partners in the process of formulating strategy (Long, Ismail and Amin, 2011) and managing the change brought about by such activities, improving the quality of administration as well as providing a strong support for employees in the day-to-day (Glover and Butler, 2012).

In the context of strategy Lawler III and Mohrman (2003, p.4) noted that

... the HR function must go beyond delivering services, maintaining records, and auditing. It needs to spend time being a member of the management team, doing strategic HR planning and making contributions to organisational design, strategy development, and strategic change. The strategic position of the HR professional is one in which the HR manager can exercise power in the formulation of business strategy.

Besides, from the operational perspective, it presents HR managers as partners with line managers helping them in achieving their goals through constructive strategy based on codified execution (Reichel and Lazarova, 2013). Reichel and Lazarova (2013) emphasise the higher power status that HR professionals obtain in the strategic partner position as compared to an administrative situation. Thus, they highlight two kinds of power HR professional must have: potential power and enactment power. The former resides in the capability of HR department competency in influencing the top management team in the formulation of strategy, whereas in the case of demonstrating their influence over an organisation's outcomes they have to enact [their] power of competence.

Long and Ismail (2011, p.1055) refer to competency as a *set of behavioural dimensions of one's effective performance*. Inyang (2008, p.65) further elaborate on the concept of competency and refer to it as *... a cluster of relevant knowledge, attitudes, and skills, which an individual acquires and employs in order to achieve outstanding performance*. For playing the strategic role effectively, HR managers require a certain set of competencies (Glover and Butler, 2012). Long *et al.* (2011) agree and comment that HR managers may need to maintain this competency through continuous enhancement of their skills. Inyang (2008, p.61) clarifies further

and comments that *HR practitioners need to broaden their horizons, seek more knowledge and information to manage the intellectual capital effectively. This would require HR managers to be multi-skilled, self-responsible, visionary and able to learn, to handle and to lead the organisation to success.*

Thus, the strategic role of HR requires the ability to raise the value of HPWS contributions among organisation's stakeholders. In other words, the strategic role of HR involves improving the credibility of HR through effective implementation of HPWS practices (Mitchell *et al.*, 2013). In this respect, close collaboration with line management can be effective (Kim and Ryu, 2011). This collaboration should involve developing interdepartmental social capital through measures such as building of trust through information sharing and trustworthiness of HR activities.

Despite these arguments the recognition of HR as strategic partners depends significantly on the acceptance of the legitimacy of the HR professional's strategic role which, in turn, is dependent on the ideology of the firm's industry interests (Hailey *et al.*, 2005). This legitimacy, on the other hand, is characterised by *the authority, opportunity, and resources to search for and adopt innovative [HPWS]* (Mitchell *et al.*, 2013:902).

HR's strategic role is hindered by the burden of operational and administrative tasks (Mitchell *et al.*, 2013; Ulrich and Brockbank, 2005). For example, Caldwell (2003) emphasised the role of HR as internal consultants to line management. Arguably, playing such a consultative role will require HR to possess problem-solving and behavioural skills that will help them assist line managers in achieving their goals (Long *et al.*, 2011). HR is often an internal service provider which provides its services to the line management function through resolution of employee related issues. In addition, it also regulates the HR policies and practices within the organisation (Glover and Butler, 2012). Caldwell's (2003) study, however, indicates that stakeholders of UK firms commonly classified HR practitioners as advisors and change agents rather than as regulators and service providers (Long *et al.*, 2011).

The strategic role of HR has thus been strongly opposed by top management especially those from other backgrounds such as marketing, finance or engineering (Long *et al.*, 2011). These top managers refuse to accept the strategic partner role of

HR on the grounds that it will require HR practitioners to perform a role that they are not trained and qualified to carry out (Mitchell, Obeidat and Bray, 2013). In the same vein, Glover and Butler (2012) argue that the HR practitioners' role encompasses several disciplines which could lead to complexity and ambiguity thereby restricting their ability to play a strategic role. McCracken and Heaton (2012) interpret this scenario by showing the level of HRM professionals' credibility as perceived by their counterparts, which depends mostly on their ability to provide unique policies and practices that can serve the effectiveness of the workplace.

Thus, the strategic position in both strategic and operational stances for HR managers is essentially due to institutional pressures for the insurance of line management implementing appropriate HPWS.

2.3.3 HR- Line manager relationship in HRM

Rhoeling *et al.* (2005, p. 208) reflected on the strategic positioning of HR managers and commented that: *[T]he HR function is transforming its focus from the management of human resources to the development and maintenance of organisational effectiveness.* According to (Lengnick-Hall *et al.*, 2009) the current strategic state of HRM gives considerable attention to investigating contingency factors that could affect the HR manager's changing role and human resource policies and practices, diverting them from being strategic. On the one hand, researchers captured different fits for effective HRM strategy. On the other hand, they investigated aspects that drive the changing HR role, including actors' competencies such as HR competency models (Glover and Butter, 2012; Inyang, 2008) and line managers' involvement in HRM (MacNeil, 2003), changes in the internal and external business environment, and the changing expectations of stakeholders (Paauwe and Boselie, 2005; Vere and Butler, 2007). In this event, devolving HR responsibilities to line managers is highly recommended by pioneer academics such as Ryu and Kim (2013) who argue that devolving HR functions to line managers would relieve HR specialist from practicing a routine HR functional role, enabling them to concentrate on strategic HR issues. Moreover, as Guest (2011, p. 9) reported, *it is line managers, not HR managers who implement HRM.*

Recently, the compatibility of expectations between the key actors that formulate and execute HRM policies and practices (i.e., HR managers and line management) seems to be attracting the attention of scholars due to the tactical and operational primacies between the two groups in achieving effective implementation. This trend of research encourages studying the complexity which usually occurs between the key players in HPWS and causes difficulties that in most cases prevents practitioners from reaching effective implementation of HPWS (i.e., SHRM). For example, researchers, such as MacNeil (2003), raised the difficulties line management face in delivering HPWS practices on the one hand and also emphasised, on the other, the importance of line managers' roles in enacting HR practices.

Evidence from surveys conducted indicate that line-HR manager collaboration is essential for organisational success (Cranet, 2006; IRS, 2006a: 2006b; CIPD 2007). For instance, Ulrich and Brockbank (2005, p. 236) illustrate that *partnerships ensure that, while both parties bring unique competencies to their joint task, their combined skills are more than the sum of their parts*. And Papalexandris and Panaayotopoulou (2004:281) note that *competitive advantage can only result from HR practices which are jointly developed and implemented by human resource (HR) specialists and line managers*.

Although researchers have overwhelmingly supported collaboration between HR and line managers, practitioners have found it difficult to implement. Although McConville's (2006) findings highlighted that the line management role on practicing HR responsibilities is one of the HRM source pressures on HPWS outcome efficacy, however, the findings also stressed the conflict that exists in the relationship between HR and line management survey data also shows that line managers are cautious about taking on the additional responsibility of delivering HR functions as they are worried about a lack of knowledge and competency as well as a lack of support in doing so (Ryu and Kim,2013; IRS, 2006b). The HR managers surveyed in the same research also raised doubts over line managers' capabilities in carrying out HR tasks (IRS, 2006b; CIPD, 2007).

The line managers, thus, face the dual pressure of carrying out their managerial tasks along with HR responsibilities while the HR managers also face the dual

responsibility of increasing involvement in strategic issues. This often leads to conflicting situations thereby influencing their cross-functional mobility and coordination (McConville, 2006; Watson, *et al.*, 2007). Noordegraaf (2007) terms this as hybrid professionalism. In modern organisations, individuals are expected to be cross functional, that is, they need to acquire cross functional skills. In the context of this research this would require line managers to acquire HR skills.

One of the reasons why firms fail to generate the benefits of line managers' involvement in HRM is the differences *across the line manager and HR manager groups* (Maxwell and Watson, 2006:1160). Most of the researchers exploring the interaction of HR and line managers have explored it using a behavioural focus, which is useful in understanding the actions of the actors (Schaap, 2006; Whittaker and Marchington, 2003). This indicates that the engagement of line management in delivering HR practices rests on the interaction between line and HR managers (Dorensbosch, De Reuver and Sanders, 2006). This research, thus, focuses on the factors which influence this interaction and also how the interaction between HR and line managers affects HPWS outcomes.

The research must now progress from merely outlining the outcomes as positive and negative - this requires qualitative investigation of the perceptions and the factors that lead to these perceptions (Cascón Pereira, Valverde and Ryan, 2006). According to Morley *et al.* (2006, p.614), *devolution of HR responsibilities to line managers is now seen as something of a defining issue in human resource management*, and requires a thorough investigation of how this could be achieved. In this vein, this research will expand the scope of research related to HPWS.

While HR-line manager collaboration has been highlighted as a key determinant of effective implementation of HPWS (Guest, 2011), no empirical investigation has been carried out to understand the dynamics of this interaction, particularly the factors affecting this interaction.

In terms of organisational relationships, Krackhardt and Hanson (1993, p. 104) advocate *that social network especially the active relationships ones are critical components of production in any organisation as the output is seldom dependent on*

individual contributions. It is the team which accomplishes tasks: an individual only contributes to the functioning of the team. Hence, understanding the relationship between the actors is crucial in order to develop strategies to improve performance (Neves and Caetano, 2006; Berninghaus, Ehrhart, Ott and Vogt, 2007).

Although the researchers have unanimously agreed that social exchange between line and HR managers is essential for effective implementation of HPWS there has been conflict in the relational characteristics of interacting actors. The social capital theory argues about the structural and relational significance of the social networks in creating an interconnected social order amongst the actors contained within these networks (Rupidara, 2010; Smale, 2008).

This is confirmed by Granovetter (2005, p.33) who contends that *social networks usually affect economic outcomes* especially in reference to improving and facilitating knowledge exchange, and improving trust that underlines collaborative relationships. Maxwell and Watson (2006) suggest that two kinds of social relationship may exist depending on the hierarchical level. Relational bonding may exist at a horizontal level (that is, among individuals at the same hierarchical level) and relational bridging may occur on a vertical level (that is, among individuals at different hierarchical levels). This research investigates the horizontal relationship between HR and front line managers. This relationship is expected to be horizontal but may contain elements of vertical relationships because often the interdepartmental relationships exist through the involvement of higher order managers.

2.3.4 Co-ordination between line managers and HR managers

Co-ordination has been cited as a key ingredient of performance (Faraj and Xiao, 2006). Co-ordination is essential in organisations with task interdependence. In the case of line managers and HR managers there is strong task interdependence because while HR managers develop HR policies aimed at improving employee outcomes, it is not possible to actually improve the performance till the policies are implemented adequately by the line managers. Co-ordination can largely be categorised as formal and informal (Morley *et al.*, 2006). Faraj and Xiao (2006) suggest that uncertain

environments require informal co-ordination in addition to formal co-ordination while certain environments require formal co-ordination. In addition, other factors such as complexity of business environment, collectivism in organisational goals also influence the need for informal co-ordination (Berninghaus *et al.*, 2007). The key challenge is for high velocity organisations working in a very dynamic business environment.

Cooke (2006) investigated the co-ordination between HR and line managers in the shared service model which is becoming increasingly common in multi-national corporations MNCs. According to Cooke, the co-ordination and co-operation between line managers can become difficult in the case of a shared HR service model where HR services are shared between more than one division because in such cases, the HR focus is diluted. The dilution of focus of the HR manager puts negative pressure on the interaction between HR and line manager and promotes standardisation of HR services. At the same time it may lead to intensification of the line manager's job and may force line managers to undertake tasks at which they are not competent (Cooke, 2006).

Structural and information asymmetry pressurises organisations into seeking collaborative relationships within the organisation (Lewin, Massini and Peeters, 2011). It is essential to develop a cognitive relational bond in order to develop stronger ties which, in turn, are likely to enhance collaboration between actors (Cropanzano and Mitchell, 2005). Most organisation challenges can be overcome through collective action; here collectivism refers not only to the individuals within a team but also that within the teams itself.

It is essential to promote informal and impromptu co-ordination among HR managers and line managers (Faraj and Xiao, 2006) because it is almost impossible to envision the need for co-ordination and hence to formalise it. Firms can plan for future patterns in the business environment but it depends on several factors which cannot be reasonably predicted and hence a more prompt and informal approach is required (Granovetter, 2005). For example, in the context of line manager and HR manager, it is not possible to predict when an employee's performance will start to deteriorate warranting intervention and hence it is not possible to plan for such

interventions. This does not mean that formalised interaction should be abolished. Formalised interaction helps maintain the social bonding, which, in turn, facilitates informal bonding (Gittell and Douglass, 2012). Formal collaboration is useful in monitoring and controlling while contextual collaboration is useful in resolving business issues through joint action (Donaldson and O'Toole, 2007; Faraj and Xiao, 2006).

HPWS implementation is a complex task because of interdependencies and because of differences in perspective of individuals (including the employees). This, thus, requires a more proactive and in-promptu approach towards co-ordination. Formalisation of co-ordination is useful in order to achieve structured objectives but for unstructured objectives (such as employee satisfaction) a more contextual approach towards co-ordination is required.

2.3.5 Role of reciprocity and trust within the line-HR collaboration

The actions of the individuals are driven by their perception of the situation and their self-interest. The most useful outcome for the organisations is when the self-interest of the individuals is aligned with the mutual gains of the organisation. In organisations, team rewards are used in order to assure that individuals gain only through collective efforts and thus, they contribute to the overall achievements of the organisation (Cropanzano and Mitchell, 2005; Zafirovski, 2005; Wu *et al.*, 2006). In the context of this research, this interdependency between line managers and HR managers could involve line managers delivering HR practices with HR managers offering them support to enhance the productivity of their team through effective HR policies (Cropanzano and Mitchell, 2005). For HR managers to do so they need to have a better understanding of the business issues which can be obtained through adequate interaction. Similarly, line managers need to interact with HR managers in order to be able to understand the intended outcomes of the HR practices and policies.

It is essential for this exchange to be mutual. For example, in a survey, Renwick (2003, p.271) found that *the line managers were aware of their responsibilities in HRM, but saw that HR needed to show a reciprocal commitment to the line in*

general management work also. (Berneth, Armenakis, Field, Giles, Wiles and Walker, 2007) elaborate that a dyadic relationship is based for the most part on the reciprocity level between the parties. The lack of reciprocity can quash the notion of collaboration as it probably influences the trust which is considered a fundamental factor in the development of an effective social exchange interaction, especially in the implementation phase in sharing information and co-operation between the parties (Gould-William and Davies, 2005; Donaldson and O' Tool, 2007).

In the light of the forgoing, in order for organisations to obtain effective social exchange behaviour that benefits its social capital improvement, two elements its players have to be oriented with; reciprocity and trust in a dyadic path (Berneth *et al.*, 2007; Donaldson and O'Tool, 2007; Gould-William and Davies, 2005). In general, a social interpersonal relationship produces those elements of connection. According to Chen, *et al.* (2006, p. 110) a relational interpersonal relationship requires interpersonal *harmony and coordination that are more interactive in nature.* Thus, management literature usually calls for harmony in the workplace environment owing to its ability to form trust amongst its groups and parties which in turn can build a strong relational exchange relationship for better performance (i.e., reciprocity among organisational social network groups). Plus, some researchers, such as Granovetter (2005), emphasise that a strong relational exchange relationship would be beneficial if it occurs both horizontally and vertically.

Scholars advocating social exchange theory argue that an effective collaboration interaction relationship between an organisation's departments and their visions is considered an essential aspect in the effective achievement of tasks and goals (Chen, *et al.*, 2006; Cropanzano and Mitchell, 2005). Strong exchange interaction mostly depends on the quality of knowledge and information from which people benefit, one to another that, in turn, may help in the production of reciprocity and trust between individuals, and encourages respectable exchange behaviour (Granovetter, 2005). On the other hand, the formality of orders of power distribution regarding organisational structural exchange content (Chen *et al.*, 2006; Cropanzano and Mitchell, 2005) can cause absence of reciprocity between those parties and may lead to a lack of successful progress and raise conflicts (Chen *et al.*, 2006; Cropanzano and Mitchell, 2005). For example, power and resources are required to fulfill shared

responsibilities which may not be adequately distributed (Bernerth *et al.*, 2007; Zafirovski, 2005) and in most parts creates a degree of objectivity (Chen, *et al.*, 2006) and thus could generate distance between the people involved. This could misplace the condition of trust as key factor in such reciprocal relationships (Bernerth *et al.*, 2007) and eventually the effectiveness of such an exchange relation will be lost and badly affect the superiority of task-achievement.

In terms of HR and line managers being able to collaborate through HPWS applications, there are several preferences that could determine the level of their coordination and co-operation. Firstly, actions conducted when proceeding with HRM activities are dependent on the formed perceptions of the actors with regards to their past experiences (Cranet survey, 2006; IRS, 2006a). Usually, this depends on the past recognitions and observations of the two parties. For example, the way line managers recognise HR people in providing them with instructive and helpful information eases the enactment of HPWS policies and practices. Additionally, the evaluation of the transformed knowledge received from HR practitioners has its influence on line managers' outcomes (Gittell and Douglass, 2012). These, in turn, can play a role in the development of a position of reciprocity. Alternatively, the accumulated experience of HR practitioners' observations in delegating HR functions to line management, especially where HR people doubt line managers' abilities in carrying out HR responsibilities (Purcell and Hutchinson, 2007; Ulrich and Brockbank, 2005; Whittaker and Marchington, 2003), is another influence on the exchange content relationship. Thus, the quality of the social exchange interaction between the parties involved depends substantially on their constructed perception (Cascon-Pereira *et al.*, 2006).

Secondly, individuals' willingness to exchange information with social exchange partners (Berninghaus *et al.*, 2007). Commonly, trust and commitment are two influential factors that have its implication on people willingness to exchange information about job's responsibilities and goals (Berninghaus, *et al.*, 2007; Peelle, 2007). Thus, it affects the strength of the social exchange relationship. As regard to HR and line managers interaction relationship, this can be achieved when both parties are committed to their social exchange role and responsibilities (Lewin, *et al.*, 2011; Ulrich and Brockbank, 2005; Bond and Wise, 2003).

Finally, when the expectations of the exchange relationship partners (i.e., HR and line management) match their capabilities of an interdependent role in performing HRM tasks (Nehles, Van Riemsdijk, Kok and Looise, 2006) this may produce co-operation and commitment or may influence their willingness not to collaborate (Harney and Jordan, 2008). If the results of a collaborative partnership align with expectations, the partnership is strengthened but in the case of divergence, conflicts may arise, especially in diverse teams. Such conflicts can affect both task performance and relationship commitment (Purcell and Hutchinson, 2007; Nehles *et al.*, 2006). A lack of support from HR professionals may further contribute to conflicting pressures in the relationship (Nehles, *et al.*, 2006). This perception of conflict can be reduced by promoting relationship norms such as trust, communicating intensively and show commitment regards each other responsibilities (McConville, 2006).

2.4 Implications of contextual factors on the linkage between SHRM and performance

Contingency theory emphasises the necessity of consistency between an organisation's HR strategy, policies and practices and business strategies in accordance with conditions, which have equal influence on organisational performance (Andersen *et al.*, 2007). Contingency theory's basic premise is that there has to be consistency between the internal fit of SHRM practices with the external fit of business strategy. Its concerns reflect on the reality, complexity and conflicts appearing between actors in the operational processes (Bacher, 2007). The differences between universalistic/configuration approaches and the contingency approach is that the former admits the relationship between HPWS and performance, while the contingency approach maintains the relation upon the conditional status of the alignment and synergies of the two strategies on the actual implementation.

Consequently, scholars have deemed that the closer the internal fit (that is, HRM strategies) with the external fit (that is, business strategies) the better is the outcome for the organisation (Andersen *et al.*, 2007). For instance, the closer HRM policies and practices are to the organisational strategy of competitive advantage, the higher

the explicit evidence of employee performance (Caldwell, 2008). According to this approach, HR strategies are directed and influenced by the firm's strategy. Apospori *et al.* (2008) differentiate between two approaches of SHRM and organisations' strategies. They emphasise that when HR specialists contribute in formulating firm strategy, SHRM centrality is to embrace HPWS of best practices and this ensures competitive advantage. While when SHRM is formulated separately from the firm's strategy it follows the internal fit of HR functions in developing and utilising people (Apospori *et al.*, 2008) to achieve its goals. This research assumes that when HR managers get involved in formulating a firm's strategy, HPWS can take its centrality on implementation.

The level of HR specialists/managers contribution depends, however, on several institutional conditions. For example, top management philosophy, organisation's actors' knowledge, technology system, organisation maturity, organisation's strategy, structure and systems (Aspospori *et al.*, 2008; Armstrong, 2009). Researchers, therefore, expand the theory to encompass not only the fit of the HR strategy with the firm's strategy, but, also, to fit with the firm's systems and management. So, there is a need for *best fit*. Best fit requires HR bundles to fit with the organisation's internal components (for example, co-operation with managerial techniques like law regulatory and operational managers) (Armstrong, 2009) as well as the external fit with the institutional factors (Apospori *et al.*, 2008).

Contingency perspective expands the domain of the contingency theory to include cultural and institutional aspects as contingent/conditional factors that can limit the relation between HPWS implementation and organisational performance (Aycan *et al.*, 2007; Aycan, 2005). For example, Budhwar and Debrah (2001) demonstrated three dimensions/levels that may affect HPWS practice implementation.

- National factors comprising national culture, socio-culture, national institutions and business environment.
- Contingent factors including the business characteristics of ownership, size, life cycle stage of the firm, nature, HR strategy, stakeholders and the presence of a trade union.
- Organisational strategies.

The discourse on the contingency approach is based mainly on the sociological view. The opponents of sociologists, cultural researchers and anthropologists define an organisation as collective groups of people gathered to achieve certain goals and consequently they claim that human interaction is a complex process affected by several direct and indirect variables (Harris, 2007). These variables distinguish organisational status by giving meaning to power (Kulik and Perry, 2008). According to this meaning, management delineates the level of autonomy, communication, and rules that mediate interaction. Thereby, culturists and institutionalists affirm that differentiation in organisational managerial practices have to occur, as a result, of the differences in the society's environmental factors and on how they view the HPWS dimensions (Almond, 2011). Consequently, HPWS formulation and thus implementation could vary among nations, industry sector or even organisations.

2.4.1 Impact of institutional factors on high performance work system

Impact of external coercive factors on the strategy of HPWS

A contextual environment characteristic is a key factor which distinguishes the shape and implementation of HPWS within nations, industry sectors and organisations (Sparrow, Brewster and Harris, 2004). These characteristics include culture, social institutions (such as educational and training centers), political bodies (employment representatives) economic institutions such as the labour market, businesses, industry fields and sectors, and government states and agencies, which are all considered to be legislative bodies (Ollo-López *et al.*, 2011). Contextual environment characteristics, therefore, highlight the impact of local external institutions' pressure on HR specialists shaping HPWS (Gooderham and Nordhaug, 2010). The following gives details of those factors.

Convergences and divergences in forming and implementing HPWS best practices are the main purposes for scholars employing institutional theory. Brewster participated intensively with other pioneer scholars who carried out a number of investigations aiming to clarify the convergences and divergences between nations in forming and implementing HRM best practices. They give great support for

divergences caused by local characteristics, in delineating the forms of implementing HRM in countries other than America (Suddaby, 2010; Brewster *et al.*, 2007; Brewster *et al.*, 2008). Previous studies show that because of the differences between the institutional environmental factors within the two geographical locations, SHRM is shaped differently according to the local pressure (Rao and Giorgi, 2006; Suddaby, 2010).

National regulative: such as employment laws, may relatively influence the size and role of HRM within organisations. People with an HRM role could be either just administrative or be at a strategic level (Brewster *et al.*, 2008). For example, Brewster and his colleagues claimed that businesses operating within a corporatist system of government required a large and proactive HRM department. While, in nations that have active trade unions, the HRM department can be expected to take a limited role. Also, the business sector is considered one of the greatest external environmental factors and affects the extent of role and size of HRM (Brewster *et al.*, 2007; DiMaggio and Powell, 1983). For instance, technical and finance sectors operate in a dynamic environment with a highly competitive market (such as the banking sector) that demands prepared, skilled employees, which, in turn, positions HRM with great responsibility.

Scholars and practitioners always claim that businesses are nested in dynamic evolving environments, which require consistently positive interactions between institutional actors in sharing meaning with the occurring changes. For instance, Maurer and his colleagues (2011) criticised the traditional stance of RBV theory because it takes only the inner impact into account and ignores the effect of the external environment, which is particularly short sighted in these days of dynamic change. The study investigates the role of institutional actors in forming the economic value of the organisation strategy. Here the authors expand the resource based view theory (RBV) by adding the effect of institutional environmental factors (environmental revolution). Thereby, the study takes the position that the perception of institutional actors constitutes their behaviour, which is affected by the social values, norms, and beliefs (that is, through a cognitive process of cause and effect in interpreting the relative variables behind the environmental revolution) (Maurer, Bansal, and Crossan, 2011). So, when power is personified in the roles of actors that

make decisions about business strategies, which are saturated with the values and norms of the external environment, then the decision-making is predominately influenced by the external factors. In contrast, internal organisational characteristics are also considering limits of the SHRM role within organisations. Brewster *et al.* (2010) threw light on the regulatory framework of management interest and the dynamic of change, especially from the economic perspective. This view elaborates the nation's characteristic on accepting the global trend of best practices of HPWS.

Market trend: Different industry sectors undergo different market trends which influence the strategy and practices within the organisations. For example, the current market environment is extremely challenging for the banks which are battling not only huge losses but also significant change in regulations (Laeven and Valencia, 2013; Marquis and Huang, 2010).

Highly competitive environments, directed by market-efficiency criteria, force organisations to embrace a universalistic/standardisation approach of HPWS (Zhang and Li, 2009). Market situation is deemed the most influential environmental factor that directs economic institutions such as banking institutions (Brewster *et al.*, 2007). This is why some researchers and scholars criticise the universalistic approach, owing to its focusing on the micro level *internal fit* of the technical aspect (Paauwe and Boselie, 2005; Fernandez and Ramos-Rodríguez, 2009) and ignoring the external fit for both organisation strategy and the relevance of the environments organisations operate in. Thereby, the opponents of the universalistic approach to HPWS exacerbate it because of the great possibility of differentiation between firms, sectors, and national cultural systems on accepting the content of HPWS (Brookes, Croucher and Gooderham, 2011; Hall *et al.*, 2009; Marchington and Wilkinson, 2005).

Firm's strategy: Banfield and Key (2008) argued that the inner culture and context are critical factors in setting SHRM either traditionally (inner fit of personnel management) or according to high-performance HPWP principles. When management perceives the employees as cost assets then SHRM will focus on cost reduction and is less likely to follow HPWS principles (Brewster *et al.*, 2010; Katou and Budhwar, 2010). On the other hand, the situation differs when the strategy of the

firm is established for competitive advantage. In this case, the role and position of SHRM is considered central and is focused on formulating and implementing HPWS principles and consequently on developing and enabling employees' abilities and skills to participate in decision-making (Brewster, 2006). According to Yeung and his partners when a positive attitude exists towards employees (that is, when the management views their employees as a key resource for the sustainability of competitive advantage), the orientation of SHRM is towards managing people under HPWS principles (Yeung, Warner and Rowley, 2008). Accordingly, the philosophy of HPWS expresses how people should be treated and valued (Huang and Gamble, 2011).

By analysing the literature concerning external causes it can be inferred that existing regularity or flexibility at a workplace are crucial aspects of the management's interest in the market trend and strategy type of the organisation (that is, cost reduction or innovation) (Guest, 2011). Based on this concept, the departure of HPWS principles is calculated. In this respect, the current research considers market condition and firm strategy as power control factors that affect the shape of HPWS principles.

From the literature investigating the contextual implications on the relation of SHRM to firm's performance; the results indicate the necessity of appropriate external environmental factors as well as suitable internal factors for understanding the planned strategy of HPWS in the process of implementation (Lertxundi and Landeta, 2011). There is, however, also, complicity from the internal factors of the organisation on the process of implementing HPWS, which affect the relationship between HPWS and performance. The following section discusses the literature which pertains to this issue.

Internal factors influencing implementation of HPWS

Paauwe and Boselie (2005) drew on an abstract of 104 articles investigating the link between HRM and organisational performance. The study concludes that some principles of HRM practices, such as employee development programmes, reward systems and employee involvement work systems, are considered universally

successful. The success and standardisation of those practices are subject to the inner context of the organisations that must be considered while designing and adopting these practices. For instance, Lepak and Snell (2002) elicit employees' differentiation discourse, which categorises them into groups according to several dimensions, including job classification and position (for example, managerial, administrative, technical, production staff), qualification conditions (example, educational qualification, degree of professionalism, skills and experience), and their contract recruitment status (for example, full-time, part-time job, temporary contract, expatriates). Accordingly, the designation of HRM practices is different when dealing with specific groups of employees (Lepak and Snell, 2002) in regard to the implementation of each of the HRM activities. As a result organisations can differ in setting the HPWS according to their needs from their human resources. For example, front office employees' bonuses can be different from their subordinates in the back offices.

When organisations develop their institutional rules, they rely, to some extent on, normative and cognitive paths (Budhwar and Sparrow, 2002). The normative approach appears to be related to the context of the economy and political conditions. For instance, industry law, rules and regulations, such as those related to the banking industry dominate the system of banking sector activities and actors (Marquis and Huang, 2010). As for the cognitive path, it emerges mainly in the way actors perceive the values, norms, and symbols surrounding the business. For example, Huang and Gamble (2011) argued that the way a society perceives power, plays the role of affecting managerial concepts of delegation (Budhwar and Sparrow, 2002), autonomy (Brewster *et al.*, 2007), and participation and the status of communication in the workplace (Marquis andHuang, 2010). Eventually, the prospect of deficiency in HPWS practices is expected.

Normative pressures influencing implementation of HPWS

Normative pressure refers to the pressure exerted by the professional norms on the organisation (DiMaggio and Powell, 1991). For example, creativity and autonomy are norms in the video game development industry and, hence, video game developing organisations are forced to adopt a decentralised structure. Similarly,

sticking to established rules and practices is a norm in the mechanical engineering industry and, hence, the automobile manufacturing industry practices strong hierarchy and narrowly defined job profiles (Hancke, Rhodes and Thatcher, 2006).

Professionals: professional norms are probably the most influential institutional pressures that an organisation faces (DiMaggio and Powell, 1983). According to Hussain and Hoque (2002, p.167) *the experience of professionals such as managers may also influence the design and use of a performance measurement system.* Apospori and his colleagues (2008) examined this relationship - that is HRM practice and its environment - across European countries from the inner institutional level factors with primary focus on the status of HRM within organisations at the following different levels: a) the strategic level; b) the HRM positional role; and, c) HRM strategic practices. The strategic level focuses on the clarity of HRM strategy in defining duties, jobs, and the extent of alignment between HR strategy and business strategy. The alignment focal point is the validity of HRM practices, which can be measured according to two trends: firstly, the ability of HRM practices to develop employees to the level required for competition; and, secondly, the ability of HRM practices to improve individual abilities and skills and motivate employees to exploit their potentials. The positional role of HRM defines HR professionals as partners (proactive) with management (Van Burn III, Greenwood and Sheehan, 2011), and having a voice in setting business strategies being considered and HR as an investment asset or defines HR managers as executives (proactive) who establish HRM strategies in accordance with management perspectives. The study also points out the diversity of HRM best practices (Paauwe and Boselie, 2005; Boselie, Dietz and Boon, 2005).

In this sense, **management interest:** the contradiction between the interest of management and employees is a key inner factor that affects implementation of HPWS. The literature shows a doubtful perspective from researchers regarding a relationship between HPWS and performance owing to the differences of interest between individuals and organisations (Paauwe, 2009; Boselie *et al.*, 2009). In this vein, psychologists criticise the economic mainstream by declaring that the concern of the impact of SHRM on performance should not focus on the objective outcome only, but the outcome, also, has to be relevant to workers as well (Legge, 2005).

Boselie and his colleagues (2009) call for a balanced theory that can present both the economic side of organisation interests and the humanity side reflecting individuals' interests, and associate this balance to mediate the link between HPWS and performance. Similarly Paauwe (2004) argues for an ethical role of HR specialists in responding to market demands. The balanced approach can provide organisations with a flexible workplace that can satisfy both organisations' and employees' interests. Thereby, recently, researchers have been attempting to focus on SHRM activities that can enhance individuals' abilities, motivation and opportunities at the workplace (see, for example, Boselie, 2010; Katou and Budhwar, 2010; Aycan, 2005; Gerhart and Fang, 2005). Appelbaum, Bailey Berg and Kalleberg, 2000) proposed an AMO model and argued that people performed efficiently when HRM activities enhanced their abilities, motivation and opportunities (the AMO model). Through activities such as training and development programmes, incentive system HR managers promote employees' desire for working and performance and afford them with a work environment that helps in strengthening the bond between the employees' performance and job-decision involvement. The model duplicates the same activities of HPWS: as mentioned earlier, typical HPWS enhances employees' opportunity for involvement and participation in decision-making, job and team autonomy, and decentralisation. This, in fact, improves the psychological contract and social legitimacy at the workplace (Boxall and Purcell, 2003). The study considers HPWS strategic practices including employee involvement and participation and cultural issues which are likely to be a barrier for a universalistic perspective of SHRM/HPWS (Legge, 2005).

The role of top management in shaping the organisational culture through their policies is well documented (Munir, Perera and Baird, 2011). Top management can influence the manner in which organisations undertake change. By showing commitment and by creating supportive policies top management exerts a significant influence on the HPWS strategy of the organisation.

Top management influences the corporate culture which is one of the significant institutional factors affecting HPWS implementation in an organisation. This corporate culture influences the beliefs and behaviour of the employees and shapes the attitude of actors towards implementing HPWS practices adequately.

Effective HPWS relies initially on the capability of HPWS to establish standards of behaviour across the firm (Katou and Budhwar, 2010). According to Katou and Budhwar (2010), when there is a consistency in standard of behaviour of HPWS practices, mutual cause and effect on both firms' performance improvement and the quality of HPWS, practices will increase simultaneously. Such performance-increasing opportunities in HRM functions exist in recruiting and development policies, incentive policies, and a flexible work system that involves employees' participation. Business strategy and elite leadership style are crucial variables in moderating the HRM atmosphere. Others may link the positional power of HRM professionals in HRM effectiveness in presenting HPWS (Bowen and Ostroff, 2004). The positional power of HR professionals is a key limitation in transforming SHRM/HPWS from proactive to reactive (Wang and Shyu, 2008; Brewster *et al.*, 2007).

The role of managers: the literature concerning organisational actors considers HR managers as regulators for forming and delivering the strategy of HPWS (Becker and Huselid, 2006; Wright and Nishii, 2007) and the line managers as a proxy for effective implementation (Purcell and Hutchinson, 2007). Purcell and Hutchinson (2007) emphasise the role of line manager on SHRM implementation. Line managers have a considerable subjective impact on employee outcomes such as satisfaction and commitment. Purcell and Hutchinson (2007) examine the actual actions line managers take to deliver what is formally required in HR policy. Thereby, the study drew on illustrating three duty aspects for line managers encompassing; managing people, leadership manner, and the application of HR practice. Theoretically, line managers need to manage people effectively by coaching, learning and facilitating people missions. On the other hand, employee management also includes employing HR practices that could develop employees' skills, employee behaviour, and incentives and encouragement for people to participate in and enrich their responsibility. These practices prompt a positive impact on employees' cognition and behaviour and lead them on a path of satisfaction, with work and organisation. Further orientation is, therefore, always recommended for line managers, to improve their managing skills (Purcell and Hutchinson, 2007). (See for more details section 2.3.1 Role of line managers in HPWS implementation, and section 2.3.2 Role of HR

managers in HPWS implementation).

Tools, techniques and methods: provided by HR managers are critical to improve implementation and enhance performance. For example, the literature suggests that the psychological contract can be employed as a powerful tool to influence people at a micro level (Wright and Nishii, 2007). This is because of the explicit positive effect of implementing high involvement and participation on motivation and employees' feelings, particularly, employees' citizenship-organisation affiliation and satisfaction (Purcell and Hutchinson, 2007). This, in turn, can influence the macro level of the organisation and thus, result in high-performance. As Boselie (2010, p.43) pointed out *...theory presented at the micro level as a powerful tool given to the cognitive path for individual to derive implications at the group or macro level for organisation performance.* This research considers the tools, as a system capability of HPWS that HR managers can employ in order to enhance line managers as a resource. For example, effective communication and co-ordination between HR people and line managers can increase the level of effective implementation for the system of HPWS and its outcomes. Doing so, needs structured methods of communication, well organised co-ordination (for example, interdependency and shared meaning and enhancing their level of leadership by training programmes). By doing so it is expected that the interaction between the key two players on implementing the system of HPWS will act effectively (Wright and Nishii, 2007), in order to accomplish the goals of the planned strategy.

Formal rules: are tool HR managers can exploit in order to give weight and power to HR strategy. This involves setting up a system of formal rules and regulations for controlling people while performing operational tasks according to a formalised system. It encompasses the formal rules of contracts; observation and sanctions. The normative mechanism includes the legitimate means of undertaking tasks and missions as well as approaches and methods for distributing responsibilities. The cognitive pillar consists of the shared meaning of the society. For example, Adhikari and his colleagues (2010) pointed this out to Japanese organisations, which altered their traditional way of managing people in order to cope with the external environmental revolution. Their study demonstrated that institutional actors are pivotal factors in dealing with the effects of institutional factors on the managerial

practices within the organisation. The study combines institutional theory with RBV theory in order to enhance our understanding of the concept of articulating a clear HR strategy that includes enforcement through formal rules. Well thought out and codified formal rules can improve shared meaning among the members of the organisation. A well-defined strategy based on well-structured rules can let the follower understand copy, follow and comply with the instructions thereby minimising the gap between the intended and actual strategy (Adhikar *et al.*, 2010).

Shared meaning: the meaning of power, authority and positioning differs between different national cultures. Accordingly, the translation of HPWS, in particular, empowerment of employees may vary from country to country and from one industry to another and may even differ between organisations in the same industry. This may happen because of the cultural value of power distance (Hofstede, 1984), industry uncertainty. Meyer and Höllerer, (2010) raises the issue of differentiation in perceiving the meaning of terms, especially when it is formalised and familiarised in a neo-liberal culture and transferred to another context. The discussion took the mechanisms of the socio-culture (social, political, legal and economic value) of the country under observation (Austria). The investigation focuses on people's acceptance of the transferred terms according to their translation of these terms based on their institutional professional-value. When, therefore, the strategy of HPWS has no clear translation of meaning, the level of interpretation of the meaning will determine the level of the actual strategy of HPWS practices and a gap may exist if the actual strategy deviates from the intended one (Wright and Nishii, 2007).

2.5 Impact of culture on HPWS

National culture characteristics are considered as one of the contextual environmental factors that influence HRM practices (Brewster *et al.*, 2008). Culture is defined as *shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations* (House and Javidan, 2004, p.15).

Among the external factors that may condition the HRM-performance relation, researchers have pointed to culture and national institutions as two of the factors that intervene in the degree of adoption and diffusion of organisational practices in general (Myloni, Harzing and Mirza, 2004) and, supposedly, of high commitment management systems or HPWS (Bae and Rowley 2002). The cultural focus indicates that there is a need for a country's institutional and cultural network to be incorporated as yet another element of analysis in the implementation of HPWS. Although HPWS in any country, sector or society acts upon elements associated with workers' skills, motivation and opportunity, the cultural context can influence the combination of policies and practices of which they are constituted (Gerhart, 2008).

In this regard, the indications are that, in spite of findings in connection with the effects of human resource practices in organisational performance, the effectiveness of *best practices* in non-Western companies is not yet clear (Rhodes, Walsh and Lok 2008). The ignoring of the link that exists between context and HRM practices can be the cause of innumerable conflicts and inefficiencies (Kim and Gray 2005; Tayeb 2005). Besides, from the opposite point of view, from a more optimistic perspective, Newman and Nollen (1996) provide evidence that congruence between national culture and management practices has positive effects on results. Notwithstanding this, the same authors refer to the difficulties associated with HPWS, when they point out, for instance, that contingent rewards or employees' participation, two of the distinguishing characteristics of these systems, do not enjoy the same success in all countries. In this regard, the literature has already found some (slight) evidence that shows a positive or negative association between the efficiency of certain practices and some cultural characteristics or dimensions. In fact, taking as a theoretical reference, Hofstede's well-known model, the culture variable, can be broken down into four dimensions: individualism-collectivism, power-distance, uncertainty avoidance and masculinity-femininity.

In this respect the following describe in brief Hofstede's four dimensions:

1. Power-distance: measures the degree of acceptance of unequal powerdistribution within institutions, whether it is formed socially like families or formally as power within organisations. It shows also the distribution of power in accordance with the

organisational structure and the extent of the delegation of authority (Hofstede, 1984). It characterises the style of leadership as more autocratic or more democratic. Generally speaking, *power-distance* commonly sets the way communication works within an organisation; which could be in a top down, mutual or bottom up direction. The more the management is autocratic with high power-distance the more communication will take the trend of top to bottom. In contrast, with low power-distancesuch as democratic management, the communicational trend usually takes a mutual direction. Additionally, a higher version of employee participation and involvement in making decisions could be seen obviously with low power societies.

2. *Uncertainty/ avoidance:* translates the degree of adventure and the presence or absence of risk acceptance (Hofstede, 1984). Accordingly, countries with high uncertainty avoidance will prioritise rituals, routines and procedures in their life and work.

3. *Individualism-collectivism:* measures an individual's dependence/independence and his/her ability in taking care of themselves and their immediate families (Hofstede, 1984). It shows the strength of people's emotional tendency in integrating into groups, such as families or tribes. For instance, western countries are more individualistic than those in the Arab world, which is characterised by Hofstede as collectivist. In term of institutions, in countries characterised as highly individualistic people tend to display high performance and high competitiveness.

4. *Masculinity-femininity:* describes the values pertaining to success and achievement: objectivity *versus* subjectivity in setting goals, and high assertiveness *versus* co-operation. The masculinity stereotype also represents the value degree of independency and achievement behavioural patterns. In contrast, the femininity stereotype represents the behaviour patterns that value nurturance, sympathy, caring and modesty in performance (Hofstede, 1997).

Societal values are usually described as one of the cultural functions that represent the moral behaviour of individuals in both their social and work life. It reflects as well their ambitions, anxieties and attitudes that can be tangible in their firm's goals and operational methods. Researchers, therefore, commonly employed Hofstede's

dimensions to examine a society's nature in implementing managerial techniques and/or activities.

Institutional researchers, however, have commonly used cultural factors in cross-cultural studies because, it is considered as partially influenced by an institution's environmental factors. It does not, however, provide a holistic understanding for the complexities emerging within organisations (Schaffer and Riordan, 2003), especially in attempts to investigate the status of strategic implementation. Institutional scholars, therefore, employ the culture value dimension with and throughout the external environment factors, which is recommended instead of referring to culture affects alone. Similar to what Suddaby contended *Organisations are the product of common understandings and shared interpretations of acceptable norms of collective* (Suddaby, 2010:1235).

Scholars point to four key dimensions that organisations must take into account when forming and developing strategies: cultural components of values, beliefs, norms and management style. These components implicitly and/or explicitly intervene within the HRM structure, activities and methods (Fernandez-Alles and Ramos-Rodríguez, 2009; Carney, 2004). Schuler and Jackson (2005) argued that to aggregate understanding of advanced HRM or so called HPWS; environmental factors must be investigated, especially in their relationship with an organisation's operational system. This includes national culture, social criteria and performance, legal, political environments and unionisation, labour market conditions, and industry characteristics. Hence, practitioners have to adapt to the environmental factors surrounding businesses and *viceversa* for the successful implementation of SHRM.

The meaningfulness of culture is that it shapes people's mentality and behaviour due to the values, beliefs, and attitudes they absorb from the local culture. Consequently the *value priorities of individuals represent central goals that relate to all aspects of behavior* (Smith and Schwartz, 1997, p.79). Values are the fundamental aspect that reflects people's standards of action and behaviour towards different events, actions and situations (Forstenlechner, 2010). In addition, values appear to characterise societies with societal attributes. For example, in countries where beliefs in self-reliance are weak or low, directed work can be found at high levels (Forstenlechner,

2010). Managers' perceptions on viewing the position of subordinates' involvement and participation may also be affected upon this premise.

Researchers agree that the notion of SHRM is culturally bound (Tayeb, 2005). Lertxundi and Landeta (2011) examined the relation between cultures, as a moderator, and the extent of organisations using HPWS for better performance. The study was conducted in 15 countries. The study findings indicate that the relation of culture in moderating the degree of HPWS usage and a firm's performance is only partial. The results do, however, point out that the most affected feature of HPWS by cultural differences is communication style, whilst the other practices are not so much affected. These findings are consistent with the findings of Papalexandris and Panayotopoulou (2004) who conducted a similar study in Greece and found that culture is a factor with a different set of effects on HRM practices. According to their study, culture has a determinable and sustainable impact on the communication system, while compensation and reward systems appear not to be linked with culture. This indicates that culture may not equally affect all SHRM practices, but there are certainly some factors, which are affected significantly by culture (Aycan, 2005).

Power-distance, according to Hofstede (1995), is the level of acceptance in an uneven distribution of power with managerial and non-managerial persons. Zhang and Begley (2011) examined the impact of the level of societal power-distance on the acceptance of HR practices of empowerment and team participation. The findings of the study were in contrast with the previous studies of cultural constraints. It is known that low power-distance encourages empowerment and team participation, however, the study also clarifies empirically that high power-distance leads as well to high team participation. This finding supports the current study in assuming that environmental factors, other than cultural variables, affect the shape of HPWS practices such as market orientation and its impact on the philosophy of management policies and values.

Miah and Bird (2007) attempted to identify both organisational and national-cultural determinants which influence human resource management in Japanese businesses. The findings indicate that eastern organisations might be characterized by specific managerial attitudes (participative; autocratic), approaches and practices. Japanese

business culture is different from business culture in the West. Hence, in accordance with Miah and Bird (2007), western approaches to HRM cannot be used by eastern companies without adaptation and additional adjustment.

Some authors suggest that the key feature of organisations to conform to SHRM is the management philosophy, which allows management to implement a specific HRM concept (Forstenlechner, 2010). In this sense, it is necessary to understand the impact of national culture on managers' values and behaviour on setting the SHRM philosophy. A question, therefore, arises; to what extent does national culture effect managers' decisions on setting the HRM philosophy? For example, evidence demonstrates that national contextual factors affect the HRM strategic system (Gerhart, 2008). According to Gerhart (2008), SHRM structure, of policies and system, can be influenced vertically and horizontally by the national culture owing to the influence values of the policy-makers by national culture. The transition takes place through the values embedded in policies that have their impact on the HRM system of activities (for example, staffing system policies, compensation system policies and so forth) and cause a unified relation between HRM policies, system and practices that match those values. Although it is essential to take the role of culture power into consideration for HR strategy formulation, the necessity for a positive relation between the organisational internal culture of values and beliefs and the external values of stakeholders is another factor that can also affect HPWS formulation and implementation (Carney, 2004). It depends on the congruent level of the society's beliefs in the ideology of SHRM that relates to employees' involvement and participation (Guest, 2011).

Budhwar and Sparrow (2002), investigate the role of delegating HRM functions to line managers in integrating HRM strategy with business strategy. The study was based on a comparative approach between British and Indian business in the manufacturing sector, and discussed this issue through cognitive theory. The findings show that there could be a similarity between the two countries within the business strategy, specifically on increasing the degree of line-managers' devolvement on integrating HRM strategy with the firm's strategy. But, apparently, the cognitive role in managers' perspectives in both countries could significantly influence divergences in their practices. The writers found that personnel managers followed a different

logic of action, according to how they perceived influences surrounding and existing from the businesses' contextual factors. Budhwar and Sparrow (2002) determined these factors to include; labour market, business characteristics; dynamic, sector, industrial relations system and national culture. To conclude, this study contributes to recognising convergence and divergence on managerial thinking across the cultural level by revealing the implications of a set of national factors besides the national culture dimensions.

Most of the HRM research has focussed on Western nations and often the managers in non-Western nations try to import technical approaches from the West (Tayeb, 1998, p.335). This establishes the necessity to consider both socio-cultural factors (institutional factors) as well as national culture while undertaking formulation and implementation of SHRM practices. Previous studies from a cultural perspective have found evidence that culture matters for the success of any imported programme or technique from the industrially developed countries to other locations (Budhwar and Mellahi, 2007). This course of studies has, however, been criticised as Schaffer and Riordan (2003) in their meta-analysis review study contended that these types of studies showed a correlation between culture and the chosen HR strategy, but it did not show why and how this relation caused an impact on HRM practices. Furthermore, the critique indicates that the researchers have to be aware when designing their research to incorporate culture into theoretical frameworks as a contingent variable (Schaffer and Riordan, 2003).

Recent literature shows that the cultural factor is a variable and not always a constraint (Cooke *et al.*, 2011). For instance, the benefit expected from the local environment such as *low wages* allows firms to establish a specific set of SHRM practices to take advantage of this local economic trait. As Whitley (2010) notes, business can benefit from the local environment and match HPWS by adapting the local practices and taking a benefit from local knowledge, ability, and potential from the associated complementarities (Whitley, 2010 cited in Cooke *et al.*, 2011) in forming this set of HPWS.

The previous literature pointed out differences in SHRM implementation of high performance systems because of the external environment (Ollo-López *et al.*, 2011;

Brewster *et al.*, 2008; Apospori *et al.*, 2008). Additionally, cultural trait studies differ in their opinion of the impact of external environmental factors on organisations' practices. The most common external factors investigated in these studies are: market condition, labour market regulation, state laws and the institution's complementariness, such as educational institutions, training centers, and service institutions (Hall *et al.*, 2009).

Ollo-López *et al.* (2011) point out the variance among European countries with regards to so-called *new work practices*, which actually embrace the underpinnings of practicing the HPWS best practices of equality, fairness, participation, flat hierarchy and innovation (Stavrou *et al.*, 2010). The study demonstrates that countries' systems may limit the variation, such as when nations have employment relation systems supporting the voices of their employees.

Brewster *et al.*, (2008) summarised the disagreements between the universalistic approach and the contextual approach, by conducting a survey study of 22 European countries. Their study aimed to examine the implication of institutional specific cultures on the diffusion of standardisation of HRM practices (HPWS) (or what the authors termed the isomorphism of the HRM universalistic approach) within multinational and national companies. The study stresses that businesses are nested within a country's regulations subscribing to specific norms and beliefs. The results indicate no strong evidence of universalistic practice (HPWS) diffusion or *isomorphism*; rather, rationality is the dominant factor by which management select HRM strategies. Although the study does point to some mimetic pressure, which can be attributed to organisations' élite actors' interests on competition, such ascription did not prevent the authors from acknowledging that countries' institutional characteristics are the dominating factor influencing organisational actors' behaviour in selecting HRM practices. Accordingly, the literature presents the institutional effects on organisational practices and strategies in terms of the internal pressure exerted on an organisation's actors. The studies illustrate that the cognition of an institution's élite actors is profoundly important in setting strategies and creating supportive cultures that ease the implementation of HPWS best practices.

2.5.1 Contextual pressures influencing HR managers and line managers

As previously explained, both HR and line managers need to be involved in the responsibility of delivering HR practices (Holt, Larsen and Brewster, 2003; Cranet, 2006) and in this respect, certain institutional setting and cultures are more favourably attuned than others to forming exchange relationships (Lertxundia and Jon Landeta, 2011). Such factors may facilitate/ or impede the formation of strong relationships (Takeuchi *et al.*, 2007).

All the studies reviewed so far are limited by the fact that they focus mostly on factor-based research regarding HRM practices. The studies vary depending on whether the results are based on internal or external influences. The literature so far indicates a lack of mechanism-based research that studies the internal institutional social structure with the external environment when implementing HPWS. Additionally, most of the existing mechanism-based research on HPWS implementation has marginally discussed the combination of the micro and macro level issues on the implementation of HPWS. The present research, therefore, focuses on studying the dynamic interactions and the effect of the organisation's contextual factors on HPWS implementation. This study, therefore, aims to fill this gap by investigating the institutional challenges that HRM managers and line manager could face in HPWS implementation and its consequences for HPWS effectiveness.

2.6 Summary of the literature review and key finding

This part summarises the core messages outlined in the literature review. It also highlights the key issues that form the basis for this research, namely, the research gap that forms the basis for the initial theoretical framework. In this regard, the researcher intends to review studies that captured the key factors influencing the understanding of the aspects and elements that determine the behaviour and cause of action within an organisation's HPWS framework.

The present research draws on Brewster and his colleagues' (2007) suggestion

regarding organisation's orientation as a necessary specification that organisations have to take into account when implementing HPWS, which consists in the organisation's inner setting of structure, rules, system, actors and culture. This research narrows the focus on the actors, system and environment. Hence, the structure of the literature review chapter contains four key concepts:

- the underpinning practices that characterise HPWS principals;
- the impact of line-HR manager interaction on HPWS implementation;
- the impact of institutional factors on HPWS implementation;and,
- the impact of cultural factors on HPWS implementation.

Consequently, the research follows ordered steps to construct the initial framework.

Step one: presents the academic foundations for HRM: cotheoretical nceptual and theoretical issues are highlighted in order to understand the underpinnings of the concept principles of the nature of SHRM. The literature elaborates the numerous attempts aimed at answering the what, how and why, of HPWS related value in order to attain the system of SHRM legitimacy from both scholars' and practitioners' attention (Arthur and Boyles, 2007; Schuler and Jackson, 2005).

Researchers argued that HPWS strength exceeds when its functions are horizontally coherent and vertically connected with corporate strategy (Schuler and Jackson, 2005). Strategic practices have simplified the concept of employees' involvement and participation as the core aim of HPWS strategic bundles (Brewster *et al.*, 2007). The literature showed that when the HPWS strategic plan precedes employee involvement, teamwork participation, teamwork autonomy and good communication (Becker and Huselid, 2006) are likely to achieve higher performance. The literature showed that *strategic* and *business-orientated* are the distinctive traits of modern HRM implementation (Mendelson *et al.*, 2011; Schuler and Jackson, 2005; Boselie *et al.*, 2009).

The literature points out that SHRM differs between firms according to the philosophy and policies of management (example: value and beliefs), and that the programme and practices will be affected by those values. Concurrent and shared

values and beliefs between managers (HR managers and line managers) and managers and employees are, therefore, required for a better implementation.

Step two: involves moving from formulation to implementation of HPWS. The literature has given a great consideration, when measuring performance, to the actual implementation of the HRM strategic process, which includes; actors, structure and environment (Becker and Huselid, 2006; Wright and Nishii, 2007). This is considered useful in order to understand the relationship between HRM strategic practices and organisational performance. The literature, therefore, shifted from focusing on appropriate HRM policies and practices to a causal chain perspective (Purcell *et al.*, 2009). That is because, in the first place, the unsatisfactory results of that research just focus on explaining this relation by re-categorising the bundles of HRM strategic practices and its added value to performance (Guest, 2011). Secondly, recent literature pointed out that; *there is a need for extra in-depth investigation at the micro level of organisations to capture the reasons and relative causes of differentiation between the actual implemented HPWS and the rhetoric planned ones through the process of implementation* (Rupidara and McGraw, 2011; Wright and Nishii, 2007; Becker and Huselid, 2006). The literature highlights that the complexities in perceiving HRM practices from a micro level analysis (HR managers, line managers and employees) would lead to another trend other than the one-way relation between HRM and performance and may uncover some interesting aspects (Wright and Nishii, 2007 cited in Bondarouk *et al.*, 2009). According to Paauwe; *little attention is given to the way in which HRM practices and policies are shaped, and to the factors affecting that process* (Paauwe, (2004) cited in Rupidara and McGraw, 2011, p.175). The literature emphasised a great attention on line managers as a proxy for effective implementation. Deficiencies in managers' implementation were, however, highlighted and further orientation for line managers was suggested (Purcell and Hutchinson, 2007).

Step three: sociological literature mentioned that managerial practices differ from organisation to organisation, depending on how people translate those based on their beliefs, interest and view of power (Van Buren III *et al.*, 2011). The literature shows that congruent interests between individuals and parties within firms is a pre-requisite for achieving inner harmony and social culture that has a positive impact on

better implementation (Paauwe, 2009, 2004; Boselie *et al.*, 2009). Cultural differences are, however, a crucial aspect that affect and reflect variation in actors' interests in implementing HPWS strategic practices (Lertxundi and Landeta, 2011; Ramirez *et al.*, 2007). Distributing power is a matter of behaviour cognitively influenced by the environmental logic demonstrated within a specific society (Almond, 2011). Also, employees' qualifications and socio-political culture are relevant determinants of viewing and executing power within organisations. Communicating and sharing information are limitations with those factors (Almond, 2011).

The following table illustrates some findings from previous research which motivated investigation *via* the current study.

Table 2.1: Previous research that motivate this study

Authors	Study type	Description
Mendelson <i>et al.</i> (2011)	Empirical study on employee behaviour	Shared meaning between organisation's actors is the primary step for ensuring successful HRM implementation
Kinni <i>et al.</i> (2005)	Empirical study on employees' attitudes	HR practices are experienced by line managers, therefore, managers' reactions to HR practices as interpreted and enacted by them is considered one of the main factors that influence HRM strategy implementation. This study calls for further understanding of how line managers perceive the policies of SHRM.
Purcell (1999)	Empirical study on high commitment work practices, Employees' attitudes	This study suggests answering the question 'why some businesses do adopt this approach and other do not'. And why some organisations employ an appropriate HR systems as it is important for researchers to understand the context within which organisation apply these bundles. The author calls for further research in the process of SHRM implementation.
Purcell and Hutchinson (2007)	Empirical study on line managers implementing HRM activities	The results emphasize line managers as a proxy for effective implementation of HPWS. This study attributed the gap between intended and actual HR strategy implementation to the lack of shared meaning between the HR and line manager. The authors, thus, argue that instead of focusing on formulating the right practices attention should be paid to the causal chain

which could affect the implementation of HPWS in organisations. The authors, therefore, recommend further research on line manager orientation.

Becker and Huselid, (2006), Wright and Nishii (2007) Lengnick-Hall <i>et al.</i> (2009)	Theoretical and empirical studies	These studies call for further research to improve our understanding of how intended HR strategy is put into practice.
Paauwe (2009); Boselie <i>et al.</i> (2009) Guest, (2011)	Theoretical and empirical studies	These researchers call for further investigations into actors' interest and inner social interaction as key aspects of HPWS implementation.
Zhang and Li (2009)	Empirical study on performing HRM best practices	This research highlights the need to consider contingency variables besides strategy when organisations design their human resource management systems.
Rupidara and McGraw (2011)	Theoretical research on HR managers professionalism	This study suggests that further research into micro level analysis concerning institutional reasoning is required in order to capture the intended and actual strategy during HRM strategic implementation processes. The authors contend that understanding the process in depth would add to our knowledge of the way in which HRM activities are adopted, translated and enacted within organisations. The study suggests investigating the agency of actors as an inner institutional pressure affecting the implementation of HPWS.
Innocenti <i>et al.</i> (2011)	Empirical research on impact of HPWS implementation on employee outcomes.	Employee experience, perception and attitude consider mediator factors in the relationship between HPWS and organisational outcomes. It is thus essential for us to understand how implementation of HPWS affects employee perception and attitude.

This research overcomes some key limitations and gaps in previous studies conducted on HRM practices, particularly HPWS. Table 2.2 outlines the gaps in existing research that this research aims to fill.

Table 2.2: Summary of the pervious research gaps that this research aims to fill

Previous research limitation	Previous research	This research discusses
Researchers call for shifting the focus from the structural aspects of HPWS to implementation aspects in order to understand the gap between the planned and the implemented HRM model.	Rupidara and McGraw, 2011; Bondarouk <i>et al.</i> , 2009; Purcell <i>et al.</i> 2009; Purcell and Kinnie, 2007; Wright and Nishii, 2007;	Understanding the process of HPWS implementation is essential based on HPWS principles of system, actors, and context that maintains the operational process and the rationality represented in formulation of the implemented rules.
Most of the literature focuses on the intended HR practices. Little is, however, known about the actual implementation of HRM practices.	Chow, 2012; Hall <i>et al.</i> , 2009; Purcell and Hutchinson, 2007; Purcell <i>et al.</i> , 2009; Wright and Nishii, 2007; Becker and Huselid, 2006; Boselie, Dietz and Boon, 2005; Kinnie <i>et al.</i> , 2005; Purcell, 1999	Understanding the implementation process of HRM will help in identifying the factors underpinning both effective and imperfect implementations.
Further work is needed for extra clarification on how HRM can be linked with performance.	Guest, 2011; Heneman and Milanowski, 2011; Guest and Bryson, 2009; Lepak <i>et al.</i> , 2006.	Social interaction can be a key variable in successful implementation of HPWS. This involves cross-functional responsibility between HR and line managers in clarifying HPWS practices. This could be influenced by the institutional pressures (of normative and regulative rules), which in turn, could influence sharing of information between HR and line managers
Micro level analysis is essential for the understanding of the ‘causal chain’ of HRM implementation.	Purcell <i>et al.</i> , 2009; Boselie, Dietz and Boon, 2005; Way and Johnson, 2005; Katou and Budhwar, 2010; Rupidara and McGraw, 2011; Wright, Nishii, 2007	
Culture and institutions influence the implementations of HRM bundles and performance. Extra explanation from the institutional perspective is needed.	Mendelson <i>et al.</i> , 2011; Stavrou <i>et al.</i> , 2010; Katou and Budhwar, 2010; Subramony, 2009; Combs <i>et al.</i> , 2006	Actors are influenced by the institutional setting of the organisation. It is also regarded as a primary factor in the implementation of HPWS. The level of effective interaction between actors is limited due to institutional pressures. This study aims to understand how HR-line manager interaction is influenced by institutional pressures.
The relation between HR and line manager needs extra understanding along with its impact on high performance work system outcomes.	Guest, 2011; Gilbert <i>et al.</i> , 2011; Gong <i>et al.</i> , 2010; Purcell and Hutchinson, 2007; Gould-Williams, 2007.	Understanding the dynamics of HR and line manager interaction is essential to understand the factors driving their behaviour. This, in turn, is likely to improve shared

		meaning between the two thereby improving the implementation of high performance work system.
A need for explanation of the impact of institutional factors on the interaction of organisation's actors.	Bjorkman <i>et al.</i> , 2011; Boselie, 2010; Dany <i>et al.</i> , 2008; Morley <i>et al.</i> , 2006.	Actor's interaction is influenced by other inner institutions effects. This study aims to uncover the influence of institutional pressures on HR line manager interaction.
Few studies view HRM as an organisational orientation.	Boselie <i>et al.</i> , 2005; Guest and Bryson, 2009; Brewster <i>et al.</i> , 2007.	This study aims to investigate the connection between system (HPWS), actors (HR and line manager) and environment (institutional and cultural effect).
Inner environmental obstacles are not yet explored. There is a need for further investigation into the relation between HR managers and line managers.	Guest, 2011; Guest and Conway, 2011; Guest and Bryson, 2009; Brewster, 2006; Kinni <i>et al.</i> , 2005.	The role of actors' interaction is not sufficiently explored in the HPWS implementation literature. This research investigates how the institutional normative pressure, driven by other regulatory, cognitive and normative pressures, could influence the relationship between actors (HR and line manager).
Most of the research linking HPWS with organisational performance ignores the mediating effect of employee outcomes (that is their attitude and behaviour). Previous researches are also criticized for ignoring the employee perspective on the outcomes. Previous researches have used limited data sources and have relied mainly on managers' views to interpret the impact of HPWS on performance.	Kroon and Paauwe, 2013; Tregaskis <i>et al.</i> , 2013; Alfes <i>et al.</i> , 2013; Innocenti <i>et al.</i> , 2011; Van Buren III <i>et al.</i> , 2011; Boselie, 2010; Fabling and Grimes, 2010; Kroon <i>et al.</i> , 2009.	This research aims to investigate the impact of HPWS implementation on employee outcomes. Data is collected from both the managers and the employees and the <i>outcome</i> is interpreted by triangulating the data gathered from the managers and the employees.
A lack of pure qualitative research and excessive focus on positivist paradigm.	Young <i>et al.</i> , 2010; Boselie, Dietz and Boon, 2005.	This is a qualitative research which adopts an interpretivist paradigm.

2.7 Conclusion

The major themes relating to high performance work systems (HPWS) have been reviewed. Reviewing the literature was done with the aim of understanding HPWS implementation and the relevant perspectives in the first place. Secondly, to identify research gaps, and to highlight the important areas that need further investigation.

Organisation orientation (system, actors and environment) in the HPWS implementation process has not been empirically examined to its full extent. Commonly, the previous research has examined only one side of the causal mechanism that is relevant to environment or actor relationships and its impact on HPWS effectiveness, but the extent of examining the implication of combining two factors of the causal chain in the effectiveness of HPWS implementation is yet limited. Therefore, this research aims to fill this gap by formulating a novel theoretical framework focusing on contextual factors as a key factor in HPWS implementation. By combining the role of institutional factor implication and HR-line managers' interaction, this research attempts to extend the investigation of the causal chain literature in HPWS studies.

Chapter 3: Theoretical Framework

3.0 Introduction

Chapter three brings together the findings of the literature review to form the theoretical framework. Thus, the focal point of this chapter is to develop a theoretical framework. Accordingly, this chapter seeks to explain the factors that affect the implementation of HPWS effectiveness. The purpose of presenting the study framework is to show the key concepts related to the phenomenon under study and to recognise the relationship between them. This chapter highlights, therefore, the academic arguments on the strategy of a high performance work system and the key elements for effective implementation in the nature of human resource management. Furthermore, it provides a classification of the factors affecting the development and implementation of HPWS, which are often the characteristics of the organisation and its environment.

To do this, the theoretical framework is developed through four steps: The first step involves defining the scope of HPWS components (practices) and determining HPWS effectiveness from a subjective perspective. The second step is to identify the role of HR and line managers' involvement in the implementation of HPWS. In the third step, forms of interaction between HR and line managers are categorised. The final step involves classifying the institutional and cultural factors and their influence in shaping the interaction between line managers and HR managers in the process of implementing HPWS practices. Propositions are also developed and treated as guidance in the stage of data collection.

Thus, the layout of this chapter consists of eight main sections. Section 3.1 presents the theoretical foundation of theory which underpins this research. Section 3.2 is the development of the theoretical framework. Section 3.3 defines the scale component of HPWS practices and its added value for organisations. Consequently, this section, also, discusses the outcome of the implementation of HPWS based on the subjective manner concerning employee involvement and satisfaction. The next section 3.4

discusses the role of actors in HPWS implementation. Section 3.5 discusses the types of interaction between HR and line managers' actions. This section focuses on identifying the modes of actions between HR and line managers in implementing HPWS practices and the effect of their interaction on the effectiveness of HPWS implementation. Section 3.6 addresses and defines the environmental factors embodied in institutional normative pressures that this research suggests affects the interaction between HR and line managers in implementing the practices of HPWS. The following section, 3.7, contains the proposed model which shows the influence of institutional normative factors including culture on the interaction between HR and line managers on implementing effective HPWS practices. Finally, section 3.8 addresses the conclusions of this chapter.

3.1 Institutional theory

The use of the institutional theory concept in this study is considered helpful in explaining the conditions underpinning actors' behaviour (HR and line managers) when implementing HPWS practices according to the institutional context of the Saudi banking sector. In general the theory argues that individuals' behaviour and decisions are constrained by the institutions which regulate the sector they operate in (Farndale and Paauwe, 2007) Researchers have argued that HPWS practices are not only influenced by organisational actors but also institutional pressures (Björkman, Fey and Park, 2007). Thus, in order to be able to understand the drivers of the implementation of SHRM practices such as HPWS, it is essential to develop an understanding of the contextual factors as well as the perceptions and behaviour of actors. In other words, HPWS research has to be carried out in the context of the organisation. The context here refers to the internal and external environment in which the organisation operates. Consequently, researchers have started to look at the impact of institutional factors on HPWS implementation (Björkman *et al.*, 2007). The concept of institutional theory proposed by DiMaggio and Powell (1983) is a very commonly used model in explaining the factors that govern organisational practices such as HRM practices (Lawler *et al.*, 2011; Björkman *et al.*, 2007; Tsamenyi *et al.*, 2006). Some of these studies are aimed at understanding the isomorphic pressures that influence the formulation and implementation of SHRM

practices (Ngo *et al.*, 2011; Lawler *et al.*, 2011) as well as understanding the behaviour of organisational actors (Tsamenyi *et al.*, 2006).

The importance of institution theory is revealed in the designation of an institution *as the shared and taken for granted assumptions, which identify categories of human actors and their activities and relationships* (Burns and Scapens, 2000, p.8). An institution, thus, is comprised of both system and structure, which evolves through shifts in routines and practices, which change in response to the change in the macro environment in which the institution exists. Over a period of time the changed routines become rules replacing the old ones. Institutions undergo the process of institutionalisation that is referred to *as the social process by which individuals come to accept a shared definition of social reality* (Guthrie *et al.*, 2008, p.3). The institutionalisation perspective indicates that the practices within the organisation are governed by institutional pressures, especially socio-political pressure (Tregaskis and Brewster, 2006). Thus, a firm will change according to the political, social, economic, cultural or any other form of change in its institutional environment. Additionally, the individuals, who are themselves, sensitive to regulatory and cultural pressures, also change their behaviour according to the institutional environment (Guthrie *et al.*, 2008).

Individuals and institutions function according to their own logic and, according to institutional theory, neither is autonomous. As a result, in order to gain legitimacy and ensure survival, both must conform to the particular logic that regulates their particular environment. Although the study of Rupidara and McGraw (2011) explains the process of HR system configuration, it only focuses on the role of HR managers and the cognitive alternatives they have to choose for constructing appropriate HR systems for subsidiaries. There is a lack of explanation of the social interaction in accepting the adoption of the chosen system; rather the explanation for the embeddedness has been described according to the institutional logic dominating throughout the subsidiaries. The researcher, therefore, sees the importance of further research to highlight the process from an inner perspective to capture the process of acceptance and adoption from other institutional actors. This research seeks to understand the relation between HR managers and line managers in translating the formulated strategy in practice. Institutional theory aims to establish a linkage

between behaviour (both individual and organisational) and institutional factors (DiMaggio and Powell 1983; Takeuchi *et al.*, 2009). According to institutional theory, the structure, systems, practices and individuals within an organisation are shaped by the expectations of the stakeholders and by the perception of what constitutes being acceptable within the institutional environment (DiMaggio and Powell 1983).

Isomorphism is *a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions* (Dimaggio and Powell, 1983, p.149). New Institutional Theory by Dimaggio and Powell, (1983) illustrated these pressures as coercive, mimetic and normative. According to Peng *et al.* (2008) isomorphism within and across organisations may follow either of two distinct pathways. The first comes about as a result of competitive pressures arising from the environmental selection process in the effort to become homogeneous, whereas the second can be seen within organisational homogeneity and results from efforts to gain legitimacy from those same pressures as set out in the New Institutional Theory.

In the light of the forgoing, institutional isomorphism can be categorised as coercive, normative and mimetic isomorphism. Coercive isomorphism relates to isomorphism that has come about due to political pressures (such as laws, rules and regulations). In this case, firms are coerced into accepting the institutional pressures. Normative isomorphism involves accepting the prevalent social practices (Lawrence, Suddaby, and Leca, 2009). Mimetic isomorphism involves imitating competitors in order to nullify any gains that a competitor may be trying to achieve through differentiation (Lawrence *et al.*, 2009).

As far as the concept of culture is concerned, institutional researchers, in explaining the concept of institutionalisation (Sekiguchi *et al.*, 2010, p. 136) comment that the *institutionalisation process is a cultural and political one that concerns legitimacy and power much more than efficiency alone*. Legitimacy is, therefore, conferred upon organisations which conform to the norms and expectations of the society. Thus, firms may not only look at achieving operational efficiency, they must first achieve legitimacy, that is, the licence to operate within the society.

Since the political, social and cultural environment is different in different nations so the firms operating in different nations will face different institutional pressures (Suddaby, 2010; Peng *et al.*, 2008). This is one of the reasons why practices developed in the context of one country may not be applicable in other countries (as argued in this research). The organisational response to any institutional pressure is an outcome of a series of interactions between organisational actors, ranging from top management to front line employees (Suddaby, 2010). Thus, organisations adopt practices which are considered legitimate by the society (Brookes *et al.*, 2011). This is essential for organisations to survive and succeed. Firms can adopt several approaches to institutional pressures and the response chosen depends on several variables, especially the competitive positioning of the organisation and its bargaining power over its stakeholders. The concept of neo-institutional theory's usefulness has been elaborated and defended by scholars and intellectuals in their preference for adopting neo-institutional theory rather than culture theory in cases of explaining managerial performance and strategic choices limitation of the same industry or field within the context of a particular culture or country economy (Brookes *et al.*, 2011, p.6). Brookes and his colleagues noted that *[t]he core of new institutionalism is an emphasis on the pressures on firms to acquire and maintain legitimacy in relation to the environment* (Brookes *et al.*, 2011, p.7).

Unlike most of the previous research, that ignored the impact of institutional factors, this research supports the view that institutional factors can be used to explain the interaction between actors and the implementation of HPWS. It extends the research of Ngo *et al.* (2011) who used institutional theory to explain variations in HRM practices. Here the researcher argues that institutional theory is based on the concept of legitimacy. According to this logic, organisations tend towards the values and norms of their institutional environment in order to achieve legitimacy and access resources, essential to operate in a particular business environment. Thus, the firms which exhibit greater sensitivity to institutional factors are likely to be more competent (DiMaggio and Powell, 1983; Lawler *et al.*, 2011). While a firm may have a different strategy to its competitors, the manner in which this strategy is implemented across the organisation is likely to be influenced by institutional pressures.

3.2 The development of the theoretical framework

The theoretical framework sets together the HRM concepts of HPWS models, social interaction theories together with an institution concept from which an analytical framework could later be developed. Hence, the researcher identified several important shortcomings from a thorough review of existing research into HPWS implementation and the role of HR and line managers on the link between HPWS and organisational performance, and finally from the literature conducted on institutional factors and HPWS practices. Typically, these limitations have structured the focus of the current research. These gaps, as mentioned earlier in both chapter one section 1.3 (research gaps), and chapter two, in table 2.2 (summary of previous research gaps that this research aims to fill) can be bundled in the following three categories; firstly, HPWS implementation and its impact on organisational outcome and, second, actors interaction (HR and line managers in the implementation of HPWS). The third taxonomy is the institutional factors and their impact on the implementation of HPWS through HR and line manager interaction. Accordingly these three taxonomies are focused upon in the theoretical framework presented in figure 3.0. It is worth to emphasise here that, in this investigation, the combination of the interaction of HR and line managers and institutional factors are considered to be the intermediate contextual factors influencing HPWS implementation effectiveness. Here, the effectiveness of HPWS reflects the ability of HPWS implementation by HR and line managers in improving and/or influencing employees' attitudes of satisfaction and their involvement, which the researcher terms here as HPWS effectiveness. The following sections discuss each of the three taxonomies, and relative key factors that have an effect on the effectiveness of HPWS implementation.

3.3 Effectiveness of high-performance work system (HPWS)

Building on the existing literature, there is no consensus between scholars on HPWS constituents (Chow, 2012). Thus, this part of the framework seeks to identify HPWS components and to understand their added value to organisations. This section of the framework also partially answers the research objective (i.e., to understand the nature

of high performance work systems in a specific context). It looks more at the *what and why* of the implementation of HPWS practices.

Most of the prior studies have highlighted the strong links between HPWS and organisational performance. The main focus of previous researchers has been, however, on the content of HPWS (see section 2.2.3 SHRM theoretical approaches and section 2.2.4 High Performance Work Systems) and on how appropriate practices could influence organisational performance positively (Wei and Lau, 2010; Wei *et al.*, 2008; Akhtar, Ding and Ge, 2008; Andersen *et al.*, 2007; Combs, Liu, Hall, and Ketchen, 2006; Wright, Gardner, Moynihan, and Allen, 2005).

Consequently, this research, in order, to clarify what is HPWS and its package of practices, embraces the definition of HPWS as mentioned earlier in chapter two, as *a group of separate but interconnected human resource (HR) practices designed to enhance employees' skills and effort* (Takeuchi *et al.*, 2007, p. 1069). The choice of HPWS practices is consistent with previous judgments about the core functions of SHRM, which are: *recruitment and selection, pay for performance, incentive-based compensation plans, rigorous performance appraisal processes, and training in both generic and company-specific skills* (Takeuchi, Chen, and Lepak, 2009; Boselie *et al.*, 2005; Paauwe and Boselie, 2005). The merit of HPWS is, however, in its principles on which HPWS theory encourages employees' participation (Becker and Huselid, 2006). To this end, it may be useful to address the specific practices of HPWS to better understand whether the implementation result of each practice affects the perception of employees' satisfaction and involvement. Moreover, according to previous studies, it is essential to assess the overall results of the interrelated association of these practices in creating reinforcing conditions that support employees' opportunities, motivation and skills for better involvement or/and participation (Bailey *et al.*, 2001). The following table underlines the meaning of the HPWS practices this research intends to analyse.

Table 3.0: The practices of high performance work system (HPWS)

Authors	HR Practice	Category Description	Actions and responsibilities
Guest, 2011; Janse van Rensburg and Roodt, 2009;	Staffing and selection	Extensiveness of procedures to evaluate relevant knowledge, skills, and abilities for job fit and organisation fit. Recruitment approaches always reflect the level of HPWS effectiveness on motivating and developing organisations' human capital.	Careful selecting and hiring. High consideration of candidate's technical and interpersonal skills. An undertaking insures talent and hiring capable people. Performance-based promotions, career development. High care of internal recruitment development, while external recruitment requires rigorous and careful hiring for the best people in the labour market. The domain of this practice can be solely to HR department or a combination between HR people and line management of other departments.
Farndale and Kelliher, 2013; Papalexandris and Panayotopoulou, 2004;	Performance appraisal (PA)	Key driver for organisations success. Usually, based on accurate methods and criteria in a formal manner. The characterisation of selection, and compensation policies sketch PA activity efficacy. Used as a tool for employees development. A tool management can use to gain employees satisfaction and commitments. Its validity and reliability are based on well specified performance standards.	The usage of PA is to appraise individuals' performance; to underline individuals' need of training, promotion and payment (i.e. salaries, bonuses and benefits). Mutual trust (employer –employee relationship) increases motivation and satisfaction level of employees through constructive and properly communicated feedback. Well-defined performance standards. The domain of this practice is mainly related to line managers. Reviewing and monitoring are related to HR manager.
Mendelson <i>et al.</i> , 2011; Gilbert <i>et al.</i> , 2011; Harley, Sargent	Employee participation	Empower employees' responsibility and access to resources.	Clear communication about organisation's mission and vision as well as individual's job mission. Good allowance of information sharing fosters

Authors	HR Practice	Category Description	Actions and responsibilities
and Alley, 2010; Subramony, 2009; Paauwe ,2004.			<p>knowledge transfer within business's departments.</p> <p>Participative management allows employee involvement in job decision making and delegates authority to them to make decisions.</p> <p>The area of this activity is predominately transmitted by line management. HR with <i>employees champion</i> role is required in this area of practice.</p>
Azzone and Palermo, 2011 Budhwar and Debra, 2001;Armstrong, 2009; 2001	Compensation	<p>Performance-contingent pay, group-based pay, and above market pay policies.</p> <p>Market position and industry character could play a critical role for organisations to correlate compensation system with performance. Clear criteria links targets with performance appraisal and reward system</p>	<p>HR people insure profit/gain sharing, comparatively high level of pay, Performance-contingent pay individually as well as team-based pay.</p> <p>Endorsement of competitive pay assures retention of the most talent and skilled members of staff. Promote Internal promotion.</p> <p>The domain of this practice is a combination of line manager evaluation and HR strategic and administrative roles.</p>
Schuler and Jackson, 2007; Combs <i>et al.</i> , 2006; Armstrong, 2009, 2001	Training and development	Extensiveness programs in developing and transforming knowledge, skills, and abilities for both individuals' enhancement and quality of work.	<p>Technical and interpersonal cross training</p> <p>Training for both new hires and experienced employees.</p> <p>This practice Responsibility of this practice is located between line manager and HR. The former for evaluating individual abilities and the later role being strategic and administrative.</p>

Source:adapted from Evan and Davis, (2005,p760)

The literature has highlighted the complementary role between HPWS practices in order to gain legitimacy and credibility. For example, Subramony (2009) suggests complementarities in the components could lead to a positive system-level. The legitimacy holds that the design of HPWS practices could increase employees' ability motivation and opportunity for performance by means of a satisfied expectation of the perceivers (i.e., managers and employees) (Takeuchi *et al.*, 2007; Nehles, Van Riemsdijk, Kok and Looise, 2006). Subramony (2009) further emphasised that the bundles in HPWS have to be complementary to each other and unless all bundles are implemented the cycle is not complete and the outcomes are not realised.

The literature has pointed out that the implication of HPWS on organisation performance can be described as having *direct* and *indirect* consequences (Chow, 2012). Researchers do however argue that HRM has both a subjective and objective impact on the performance of an organisation (Paauwe, 2009; Schuler and Jackson, 2005) and hence it is essential to evaluate both the subjective and objective roles of HRM in the achievement of corporate objectives. Consequently, authors categorise a firm's performance into objective and subjective performance (Apospori, *et al.*, 2008; Paauwe and Boselie, 2005). The former is usually related to the macro level (i.e., organisational level); while the latter is connected to the micro level focusing on individual benefits (Paauwe, 2009). Objective performance usually indicates an organisation's economic outcomes (e.g., net profits; transactions; market share; market ratio; and output measures, such as higher production with better quality and efficiencies) (Paauwe, 2004). Typically, subjective performance is an explicit and implicit connotation that affects human resource input and outcomes (e.g., employees' stances, feelings and behaviour, such as their satisfaction, and loyalty, commitment and income) that eventually produce positive results in organisation outcome (Kroon, *et al.*, 2013; Tregaskis, *et al.*, 2013; Alfes, *et al.*, 2013; Innocenti, *et al.*, 2011; Van Buren III *et al.*, 2011; Boselie, 2010; Fabling and Grimes, 2010; Kroon *et al.*, 2009; Apospori *et al.*, 2008). For example, Guest (2011) and Boselie (2010) found that HPWS has a positive impact on performance through improvement in employees' participation and involvement by increasing their ability and skills. Buller and McEvoy (2012, p.52) posit that *an organisation's stock of human capital (i.e., its collective capabilities, competencies, KSAs) is largely a function of its*

recruitment, selection and training practices. Alfes *et al.* (2013) argue that the employee outcome mediates the impact of HPWS on organisational outcomes. For instance, if employees are motivated and satisfied they will be more productive thereby enhancing productivity and efficiency.

Recently, for several reasons, considerable account has been given to examining employees' perspectives. Firstly, the targets of any HR strategies are considered (Brewster, Gollan, and Wright, 2013). Secondly, employees' perceptions are deemed as a moderating factor contributing to the effectiveness of HPWS outcomes and their added value for organisations (Van Buren III *et al.*, 2011; Boselie, 2010; Fabling and Grimes, 2010; Kroon *et al.*, 2009). This research, consequently, focuses on employee outcomes rather than organisation outcomes in general. In this sense, the current study is going to consider, firstly, to what extent a successful mechanism of HR and line managers' interaction (as an internal institutional factor) improves the effectiveness of HPWS practice implementation. Additionally, the effectiveness of HPWS practice implementation is determined by the quality of the result of employees' satisfaction about HPWS practices individually, which revolves around how employees perceive those practices (helpful *vs.* unhelpful/ manipulative *vs.* beneficial) and do those practices provide the essence of employing HPWS (i.e., improve employees' involvement and participation). In light of the foregoing argument, little is known regarding the interaction of HR and line managers and the way the association's application of HPWS impacts on employee outcomes (Brewster *et al.*, 2013). Hence, this study argues that the effectiveness of HPWS can be relevant to employees' satisfaction and their participation contentment.

Although, prior researchers focused on the social interaction benefits in supporting a desirable reaction from employees, through social exchange theory (Gilbert *et al.*, 2011; Gong *et al.*, 2010; Purcell and Hutchinson, 2007; Gould-Williams, 2007), the theory did not, however, explain why the action mechanism of the individuals involved (i.e., HR and line managers) forms the way it does.

3.3.2 HPWS implementation

Recent consideration of attempts to explain the relationship between HPWS and firms' performance lies in recognising the intermediate mechanism through which HR management contributes to better performance (Brewster *et al.*, 2013; Chow, 2012; Guest, 2011; Becker and Huselid, 2006).). It is believed that implementation is a crucial mediator factor to this linkage (Chow, 2012; Becker and Huselid, 2006). According to the definitions of implementation mentioned in chapter two (see section 2.2.5 high performance work system implementation), this research views HPWS implementation as *the sum total of the activities and choices required for the execution of a strategic plan...the process by which strategies and policies are put into action* (Srinivasan, 2008, p.141). The meaningfulness implicit in this definition is as Chow noted *Successful implementation involves ensuring that the HR practices actually do what they are designed to do. Good intention needs to be supported by translating it into action* (Chow, 2012, p.3117).

Although there is evidence from the literature that quite a range of studies conducted on examining the package of appropriate practices of HPWS and their positive influence on organisational performance (for more evidence see section 3.1.1 of chapter three). The focus now is, however, shifted to HPWS implementation and its effect on producing efficient results (Chow, 2012; Becker and Huselid, 2006; Guest, 2011; Wei and Lau, 2010). An increasing amount of research denotes that in order to obtain in-depth understanding of the linkage of HPWS with performance there is a need to shift to a micro level of research (for more details see chapter two section 2.2.5 high performance work system implementation). The conclusion of that section, in chapter two, contributes by showing that the growing appreciation of the importance of studying implementation is due to answering how HPWS contributes to performance in the first place and the mechanism behind this relationship. It is also worthwhile to declare here that the changing course of research has been due to the skeptical view of the studies conducted on the relationship of HPWS and performance because they malfunction in giving a satisfying answer to the questions of why and how this relationship arose (Becker and Huselid, 2006). Thus, the previous attempts on implementation tried to explain that through effective implementation the creation of a strong organisational climate can be obtained;

which in turn can strengthen the reliability of HPWS among the targeted stakeholders for better performance (Chow, 2012; Sanders *et al.*, 2008; Bowen and Stroff, 2004; Evans and David, 2005).

Mainly, social exchange theory, contingency approach, relational perspective and dynamic capabilities perspective are the theories employed in this trend of research (for more details see chapter two table 2.0. studies on HPWS implementation-performance relationship). These theories are, however, worthwhile endeavors in demonstrating the benefits of the social effect of implementation on performance. In general, these types of studies advocate strongly that effective implementation leads to better performance (Chow, 2012; Becker and Huselid, 2006). Thus, this research follows previous attempts to investigate the implementation but instead focuses on the intermediate condition factors that shape implementation and eventually affect performance.

One of the research objectives was, therefore, to investigate the impact of the relation between HR and line managers on the implementation of HPWS effectiveness related to employees' satisfaction and involvement. In this respect, the researcher of this current study has given great consideration to whether the HPWS practices implemented are aimed at achieving the same goals at both planning and implementation stage. Implementation of each and every practice of HPWS (as mentioned in table 3.0 the required actions from HR and line managers on the process of staffing, employee evaluation, compensating and training) will be evaluated against the intended outcome to see if there is a gap in direction at the planning and implementation stage (Liao *et al.*, 2009; Podsakoff *et al.*, 2009). Hence, therefore, the researcher proposes:

Proposition 1: *Effective implementation of HPWS practices has a positive and significant impact on the performance of the organisation (as measured by employee outcomes).*

In order, to understand the implementation of HPWS from a macro level perspective, the literature recommends that the occurrence of HPWS trends should be understood through two lenses; macro-societal and market criteria and the consensus of the

inner-society practices of the firm (Rupidara and McGraw, 2011). The macro level has a considerable influence on the shape and formulation of the strategy of HPWS. The process of HPWS implementation can, however, be interpreted more precisely from a micro level perspective (Bondarouk *et al.*, 2009; Kinni *et al.*, 2005).

Despite the acknowledgement of HPWS's universal approach to improving organisational performance (both objectively and subjectively) this is regardless of an organisation's environmental characteristics and business strategy (Paauwe, 2009; Gooderham *et al.*, 2008; Huselid, 1995; Pfeffer, 1994). This, however, was not conceded by other scholars especially those who advocated the contingency approach of HPWS owing to the micro level approach HPWS is associated with (Boselie *et al.*, 2005; Fernandez and Ramos-Rodríguez, 2009). The critics focus mainly on the philosophy of *internal fit* underpinning the universalistic/configuration approach that is concerned with practice application – even though the intent is to employ HPWS bundles in a coherent systematic approach – and ignore both organisation strategy and the relevance of the external fit of the environments organisations operate in. Thereby, the opponents of the universalistic approach (i.e., HPWS) are exacerbating any shortcomings because of the great possibility of differentiation between firms, sectors, and national cultural systems on accepting the ideology of HPWS (Brookes *et al.*, 2011; Hall *et al.*, 2009; Marchington and Wilkinson, 2005).

In this respect, several authors have advocated the situational approach. For example, Purcell *et al.* (1999) and Paauwe (2009; 2004) suggested that while there is a need to investigate the practices of SHRM there is a crucial need for understanding the circumstances of applying these practices. Several authors (for example, Becker and Huselid, 2006; Wright and Nishii, 2007; Lengnick-Hall *et al.*, 2009) have suggested that in order to improve the effectiveness of HPWS practices we must focus on the operationalisation of these systems, that is to move the focus away from designing to implementation. This research adopts the view of contextual factor influences on HPWS practices. Consistent with Brookes *et al.* (2011), Hall *et al.* (2009) and Marchington and Wilkinson (2005) this research considers the impact of institutional factors on the implementation of HPWS. But, in addition, this research also

considers the role of actors in the implementation of HPWS in an organisation as discussed in the next section.

It has to be acknowledged that the function of the HPWS consequence within organisations is loaded with difficulties and limitations. In particular there are limitations in explaining the phenomena of implementation such as how actors' interactions as an inner institutional factor affect the outcome of HPWS (i.e., HR and line manger) (Gilbert *et al.*, 2011; Kim and Ryu, 2011; Sanders and Frenkel, 2011). But of equal significance are factors that may affect an organisation's social interaction that are a product of some unique institution circumstances that could be best explained through institutional perspective.

3.4 The role of actors in the implementation of HPWS effectiveness

The second key construct of factors is categorised as the role of actors in the implementation of HPWS effectiveness as shown later in figure 3.0. The two factors identified in this category are HR managers and line managers.

Formulation of a comprehensive strategy is a difficult task but even more difficult is implementing this strategy (Hrebiniak, 2006). Purcell in both his studies (Purcell and Hutchinson, 2007; Purcell *et al.*, 2009) suggested that one of the key reasons for failure of HRM strategy is the difference between the intended HRM strategic practices and those actual implemented owing to line managers' interpretation and the consequent implementation of these practices.

In this respect, Rupidara and McGraw (2011) called for a micro level analysis in order to capture the intended and actual strategy during the HRM strategic processes. The authors noted that this would help to unravel the discourses of shaping the intended strategy of HPWS by various institutional reasons. Besides, understanding the process in depth would add to our knowledge the way HRM activities adopt, translate and enact within organisations. They suggested investigation of the agency of actors as an inner institutional pressure affecting the implementation of HPWS.

3.4.1 Line manager involvement

The literature concerning HRM actors such as devolution literature considers HR managers as regulators for forming and delivering the strategy of HPWS (Becker and Huselid, 2006; Wright and Nishii, 2007) and line managers as a proxy for effective implementation (Farndale and Kelliher, 2013). Purcell and Hutchinson (2007) elicit the role of line manager on SHRM implementation. The literature shows that line management is an important element for any successful HR strategy (Stanton, Young, Bartram and Leggat, 2010). This is because they understand their employees' abilities and skills talent and their behaviour has a considerable subjective impact on employee outcomes such as satisfaction and commitment (Young *et al.*, 2010) (for more details see chapter two, section 2.3.1 Role of line managers in HPWS implementation) this section explains why a line manager is important in the implementation of effective HPWS.

For example, Purcell and Hutchinson (2007) examined the actual actions line managers take to deliver what is formally required in HR policy. Thereby, the study drew on illustrating three duty aspects for line managers encompassing: managing people; leadership manner; and, the application of HR practice. Theoretically, line managers need to manage people effectively by coaching, teaching and facilitating people missions. On the other hand, employee management also includes employing HR practices that could develop employees' skills, employee behaviour and incentives and encouraging people to participate and enrich their responsibility (Keegan *et al.*, 2012; Liao *et al.*, 2009; Lepak *et al.*, 2006). These practices prompt a positive impact on employees' cognition and behaviour and lead them on to a path of satisfaction, with work and organisation. Further orientation is, therefore, always recommended for line managers, to improve their human resource management skills (Brewster *et al.*, 2013; Guest, 2011; Gilbert *et al.*, 2011; Purcell and Hutchinson, 2007).

This research focuses on the interaction between middle and first line managers and HR managers. A senior manager of a department and/or business unit within a firm is classed as middle management. While line management has a variety of definitions, for the sake of simplicity this research adopts McConville's (2006)

definition of first line management as that which deals with front line employees: the last in the hierarchy of management. First line managers interact directly with front line employees and have a vital role to play in the implementation of HR policies and practices (Stanton *et al.*, 2010; Watson, Maxwell and Farquharson, 2007; McConville, 2006).

3.4.2 HR professional involvement on HPWS implementation

In the literature on the HR professional mechanism on the success of HRM, HR professionals competencies are considered as focal moderator factor affects in the successful implementation and delivery of HR strategies (this after HPWS) (Björkman *et al.*, 2011; Long, Ismail and Amin, 2011; Inyang, 2008; Ulrich and Brockbank, 2005; Lawler III and Mohrman, 2003). This concept is widely investigated from an HPWS and performance relationship perspective (see chapter two, section 2.3.2). Recently, the studies investigating professions as an institutional factor have improved the current understanding of healthier HPWS implementation (Sanders and Frenkel, 2011; Gollan, 2012; Han *et al.*, 2006; Kim and Ryu, 2011). Han and his colleagues (2006) examined HR competency and its beneficial results in improving the performance of both line managers and employees. Their study highlights the significant results of HR manager competency of business knowledge, skills and abilities of change management on valuable HPWS implementation.

In light of the above, this research is expecting HR professional competency to include:

Business knowledge: since, traditionally, HR managers have only focused on the issues surrounding the workforce as it carries out its duties in the workplace, these managers' ability to understand the competitive nature of business has never really been brought to the fore. Their ability, therefore to understand what adds value and creates profit has never been brought into question (Long and Ismail, 2011). This, however, does not perform to its fullest requirement in some cases. Sheehan's (2005) findings showed that the case of HR managers' business knowledge differentiated according to an organisation's unit's speciality. The findings highlight the shortcomings of HR managers' experience on financial issues. In such a way HR

managers' business knowledge can limit the social interaction with the line manager.

Strategic partner: an HR practitioner is expected to *go beyond delivering services, maintaining records, and auditing...*[HR manager needs to] *be a member of the management team, doing strategic HR planning and making contributions to organisational design, strategy development, and strategic change*(Lawler III and Mohrman, 2003, p.4). Thus, therefore, HR managers have to have high knowledgeability on the part of human resources with the other requirements of business strategy, in order to function effectively as strategic business partners (Inyang, 2008). The main core of this role is the capacity of HR professionals to contribute to organisation performance and maintain its competitive advantage (Mitchell *et al.*, 2013). Keegan and his colleagues (2012) emphasise the HR manager's role of strategic partner is to help line managers accomplish their goals and tasks throughout efficient HR strategy formulation and effective implementation. Further (Long *et al.*, 2011), argue that the evaluation of the HR strategic role is dependent on the ability of HR practitioners to collaborate with line management (i.e., senior and line manager) in achieving the ultimate goals of a firm's strategies. Here, therefore, any lack of competency of an HR professional may affect both her/his strategic role and partnership with her/his other counterparts (Sturdy and Wright, 2011). Reichel and Lazarova (2013) criticise prior studies of HR practitioners' strategic role in that it did provide HR managers with power that could influence an organisation's actors and performance, while their department merely holds an administrative function (Reichel and Lazarova, 2013, p. 924). To override this problematic issue, the authors argue that the strategic stance of HR professionals is commonly related to their subunit power position within organisations. In light of this argument the researcher of the current study contends that an HR subunit political position (as an institutional pressure) is an essential factor that could affect line managers' perceptions of an HR department's functional value and consequently shapes the relationship between HR and line managers in the implementation of HPWS practices.

Internal consultation: an HR practitioner must obtain consulting skills, which constitute a *mixture of diagnostic and behavioural skills* that enable organisation's stakeholders (i.e., line manager and employees) to do their jobs smoothly (Long,

Ismail and Amin, 2011). (For more details see chapter two, section 2.3.2 role of HR managers in HPWS implementation). It is believed that the skills employed in this role are based on the ability of HR managers in *self selling*: on convincing other counterparts that they are proficient in what they do in the area of human resources and its association to organisation's goals achievement (Long and Ismail, 2011). Dany, Guedri and Hatt (2008) examined the link between HPWS-performance through the strategic role of HR professionals as well as their capability in distributing HR policies to line manager. The findings emphasise that the stronger the partner relationship between HR and line managers when taking decisions regarding HR practices, the stronger the results on the linkage of HPWS and organisational performance. Dany and his colleagues considered HR manager consultation to line manager is a focal point owing to the coaching skills they offer to both line management and employees which, in turn, produces effective results linked to HRMS with performance. Arguably, however, when line managers perceive the role of HR management to be more advisory, HR managers are '*stranded without real influence*' and are considered to be an administrative resource with no power (Jones and Saundry, 2012, p.254). Thus, the current study argues that although HR internal consultation is an essential competency of HR people, however, more important is how line managers perceive the HR role in consultation. Two key trends predicted to exert a sizeable interaction between HR and line managers in effective implementation of HPWS are the political position of the HR department and the way line managers perceive and value the HR functional role.

It is important here to declare that the current study is not focusing on the actual procedures governing the role of actors (i.e., HR and line managers) but only on the effect of those roles on the interaction between HR and line managers when implementing HR practices (those HPWS practices mentioned above in section 3.2) and considers the role of the actors as one of the managerial institution factors or as a contingency factor that has its effects on the implementation of HPWS practices (Andersen *et al.*, 2007).

3.5 The interaction between HR and line managers

The third set of factors in the framework as shown later is classified as *interaction of*

HR and line manager. HRM scholars contend that in order to understand the reality of HPWS operationalisation it deserves extra scholarly investigation about the connections and relationship complexities at the organisational level (Bechky, 2011; Rupidara, McGraw, 2011; Young *et al.*, 2010; Purcell and Hutchinson, 2007). Reichel and Lazarova (2013) dispute the usefulness of thinking of organisations as having overall goals. They argue that power and politics are far more influential at the organisational level in the creation of HRM policies and strategies and that they also operate at the interpersonal level, impacting on those same decisions and actions as they relate to the HRM system and strategic role. Thus, it is believed that power distance has its impact on interpersonal exchange relationship and affects the role of trust and reciprocity on those relationships (Gould-William and Davies, 2005; Renwick, 2003).

There is no doubt that the implementation of HPWS practice effectiveness does not depend only on the package of appropriate practices but also on effective interaction between the players (HR and line managers) involved in HPWS implementation (Jones and Saundry, 2012; Guest, 2011; Paauwe, 2009; Purcell and Hutchinson, 2007). As evidenced by this body of research, an increasing number of studies have highlighted the interaction between HR and line manager, but knowing about its determinants is still relatively scarce. Moreover, we know even less about the implication of those determinants on the shape and/or types of HR and line manager interactions. Hence, the following subsections emphasise the shape and/or types of the interaction HR and line managers could take.

3.5.1 Interaction

Bechky states *[t]he literature of organisation theory denotes effective interaction of organisational social structure is required for sufficient strategies implementation* (Bechky, 2011, p.1160). The biggest benefit of an effective interaction within an organisation's social structure is that it provides and develops shared meaning of information between the stakeholders which, according to Guthrie *et al.* (2011), is the primary step for ensuring successful HRM implementation. This, also, matches with the conditions stated by Papalexandris and Panaayotopoulou (2004, p.281) *competitive advantage can only result from HR practices which are jointly developed*

and implemented by human resource (HR) specialists and line managers. According to Chimhanzi (2004) inter-divisional collaboration (i.e., cross-functional mobility) is the key to implementing strategic decisions. Conflicts within divisions can negatively affect the implementation of these decisions while co-operation and communication can positively influence the implementation of strategic decisions. Thus, therefore, the interaction relationship between HR and line managers can be characterised as follows.

3.5.2 Cross-functional mobility

Cross-functional expertise of HR and line managers is essential for adequate development and implementation of corporate practices (for more details see section 2.3.3 HR-line manager relationship in HPWS implementation). A firm's inner relationships depend mostly on the factor of dependency, since business strategies are rarely developed/ implemented in isolation, and each party needs the other to perform effectively (Bechky, 2011). Researchers agree that cross functionality between HR and line managers is the central key to a successful implementation of HPWS. In this regard, line managers have their own motivations for implementing HR policies, but unless there is harmony in the efforts of HR and line managers, HPWS outcomes will be below expectations (Bos- Nehles, Van Riemsdijk, and Kees Looise, 2013; McConville, 2006). Line managers need to understand the motivations for HR policies and understand the intended outcomes in order to effectively implement these policies. HR managers, on the other hand, have to understand the business logic and firm's unit needs in order to develop policies, which are beneficial to the business (IRS, 2006b; CIPD, 2007). Both these outcomes can only be achieved through adequate interaction between the HR and line managers.

3.5.3 Partnership

Scholars indicate that the situation of HRM strategies, policies and practices in which a range of HR responsibilities are reciprocated between HR specialists and line managers (Reichel and Lazarova, 2013). Schuler and Jackson state that ... [HRM] *activities follow naturally from HR's position as a strategic partner...achieving both vertical and horizontal integration requires that HR professionals work in*

partnerships with line managers and employees and their representatives (Schuler and Jackson, 2005, p.2). According to this perspective, HR partnerships can be defined based on the way HR managers engage with line managers to facilitate HPWS practices to run smoothly among business department practitioners (Glover and Butler, 2012).

In the light of the foregoing, HRM people have to constantly enhance line managers' abilities in carrying out the anticipated duties of HPWS practices. Doing that requires that shared information must be present, at least to some degree, in order for line managers to perform HPWS practice tasks well. The ultimate influence depends on which HR department participates closely with line managers as a partnership in the implementation of HPWS practices. Guidance, exchange information and co-ordination are highly appreciated in this process. Glover and Butler (2012), however, emphasise that the HR partnership to meet stakeholders' expectations is quite challengeable. In that light, the authors' explain how the complex HR practitioners confront the situation owing to the way line managers view the HR role (e.g., low respect vs. high respect). Some observe that the HR role does not exceed recruiting and development (Stanton *et al.*, 2010). Secondly, line managers' evaluations of the way HR managers conduct HR application and their interpreting of them. Besides, their estimation about the quality of services received from the HR department builds on their previous experience, and the total of those perceptions are considered to be the main premise in the formation of their understanding of the HR practitioners' role (Björkman *et al.*, 2011). Pritchard (2010) characterised those complex HR partnerships under *the dynamic and socially complex nature of HRM* (Pritchard, 2010, p.175).

The current research argues, however, that partnership on its own cannot directly influence a line manager's perception of HR practices without HR partnership manager skills and knowledge about business department needs interests and goals. HR practitioners' knowledge is therefore a prerequisite for effectual partnership. Our position, therefore, is that partnership of HR specialists cannot be present on its own but by a combination of the quality of information line managers' perceptions about HR practices, the way line managers rate the HR position and, finally, HR managers'

knowledge depends upon the wealth of their knowledge, its specialty, business units' needs and respecting line managers' execution regarding their interests and goals.

3.5.4 Co-ordination

Co-ordination in organisations is known *as a process of reciprocity interrelated action* between people's relationships (Gittell and Douglass, 2012, p.710). Gittell and Douglass (2012) further explained the shape of that relationship by captivating horizontal and vertical bonds, at all level of individuals, groups or hierarchical relationships. The authors added that the process of co-ordination is not about knowing all the factors associated within certain conditions but rather understanding each other's work interference, mutual dependency and its benefit for their activities' outcome. Additionally, the study highlights that an efficient co-ordination requires shared knowledge that directs individuals' actions. The authors argued that co-ordination shapes are sometimes avoided because of functional responsibilities of division holders and their beliefs that not anyone involve in the work can understand the whole picture of their work. Hence, therefore, co-ordination across organisation's departments could fall short unless it is treated under the situation of *reciprocal task interdependence* composed of shared goals, knowledge and joint value of each other's work (Gittell and Douglass, 2012, p.718).

HR and line manager interactional factors of co-ordination with task interdependence related to HPWS practices are essential in the actual performance of HR polices within organisations. Relational forms of successful co-ordination have several segments, such as *inter-subjectivity of the coordination process by paying close attention to the quality of communication and relationships among participants* (Gittell and Douglass, 2012, p.718). This, in a way, allows HR professionals to be instructive, attractive, and helpful, to line managers, which in turn, can prompt more line managers to enact HPWS practices in achieving their goals. In this regard, some studies estimate HR effectiveness by having HR information systems that can foster HR professionals skills in collecting and analysing data for strategic issues and management change because it provides HR department and their counterparts with better monitoring, especially for performance sheet reviewing, employees status, engagement, requests and turnovers (Han *et al.*, 2006). Typically, an information

system nurtures HR practitioners' knowledge regard the organisation's environment – this includes both internal and external – and backup their contribution at both the organisational and group level (Han *et al.*, 2006). Co-ordination is, however, usually influenced by organisational culture and the social interaction perception on observing HR functional job identity. As a consequence, the level of transforming information from a hierarchical organisation depends on the formality of communication approaches established as well as the organisational environmental setting (Capaldo, Iandoli, and Zollo, 2006).

The literature points out the necessity for formal and informal co-ordination in the issues related to partnership between HR and line management (Glover and Butler, 2012). In light of this perspective, a banks environment can be categorised under an uncertain environment that eventually necessitates both informal and formal co-ordination owing to its business-setting complexity (Hunter *et al.*, 2012). Formal co-ordination poses a sophisticated communication of written rules, patterns of formal communication such as regulatory body, websites, meetings and visiting side evaluation; this, in order to insure the distribution of HR policies and practices among a firm's units. Informal co-ordination is useful to enhance the intrapersonal nature of HR partnership with other managers of business-units (Kim and Ryu, 2011). The literature, however, highlights several challenges facing HR and line managers' relationships. For example, a banks' setting requires formal front offices such as treasury department and bank's branch managers' intensive focus on financial goals such as international product, attracting foreign direct investment (Hunter *et al.*, 2012). On the contrary, the HR department is a back office, as most have to focus on subjective goals. Differences in the types of work create distance conflicts in the exchange transaction between the individuals concerned. Also, the literature has pointed to other managerial obstacles such as institutional pressure that could cause poor interaction between social actors. For example, line manager executing HR activitiesuncomfortably owing to managerial purposes (Cutcher, Kirsch and Lansbury, 2012), the level of HR business partnership manager guidance and the level of consistency on delivering HRM messages, all of which can cause poor co-ordination and make the implementation process even more challenging. Thus, it is believed that the expectation and reality of HR co-ordination with line managers could vary, especially when the exchange actors are from different background

interest and goals (e.g., HR and line managers of other departments) (Gittell and Douglass, 2012). In this respect, reciprocity and trust are essential factors to meet both formal and informal co-ordination for adequate interaction (for more detail see chapter two, section 2.3.3 co-ordination between line managers and HR managers and section 2.3.4 role of reciprocity and trust within the line-HR collaboration).

Although the quality of the communication is important for it to result in effectual co-ordination among an organisation's member, this research, however, does not take into account this ingredient because the main focus is on the reasons that shape this co-ordination and not on the quality of co-ordination.

This research argues that the interaction between HR and line managers has a significant influence on the latter's orientation in delivering HR functions. Similarly, the interaction has a significant influence on HR managers' orientation as SHRM professionals; that is, a professional that understands business requirements and can deliver HR policies, which adequately address business issues of all departments that would include both front offices and back office issues. Hence, this research looks at the interaction between HR managers and line managers instead of their individual roles.

The literature explains the features of the relationship between HR and line managers, which for the most part, focuses on line manager positive perceptions of HR managers' abilities in delivering adequate and reliable HPWS practices (Guthrie *et al.*, 2011; Chen, Hsu and Yip, 2011; Sanders and Frenkel, 2011). Guest (2011) highlights the lack of theoretical research models considering social interaction as an important factor for HPWS adoption and effectiveness (for more details see chapter two sections 2.3.3 HR-line manager relationship in HRM; 2.3.4 co-ordination between line managers and HR managers and 2.3.5 role of reciprocity and trust within the line-HR collaboration). With the strategic dimension in mind as well as the environmental constraints, this research considers the social interaction and its shape as important in the implementation of effective HPWS. Thus, this research presents the next proposition as follows,

Proposition 2: Line manager and HR manager interaction affects the implementation of HPWS.

This research, therefore, looks at the interaction between HR and line manager as an essential factor to develop a shared meaning of the intended outcomes of HPWS. Besides, it argues that interaction can be measured based on aspects such as cross-functional mobility of interdependency, partnership and co-ordination in the practices of HPWS. In the case of line manager interaction this will refer to how much information they share with HR managers and how closely they learn from HR managers about the HPWS practices. In the case of HR managers the focus is to analyse how they engage with line managers to understand business issues and how they engage with line managers in developing a shared meaning about the HPWS practices (Guest and Conway, 2011). It is beneficial to reiterate here that the intention is to explore the reasoning behind the modes of interaction between HR and line managers. The quality of their interaction is, however, excluded from the current investigation.

3.6 The influence of institutional factors on the interaction between line managers and HR managers in the implementation of HPWS

This part of the framework seeks to identify the factors influencing the interaction between HR and line manager in the implementation of HPWS practices effectiveness and to understand the dynamics within the context. This section also partially answers the research question. In particular it looks more at the *what and how* of the research question by meeting the third research objective *to investigate the identified institutional pressures in shaping HR manager and line manager relationships in the implementation of HPWS practices*. This section highlights the intended meaning of the institutional construction in order to present an in depth understanding of its influences on the phenomenon under study.

Initially, some authors refer to the underpinning of contingent factors as the main barrier to adopting the strategic practices of HPWS (Andersen, Cooper and Zhu, 2007; Bacher, 2007; Ramirez *et al.*, 2007), such as the geographic, cultural and

institutional differences between the original and foundation culture (Festing and Eidems, 2011; Andersen, Cooper and Zhu, 2007; Ollo-López *et al.*, 2011). In this respect, numerous attempts have been conducted in examining the impact of the contextual factors on the adaptation of an appropriate package of HPWS practices, and contribute useful insights into the strategic systems choice of HPWS functions in organisations' performance (Almond, 2011; Gooderham and Nordhaug, 2010; Budhwar and Debrah, 2001). For example (Aycon *et al.*, 2007) examine the impact of the national content on the choice decision of HPWS. It should be highlighted here that researchers employed institutional theory predominantly in order to reveal the convergences and divergences between countries, fields and organisations in the formulation and implementation of HPWS (Suddaby, 2010; Brewster *et al.*, 2007; Brewster, Wood and Brookes, 2008) (for extra information see chapter two, section 2.4 implications of contextual factors on the linkage between SHRM and performance). The institutional factor is that factor that considered rarely examined from the perspective of HR and line manager interaction. The current study, thus, differentiates from previous studies, as the focus in this research is the dyadic relationship of institutional implications and the interaction between HR and line managers as well as the implementation of HPWS.

In addition, the literature showed that there is consent between scholars that organisational actors and the wider institutional environment shape HPWS implementation (i.e., business system) (Brookes *et al.*, 2011; Aspospori *et al.*, 2008; Armstrong, 2009; Björkman *et al.*, 2007). For example, in human resource driven industries where firms aim to draw competitive advantage through efficient usage of human resources, the role and position of SHRM as an inner institution factor is considered central in formulating and implementing HPWS principles (i.e., ideal HRM of best practices) and consequently on developing and enabling employee abilities and skills to participate in decision-making (Huang and Gamble, 2011; Yeung *et al.*, 2008; Brewster, 2006). Boselie and his colleagues (2005) drew an abstract of 104 articles investigating the link between HRM and organisational performance and concluded that some principles of HRM practices, such as employee development programmes, reward systems and employee involvement work systems, are considered universally successful. The success and standardisation of those practices are, however, subject to the inner context of the organisations,

which must be considered while designing and adopting these practices. Accordingly, we can infer that the previous studies investigated mainly the relationship of institutional perspective and/or the role of actors with HPWS practices directly (Brookes *et al.*, 2011). The current research, as mentioned earlier, takes the dyadic implication perspective of both actors and institutional pressure in the implementation of HPWS as well as its eventual effect on employees' performance.

There is evidence from literature which indicates that the contextual approach when presenting HRM in a specific country, region, sector and organisation or comparative research, the term of the firm's context usually takes different forms such as environmental, cultural, institutional, firms' environment, sector influences and contingency factors, besides, the organisational strategy (Dewettinck and Remue, 2011). Thus, in order to be able to present an integrative framework for a topic as wide and complicated as the HPWS and institutions, it is beneficial to define the contextual factors within the setting of the research being conducted. Hence, the current research overcomes this issue by narrowing the focus on the institutional factors to normative institutional factors. The following subsection provides its description.

3.6.1 Normative institutional factors

This research relates institutional factors to normative institutional pressures (Scott, 2001), which encompass professional norms, management practices and culture. A culture is defined according to Brookes and his colleagues as *a set of informal rules, identify it with historic inheritances and suggest that it may explain why actors settle on certain equilibria within given institutional settings* (Hall and Soskice (2001) cited in Brookes *et al.*, 2011, p.7). Thus, culture is considered as a factor of institutional pressures (Dewettinck and Remue, 2011). These factors are divided into external institutional factors and internal institutional factors.

External environmental factors: the literature showed the essentials of the economic institutions such as labour market, businesses, industry fields and sectors, and governmental states and agencies, i.e., legislative bodies on management practices

and strategy choice (Ollo Lobaz *et al.*, 2011). It is also recognised as a central feature in the formulation of HR strategy, which is, in this case, HPWS. Maurer and his colleagues (2011) argued for the necessity of institutional actors awareness about the changes of the external environment requirements owing to its close association with managerial decision-making and performance. This is because decision-making is predominately influenced by external factors. Thereby, managers' behaviour is prejudiced by their perceptions, which is saturated with the values and norms of the external environment (Maurer *et al.*, 2011). This research, however, limits the focus of the external environment to industry norms and market-orientation criteria. The purpose of doing so is that pervious studies have highlighted the regulatory framework of management interests and the dynamic of change, especially from the economic perspective (Hailey *et al.*, 2005). This view elaborates the nation's characteristics on accepting the global trend of best practices of HPWS (Brewster *et al.*, 2007; Brewster, 2006; DiMaggio and Powell, 1983).

Professional norms: industry field criteria and practices have a great concern and focus from previous research on organisation studies (Brookes *et al.*, 2011). It is believed that industry norms and market-orientation criteria are focal elements that direct HPWS especially in the formulation stage concerning the assumption of global HRM practices (Cutcher, Kirsch, and Lansbury, 2012; Mayer, Somaya, and Williamson, 2012). Industry field criteria and market-orientation are framed in this study as professional norms. In a broader sense, professional norms can exert coercive and/or regulatory pressure affects on management actions (DiMaggio and Powell, 1983, 1991; Scott, 2001). Interpreting these implications can be a way of describing the ability of the industry norms (such as in the banking sector) to congregate with a dynamic changeable market efficiently that needs high employment of sufficient HR practices (Zhang and Li, 2009). For example, it is essential for firms operating in a very dynamic environment, such as the banking sector, to remain prepared for the uncertainties ahead. This makes the role of HR managers critical in recruitment and selection of candidates. HR managers' actions require them to look at the soft skills of individuals along with hard skills, where the benefit of the hard skills alone would not be the best result in this case. This, in order to gain an adaptable and flexible workforce, raises organisation capabilities that can sustain competitive advantage. On the other hand, the banking industry has it own

unique features of professional interest, which in its terms describes the recognition of commercial banks in making profits. Their work structure designation is planned with the purpose of making money for the owner and the shareholders in the first place which is to some extent contradictory with HR specialists interests (Hailey *et al.*, 2005). To narrow the scope, banks' social context of group goals and values may be in contrast to accessing the desirable values and norms of the institutionalised HPWS strategy intended by the HR group. This leads as Mayer and his colleagues, (2012) affirmed that the execution of any successful project activities depends highly on a deep appreciation of its industry background (Mayer *et al.*, 2012). Hence, the researcher argues that work in banks is motivated with objective goals and values that motivate their behaviour of interaction.

Despite the numerous studies investigated, the implications of professional norms upon HPWS formulation (Van Buren, Greenwood and Sheehan, 2011; Ollo-López *et al.*, 2011; Suddaby *et al.*, 2010; van der Meer and Ringdal 2009; Van Gestel and Nyberg, 2009; Boon, Paauwe, Boselie and Hartog, 2009). It should be highlighted that there is a limited understanding of institutional implications in the interaction between HR and line manager and a much deeper investigation and understanding of this is required.

National cultural traits: a great number of studies have been conducted with the aim of identifying the relationship between cultural diversities and the sets of human resource management policies and techniques chosen by local managers. The problem has been studied using various research methods, strategies and techniques: case studies, qualitative and quantitative surveys. Such researchers as Hofstede (1997, 1984), Schwartz (1994), Smith *et al.* (2002) and House *et al.* (2004) paid special attention to dimensions of cross-cultural values, power and institutional distances. Jackson and Schuler (1995) emphasised the role of contingent condition factors (e.g., firm's context and environment) in the operational context for the formulation and implementation of HRM. Whereas others paid attention to the cultural-orientation and culture fit (Aycan *et al.*, 2007; Aycan *et al.*, 2000). This study took Hofstede's culture values dimension as a measurement scale, which included: *individualism vs. collectivism*; *high power distance vs. low power distance*; *low uncertainty avoidance vs. high uncertainty avoidance and masculinity vs.*

femininity (for more details see chapter two, section 2.5 impact of culture on HPWS, and subsection 2.5.1 contextual pressures influencing HR managers and line managers). (The description of Hofstede's culture value dimensions and the rationality of choosing them were emphasised in chapter two, section 2.5).

With respect to the foregoing, scholars consider the notion of SHRM is culturally bound (Tayab, 1997, p. 2004). It is, however, believed that culture does partially affect HPWS practices (Lertxundi and Landeta, 2011). The literature also contends that communication style is, in most managerial practices, affected by cultural differences, whilst other practices are not affected very much. This is in harmony with Papalexandris and Panayotopoulou (2004) that culture has determinable and sustainable impacts on communication systems while the culture effect is insignificant in other HRM practices such as compensation and reward system. Thus, we can observe that culture does not affect all HPWS practices (i.e., SHRM) evenly and/or fairly, but certain cultural dimensions have strongly impacted on some individual HRM practices more than others (Lertxundi and Landeta, 2011). (All details are mentioned in chapter two section 2.5 impact of culture on HPWS).

It should be noted that the extent to which culture issues affect the implementation of HPWS is mainly dependent on the level of adaptation and adjustment of those policies to the local environment (Miah and Bird, 2007). It is also believed that culture values have their influences on HR managers in delegating HRM functions to line managers. They follow a different logic of action, according to the way they perceive influences from the existing surrounding contextual factors businesses are operating in (Budhwar and Sparrow, 2002). This has been supported by Gerhart (2008) who argues that national culture affects SHRM structure, policies and systems vertically and horizontally owing to the influenced values of the policy makers by national culture. The study showed the how the value transition mechanism impacts on HPWS practices (e.g., staffing policies, compensation system policies and so forth). The relation, therefore, between the organisational internal culture of values and beliefs and the external values of stakeholders (Suddaby *et al.*, 2010; Carney, 2004) are considered along with another factor that can affect positively or negatively appropriate HPWS implementation. For example, the congruent level of local social beliefs and on believing in collectivism can show a feeling for team work, a trait that

modern organisation principles hold true in practicing (Kirkman and Shapiro, 2001), and encouraging the establishment of HPWS. In some situations, however, the social and cultural perceptions get restricted by other determinants such as systems and tools (i.e., technology system, or organisational hierarchy). In which case, the organisational culture would play a central role in supporting or hindering a friendly setting in the workplace.

Traditionally, culture constrained studies acknowledge that a low power distance context encourages empowerment and team participation, while it is low within a high power distance context. Surprisingly, Zhang and Begley's (2011) results indicate that the case is not the same in all situations, but that high power distance also leads to high team participation. We can infer that there are other factors which could also affect the philosophy of the implementation of HPWS practices (such as market orientation and industry norms). Researchers often ignore the implications for the combination of culture and institutional factors on actors' exchange action. Hence, therefore, a further exploration is needed to uncover the value of other pressures impacting on the implementation of HPWS, which this research aims to fill by investigating the impact of the combination of the underpinning conditions causing the association of HR and line manager interaction and its influences on the implementation of HPWS effectiveness. Thus, the current study is motivated by the recognition that to understand the implementation of HPWS effectiveness we need to appreciate both the factors that promote its success as well as those that hinder its achievement, the latter, however, we still know little about.

This leads us to address the internal institutional factors, which appear as an important contributor to a successful organisational social interaction and HPWS implementation.

Inner institutional factors; mainly include management practices and corporate strategy within the firm (Guest and Conway, 2011; Wright and Nishii, 2007; Becker and Huselid, 2006). Although previous researchers investigated the direct impact of these factors on the HRM and performance relationship, reviewing the literature, however, indicated a scarcity of investigative attempts on the impact of internal institutional factors in the relationship between HR and line manager interaction

when implementing HPWS practices.

Corporate strategy: the significance of HPWS practices' alignment with organisation strategy within contingency theory is undeniable (Chow, Huang, and Liu, 2008) for organisations expanding their competitive advantage. Chimhanzi and Morgan, (2005) noted that organisations which pay attention to human resource issues and align their internal and external marketing efforts to corporate strategy are likely to achieve greater success in implementing corporate strategy. Traditionally, corporate strategy shows whether the firm is adopting a growth strategy or cost cutting strategy. This is in order to evaluate its influences on decisions to adopt particular HRM practices (Lengnick-Hall *et al.*, 2009). The resource-based view of human resources is likely to be a key factor in establishing HPWS strategic practices (Ferreira, Neira, and Vieira, 2012). Besides, researchers do, however, argue that in order to maximise the benefits of HPWS, the strategic alignment of HPWS and corporate strategy is essential (i.e., internal fit with external fit) (Chow *et al.*, 2008).

Moreover, Apospori and his colleagues (2008) emphasised that the centrality of firms adoption of HPWS best practices depends on HR professionals' contribution in the formulation of firm strategy. But when HPWS strategy is formulated apart from the business strategy it follows the internal fit and fails to reach the strategic level. The evidence of accumulated research consistently shows that the strength benefits of HPWS on adding value to organisational performance relies on its strategic synergistic appearance. Zhu and his colleagues assert that, *HR managers should be involved in strategic decision making alongside other senior managers, providing greater opportunity to align HRM goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategy* (Zhu *et al.*, 2013, p.2986). This research argues that when HR managers get involved in formulating a firm's strategy, HPWS can take its centrality on implementation. But, according to Aspospori *et al.* (2008) and Armstrong (2009) the level of HR professionals/managers contribution does depend, however, on several other inner institutional conditions. Such as, top management support, organisation's actors' knowledge, technology system besides organisation's strategy, structure and systems. (For additional information see chapter two, section 2.4 implications of contextual factors on the linkage between SHRM and performance, and section 2.4.1

impact of institutional factors on high performance work system subsection firm's strategy). In this respect the researcher labels inner institutional factors as management practices.

Management practices: previous studies have indicated that implementation difficulties are the reasons underpinning an ineffective HR system (Chow, 2012), which can be raised from a firm's managerial structure incompetence such as bureaucratic or ritual management style, lack of individuals' competence and unsupportive top management (Stanton, 2010), besides, the implication of a firm's unit's interest priority (Hailey and Truss, 2005). The current study considers management practices as an internal institutional factor that has implications for the implementation of HPWS presented on the interaction between HR and line managers.

Top management: the proposition that top management support benefits the institutionalisation of HPWS has been widely investigated. Evidence on the senior management role in the formulation and implementation of strategic HRM practices is well documented (Guest, 2011; Stanton, 2010; Macky and Boxall 2007; Boxall and Purcell 2003). There is no doubt that top management is regarded as a major factor in the success of institutionalising HPWS among an organisation's actors (Stanton *et al.*, 2010; Schaap 2006). Stanton and his assistants (2010) highlighted the differences that CEOs' behaviour can make to the legitimacy of HPWS. Moreover, the study pointed out that when CEOs understand and are committed to HR practices as a strategic function, a strong climate of HPWS can be created. This is because the CEO is the one who *influenced within-group agreement at the executive level and between-group agreement throughout the organisational hierarchy* (Stanton *et al.*, 2010, p.578). Hence, it is undeniable that top management support is a crucial factor for a successful relationship between HR and line managers in the implementation of HPWS. Guest (2011) confirms that top management does not impact just on the legitimacy of HPWS but also on the institutional relationships, which have their impact on the strategic outcomes (Messah and Mucai, 2011). This, owing to strategy implementation, can be improved by enhancing communication and conflict resolution. It is essential to engage senior management in this case (Schmidt and Brauer 2006). Thus, therefore, the current study argues that the more supportive top

management is to the HR department the higher the activation of HR and line managers' interaction would be.

Actors' role: actors' role is another crucial factor in an organisation's strategies implementation that eventually creates better performance. There is a consensus between scholars that strategies implementation takes a dynamic nature that requires inter- and intra- organisational relationships to be present in actors' roles of co-ordination and co-operation in the achievement of strategy goals (Barton and Ambrosini, 2013; Chimhanzi and Morgan, 2005). From this perspective, interdepartmental co-ordination has a significant influence on the outcome of strategy implementation (Schmidt and Brauer 2006; Chimhanzi and Morgan, 2005). It is worthwhile, however, mentioning that management practices resembling an actors' role is influenced by a mixture of cognitive (e.g., knowledge) and a behavioural mechanism, which plays a role in the creation of effective/malfunctioned departmental co-ordination. For instance, throughout this study, the focus has been about implementing HPWS practices; such implementation is highly appreciated from the HR manager's role while the case would not be the same with line managers from other departments. Thus, as such interdepartmental co-ordination is fundamental in successful strategy implementation, it is rare that it runs smoothly without conflicts with regards to the differentiation of interest and goals of departments on the one hand. On the other hand, the nature of line managers' responsibilities and their role involvement characteristic (as mentioned earlier in section 3.3 of this chapter) could illustrate the malfunction of a supportive cross functional relationship between the HR department and the other business departments. For these reasons, the current study considers actors' roles a form of management practice that has institutional implications for the co-ordination of managers (HR and line managers) in HPWS implementation.

The literature pointed out that, in order to develop a co-operative and collaborative relationship between HR and line managers, tools and techniques are required such as information communication techniques (e.g., technology system, clear strategy and rules), frequent meetings and visits to the firm's business units, a joint reward system, besides, top management support (Purcell and Hutchinson, 2007).

Tools management use for interaction: there seems to be a general consensus that HR contributes to organisational performance through a number of intermediate linkages. For example, standardised and reliable HPWS practices based on well-structured rules can let the follower understand, copy, follow and comply with the instructions, which eventually can improve shared meaning among the members of the organisation (Bondarouk, Looise and Lempsink, 2009). It is well known that an efficient technology system conducive to enhance the efficacy of HR and line manager interaction (for more details see chapter two, 2.4.1 impact of institutional factors on high performance work system; tools, techniques and methods).

Undoubtedly, structured rules are fundamental for operational flow; however, empirical results decline in their beneficial outcomes when an HR department works separately in isolation and disappears instead of connecting with other business' departments, even when HR professionals have a voice inside the board of management (Francis and Keegan, 2006). The trend towards HR partnership and HR-shared service centers seems to be the managerial approach an HR department takes to be in line day-to-day in delivering and translating HRM message to their counterparts in other business departments.

Thus, environmental factors, which include institutional and cultural factors, present a challenge in HPWS implementation. In this respect, several researchers have adopted institutional theory to explain the differences between the HR practices adopted in different organisations (Ngo *et al.*, 2011; Lawler *et al.*, 2011; Björkman *et al.*, 2007; Björkman 2006; Tsamenyi *et al.*, 2006). These researchers have confirmed that institutional pressures affect the perception and behaviour of the actors (Gooderham and Nordhaug, 2010). It is, thus, through the lenses of institutional theory that we need to understand the interactivity between HR and line managers and its influence on HPWS implementation. Here, therefore, the researcher proposes the following.

Proposition 3: Institutional factors affect the interaction between line manager and HR managers and HPWS implementation effectiveness.

The aim of the proposed statement is to understand how the behaviour of the actors

as well as the perception of the employees is determined by institutional factors. According to Lawler *et al.* (2007) SHRM practices can only be implemented through adequate knowledge and understanding of the context of the business including an understanding of the perception and behaviour of the individuals within the organisation. These individuals may exist in the form of individuals or of groups and the dynamics of both should be taken into account while implementing SHRM practices.

3.7 The proposed theoretical framework

This research aims to understand the effect of environmental factors on the technique HR managers and line managers communicate and co-ordinate over the implementation of HPWS. According to the literature cited above, there is a need for further research through institutional theory to provide an additional explanation of the HPWS implementation process through a macro and micro level analysis (Rupidara and McGraw, 2011; Wright and Nishii, 2007). As Purcell and Hutchinson (2007, p.67) suggest: *HRM scholars argue for greater research to be conducted at the organisational level exploring complex connections and relationships that can cast light on the reality of HRM operationalisation.*

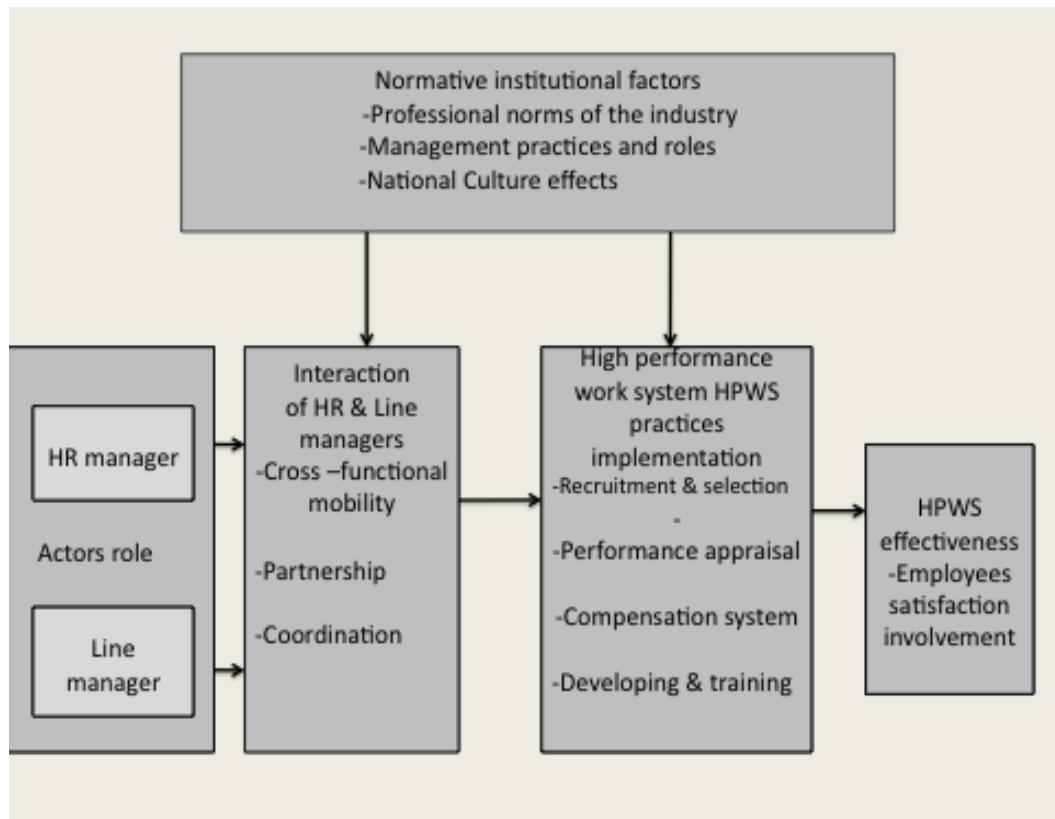
Besides, the recent focus on HPWS implementation is a new emerging theme/trend of mediating mechanism in SHRM research which is being considered (Chow, 2012; Lengnick-Hall *et al.*, 2009). As Rupidara and McGraw state (2011, p.174), focusing on strategic process implementation adds to our understanding of *how [HR] systems are actually developed, implemented, and maintained.* The authors add that *...understanding these processes more completely would add extra understanding about the diffusion of HR ideas through various possible channels and the adoption, translation, and enactment of such ideas into organisations* (Rupidara and McGraw 2011, p.183). Apart from devolution literature, obviously, the literature shows that actors' interactions in the SHRM area have had considerably less academic focus (Chen, Hsu and Yip, 2011; Rupidara and McGraw, 2011). Morris and his colleagues noted that *when people are aligned, they share a common goal or vision* (Morris *et al.*, 2009, p.973), therefore, conducting studies in understanding the conditions which foster or hinder the interaction between the main players implementing HPWS is

recommended (Purcell and Hutchinson, 2007, Hutchinson and Purcell, 2010) as it captures the interconnectivities of HR actors to external actors to shed-light on the cognition interaction (Rupidara and McGraw, 2011). This research, therefore, proposes a new dynamic model in order to help reconcile the long-standing view of the contextual factor dynamic effects by understanding the relationship between HR managers and line managers in implementing HPWS practices. The current attempt at focusing interest is to materialise the effect of the workplace social mechanism that triggers organisational outcomes. Making meaningful the connections between the system and the social structure creates a fine-grained coupling between cause and effect. It shows how contextual effects on the social interaction (i.e., HR and line managers) contribute to the effectiveness of HPWS implementation in particular employees' satisfaction.

Attempts at the organisational level regarding the contextual paradigm in the nature of HPWS or so called SHRM acknowledge the level of complexity in the reality of HPWS operationalisation that requires a distinctive facet of exploration (Zhu *et al.*, 2013). The need for a qualitative study is highlighted by Young *et al.* (2010, p.183) who argue that such research *involves greater use of qualitative and reflexive approaches that drill-down into organisational discourse and further build on our understanding of HRM practices and processes, and how these are influenced by the context and environment.* This research therefore argues that cultural and institutional constraints could result in HRM practice implementation of the formulated HPWS with different meanings of setting.

Drawing on the different discussions above, the present research provides the initial theoretical framework (figure 3.0) that argues that institutional theory offers a better explanation for interaction of actors and impact of HPWS in organisations under study.

Figure 3.0: The proposed theoretical framework of the impact of institutional factors on the interaction between HR and line managers in the effectiveness of HPWS implementation



Following the previous research calls, the researcher focuses analysis on HPWS implementation fashions, namely in the interaction between HR and line manager and the effect of this relationship on the effectiveness of HPWS practices implementation. Mainly, the concentration on understanding the underpinning mechanism directs the key players (i.e., HR-line managers) into interdependency of action and how their implemented practices of HPWS affect the development of employees’ attitude. This research suggests that the interaction of HR and line managers moderates the effectiveness of HPWS implementation, but more importantly the attempt tries to answer how the relationship between HR and line manager in implementing HPWS practices has been shaped and why. The researcher argues that the interconnection of the combination of the two institutional factors allows the implementation of HPWS to improve or reduce the effectiveness of HPWS practices on employees’ satisfaction and involvement. This is besides the direct impact of the institutional factors on HPWS practice implementation.

The researcher has attempted by conceptualising the framework to clarify the key themes and the sub-theme features in this model that can support the empirical study in order to validate the proposed theoretical framework. Accordingly, the author has identified three key themes, two of which contribute in influencing HPWS implementation components, which are articulated in the normative institutional factors and HR and line managers' interaction. The third key theme is implementation effectiveness that is expressed in employees' outcomes; while the sub-themes are the role of actors (HR and line manager), the forms of HR and line managers' interaction include cross-functional mobility, partnership and co-ordination. The sub-themes of normative institutional factors are professional norms, market criteria, organisation strategy, management practices and culture. Finally the sub-themes of employees' outcomes are their perception about HPWS practices satisfaction and their level of involvement.

3.8 Conclusion

This research identified from the literature review a gap dealing with the lack of theoretical models that could contain in one study HR system of HPWS, implementation, social interaction, influence of institutional factors and firms' performance. This study aims to fill this gap. The role of the interaction between line manager and HR managers is considered a mechanism technique organisations could use in order to increase the effectiveness of their social interaction and eventually effective HPWS outcome. The progress of this chapter began with a discussion about the principles required for applying an HPWS. The major themes relating to HPWS have, therefore, been appraised, including the factors for HPWS implementation. The purpose of this assessment was to understand HPWS implementation and the reasons behind organisations applying HPWS were discussed in this chapter.

The shape of a structured operational process of HPWS implementation emphasises the relationship between HR and line managers in the way they communicate and co-ordinate, and is the basis for this thesis' model investigation. The consequences of the relationship between the two actors were also discussed and elucidation proposed. The limitation of this relationship by the cause connection of institutional

and cultural factors and management practices such as top management; managers' roles and responsibilities were considered. So, this research proposes to examine the consequences of HPWS through both the structure of institutional factors and the interaction between the two players (HR and line manager) in the implementation of the structured practices of HPWS. In doing so, the researcher has reviewed a number of theoretical and empirical studies for HPWS and the role of actors regarding this perspective.

The researcher, in order to reach a comprehensive understanding of the factors influencing the effectiveness of HPWS implementation, followed five steps in this chapter: (1) identified HPWS components practices (system) – this part focused on HPWS consequences that foster an organisation's implementation of HPWS. These have been used as criteria for the evaluation of HPWS effectiveness; (2) HPWS actors - this part discussed and described the strategic actors involved in HPWS implementation. They were grouped as resources and institutional criteria in HPWS implementation. The chapter also considered (3) the interaction between the actors implementing HPWS side by side with their resources techniques (the shape of HR and line manager interaction in HPWS implementation) as an inner institution factor; (4) the environmental aspects, which HPWS operates in – this part shows the environmental factors of external and internal pressures as normative institution factors which have their impact on an organisation's operating system. In particular the focus was on the social interaction of HR and line managers. This also explains the cultural aspect influences and the organisational culture of management practices and professional norms effects; and, (5) HPWS effectiveness is emphasised in the subjectivity of HPWS outcomes. The cause and effect in this relationship mode between the two actors and the environmental context they operate in explains the novel framework.

By doing so, assist the development of the proposed theoretical model for effective implementation of HPWS. The researcher aims for this proposed theoretical model to be used for further investigation into the effectiveness of HPWS implementation in different organisations and countries. The novel framework was presented in section 3.7.

After presenting the research's theoretical framework, the following chapter discusses the research methodology in detail.

Chapter 4: Research methodology

4.0 Introduction

This chapter introduces the rationale for the methodological foundation used for this research. It presents, justifies and discusses the appropriate philosophy, strategy and methods adopted for the fieldwork regarding data collection, in order to validate the research theoretical model provided in chapter three. The aim of this thesis is to understand high performance work systems (HPWS) in terms of their implementation effectiveness through the institutional setting. This research aims to understand the social interaction of an organisation and its impact on management practices such as the implementation of HPWS in its contextual reality and in accordance with Ferreira and his colleagues, the contextualist approach focuses on understanding of differences between and within the various HRM clusters in various contexts. In this perspective, the mode of inquiry is inductive, mainly exploratory and descriptive (Ferreira *et al.*, 2012, p.475). This research is related to human attitudes and action concerning a contextual phenomenon such as HPWS implementation, so it is essential in studies of this type to adopt an exploratory approach that helps the researcher to engage in an interpretivist paradigm, which is suited to the qualitative inductive approach (Saunders *et al.*, 2007), in order to provide a rich understanding and deep insight into the phenomenon under investigation. The strategy followed that suited this approach is multiple case studies (Yin, 2009). It is strongly believed that researchers, in order to gain quality in qualitative research, generate a case study protocol as an essential procedure. As stated by Bagozzi and Edwards (1998), the *quality* of qualitative research is a theme that runs throughout their book. In this regard, in this study the focus of the research design was on identifying research unit of analysis, crafting a case study protocol for data collection tools and procedures. Thus, the researcher followed case study protocol phases recommended by (Yin, 2009 and Eisenhardt, 1989) in explaining the adoption of multiple case studies, research methods, sampling technique and determining the theoretical saturation point and data analysis technique.

The structure of this chapter begins with a discussion of the research definition.

Then, in 4.2, a discussion of research philosophies follows with a justification for adopting the interpretivist paradigm. Following this the enquiry method and research approach are discussed in section 4.3. Further comparison is drawn between qualitative and quantitative research and justifications are provided for selecting a qualitative research approach. Section 4.4 presents a discussion of the research strategy of case study and justifies the type and number selected for the case study strategy followed in this research. Following this, section 4.5 introduces the research design for the study and provides a flowchart figure (figure 4.1) that shows the procedures followed in producing the report findings for this research. Then a discussion and explanation for research unit of analysis, case study protocol, data collection and data analysis were discussed. This research adopts a multiple case study approach while data was collected using documentation, semi-structured interviews and focus groups. In all a total of 115 interviews were conducted (54 semi-structured interviews with the managers and 61 focus group interviews with the employees). The benefits and challenges of these research tools are discussed along with a brief discussion of other possible data collection tools and why these data collection tools are not suitable in this research. The process and guidelines followed during data collection and the sampling strategy of the research is also discussed. This research is based on a purposive approach with a sort of snowball sampling strategy, because the nature of this research requires data collection using experts. Next the chapter discusses the data analysis method in section 4.6 followed by research methodological rigor for data validity and reliability suggested by Yin (2009) in section 4.7. Section 4.8 discusses research ethics that were followed during data collection. Finally, the conclusion of this chapter is presented in section 4.9.

The following sections describe each and every aspect of the research methodology in detail including the choice of research methods.

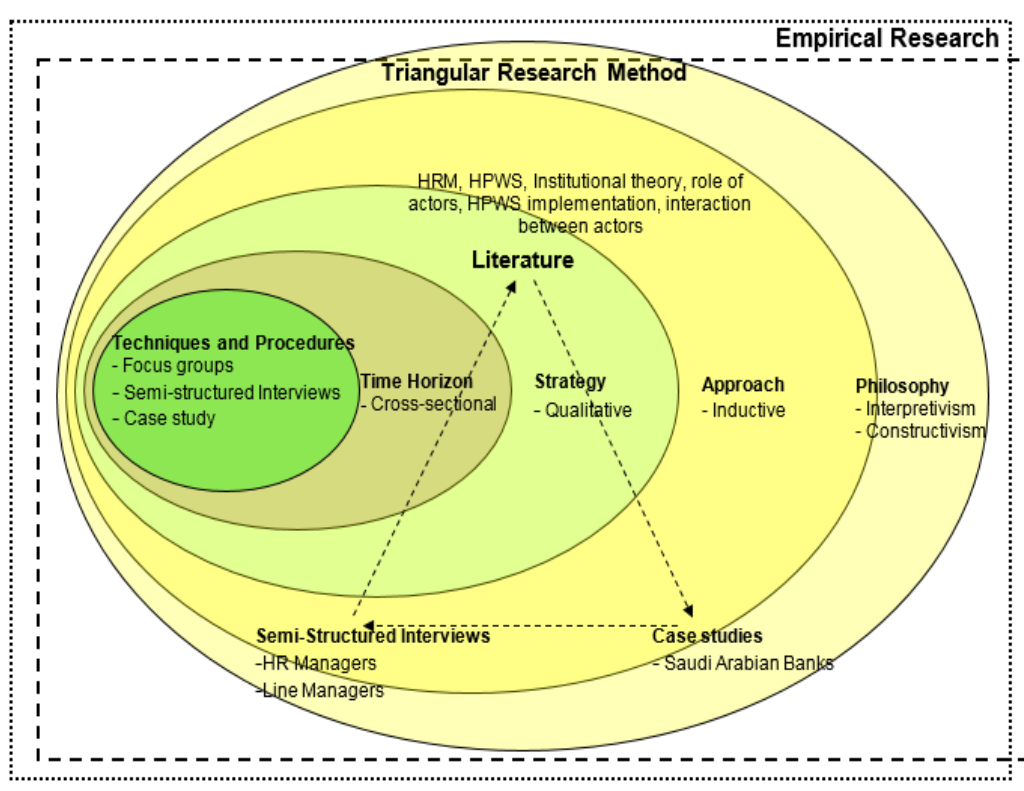
4.1 Research overview

Research can be defined as *a scientific and systematic search for pertinent information on a specific topic...it is an art of scientific investigation* (Kothari, 2008, p.3). As well as Kothari (2008) other researchers (example: Saunders *et al.*, 2011; McBurney and White, 2009) have also indicated that research is about systematically

investigating an issue. Thus, in this study the researcher has endeavoured to ensure that she has a logical and structured approach to investigating the issue undertaken (McBurney and White, 2009). This allows the researcher to determine the most suitable research paradigm, approach, strategy and tools to achieve the ultimate objective which is to answer the research question and aims (Bryman and Bell, 2008). In order for the research to answer the research's questions it was designed to discover, a clearly formulated strategy is required (Saunders *et al.*, 2009).

The research design acts as a *blueprint* that the researcher can follow for guidance at each and every stage of the research. Saunders *et al.* (2011) proposed a research onion diagram. In accordance with the step-by-step process that is research design, each step is represented by a layer of the onion and, in exploring all the layers; the researcher arrives at the conclusions regarding design and strategy. The research onion for this research is given in figure 4.0 below. The research onion for this research summarises the research design.

Figure 4.0: Research onion



Source: adapted from Saunders, Lewis and Thornhill (2011).

In the following sections each and every aspect of the research design are discussed in more detail.

4.2 Research paradigm

The first layer of the research onion is the research paradigm. A research paradigm has three aspects: ontology, epistemology and methodology (Terre Blanche and Durheim, 1999). Taylor, Kermode, and Roberts (2006, p.5), define paradigm as *a broad view or perspective of something... it is a comprehensive approach to a particular area of interest*. The authors further explain that *paradigm not only concerns the content of the professional knowledge, but also the process by which that knowledge is produced*. Researchers are individuals who may hold different perspectives on the issues. They have a different way of viewing things and this reflects in the man - it depends on the rational thinking of the researcher including his/her understanding of the phenomenon and data (collection and interpretation) issues. Previous researchers' approaches work as a great starting point for selecting a research paradigm because it informs the researcher of the challenges faced by previous researchers as well as a means to learn from their arguments. A researcher's perspective is guided by certain rules and regulations. These standards or principles are referred to as a paradigm. Once a research paradigm is selected, the researcher can focus on selecting the correct research design and methodologies. As Weaver and Olson (2006, p.460) suggest, *paradigms are patterns of beliefs and practices that regulate inquiry within a discipline by providing lenses, frames and processes through which investigation is accomplished*. The usefulness of selecting an appropriate paradigm is in *helping researchers position themselves clearly and argue for the value of their work* (Pozenbon, 2004, p.277).

The existence of each layer of the onion is determined by the paradigm selected by the researcher for the investigation. It is the extent of the researcher's knowledge, assumptions and values that govern how well this is achieved and how well the interpretation of data is fulfilled (Collis and Hussey, 2009). From the epistemological standpoint there are three positions that need to be considered. They are positivism and interpretivism, together with realism, which is a

combination of these two (Ramanathan, 2009). The following discusses each approach in order to justify why the chosen paradigm is the one suitable for this study.

4.2.1 Positivism

Positivism emphasises the existence of objective reality and the use of natural science methods to find solutions to social science problems. Positivism is primarily based on objective views. It involves adoption of a problem-orientated approach *to understand organisations and society and is concerned with providing explanations of the status quo, social order, consensus, social integration, solidarity, need satisfaction and actuality* (Ramanathan, 2009, p.40). Positivists believe that our social world has to be evaluated and understood via the natural sciences (Bryman and Bell, 2008).

4.2.2 Interpretivism

Interpretivism emphasises the existence of subjective reality and argues that natural and social sciences are different and hence scientific techniques used in natural sciences cannot be used to find solutions to social science problems; instead, researchers need to interpret the reality as it is (Bryman and Bell, 2008). According to Collis and Hussey (2009, p.57), *interpretivism is underpinned by the belief that social reality is not objective, but highly subjective because it is shaped by our perceptions*. Ramanathan (2009) termed interpretivists as social constructivists. He suggests that according to a social constructivist philosophy *all perceptions of reality are socially constructed and the social realities in turn are a function of shared meaning that are produced, sustained and reproduced through social interaction...social constructivists believe that knowledge and meaning are acts of interpretation, and objective knowledge that is independent of human perception is not possible* (Ramanathan, 2009, p.42).

4.2.3 Differences between positivism and interpretivism

In positivist research the researcher remains independent and unbiased. Interpretivism, conversely, requires engagement of the researcher as he needs to interpret the data. While in positivism the human interest should be relevant, in interpretivism the human interest is the main driver of research (Easterby-Smith, Thorpe and Lowem, 2002). Interpretivist philosophy is more suited to exploratory research which aims to generate better understanding of the investigated phenomenon while positivist philosophy is more suited to establishing a causal relationship. To achieve this positivist philosophy generally relies on existing theories or frameworks while interpretivist philosophy is aimed at improving the richness of the available information working towards development of new theory or frameworks. Positivist philosophy requires a simple unit of analysis and generalisation is achieved through statistical probability techniques. On the other hand, interpretivist philosophy is capable of including the complexity of whole situations and requires theoretical abstractions for generalisation (Easterby-Smith, *et al.*, 2002).

Since interpretivist philosophy allows analysis of complex situations a small sample is sufficient for interpretivist research. In opposition to this, the statistical approach adopted under positivist philosophy requires a large sample size.

As mentioned before, there is no straightforward answer to which of these philosophical positions is superior. It depends on the context as well as researcher's perspective on reality. The next section provides the justification for using an interpretivist position in this research.

4.2.4 Justification for using interpretivism

Although the positivist paradigm has dominated HRM research with most researchers looking to establish a cause-effect relationship using quantitative analysis (Legge, 2005; Hesketh and Fleetwood, 2006; Delbridge and Keenoy, 2010), some researchers, however, are perfectly aware of some limitations with regards to this approach due to the inability to take the subjectivity of the social reality of human

behaviour into consideration. Hesketh and Fleetwood, (2006, p.682) comment that: *the social reality is not far more complex than this scientific approach presupposes, but HR managers also know it is far more complex.* The critics go further and argue that the quest for viewing social reality through the lense of objectivity can lead to distortion of facts and hence our knowledge of HPWS and performance phenomena. Criticising the excessive focus on positivist paradigms, Brewster (1999, p.49) states that *like the fish's knowledge of water, these researchers not only see no alternatives but do not consider the possibility that there could be any ... some of those who become aware of the alternative paradigm respond ... by denying the value of the alternative.* One stream of researchers strongly believes that HRM research can benefit immensely from alternative paradigms such as interpretivism, which are essential for interpreting social reality (Ferris *et al.*, 2004; McKenna, Singh and Richardson, 2008).

Contrary to the most popular positivist approach this research adopts an interpretivist philosophy. The reasoning behind adopting an interpretive paradigm can take several grounds. Firstly, the theoretical focus of this study is to explore and improve the richness of the available theories on HPWS implementation. This research as mentioned earlier aims to understand HPWS practices implementation through its institutional contextual setting and based on the contextualist perspective (Ferreira, Neira and Vieira, 2012), an interpretivist philosophy is, therefore, more suited to this type of research.

Secondly, as subjectivity is concerned, interpretivism can provide a voice to those individuals who are affected by the phenomenon under investigation (Saunders *et al.*, 2011). Thus, interpretivism is particularly useful in this research because it involves investigating the perceptions and behaviour of three groups of individuals – HR managers, line managers and employees. Interpretivism is useful in understanding what these individuals make of HPWS initiatives. This helps the researcher in providing a deeper understanding of the current investigation's subjectivity (Hesketh and Fleetwood, 2006; Walsham, 1993).

Finally, HRM is a subjective field that can be investigated from multiple perspectives (Stahl *et al.*, 2012; Mintzberg *et al.*, 2005). For example (Legge, 2001)

adopts a constructivist approach in her critical study regarding positivist attempts at investigating the link of HPWS with performance. Her argument is based on the claim that all findings and facts of HPWS are in fact the outcome of any social construction of a certain context, which has to be under consideration for HRM effectiveness attempts. Similarly, Watson (2004) argues that instead of working to develop prescriptions for *best HRM practice* scholars should be analysing how practice is actually constructed within specific organisational contexts. He goes on to argue that *it is impossible to see how this can be done without relating HRM to broader patterns of culture, power and inequality* (Watson 2004, p.450). Thus, the benefit of adopting constructionism is that instead of forcing a best HRM model, it allows us to investigate the HRM practices as they are (Watson, 2004). This research does not aim to propose the best HRM practices in the context of the Saudi banking industry, but rather explores the impact of institutional factors and HR-Line manager interaction on the effectiveness of these practices. Hidden in the creation and operation of HRM practices are political, emotional and psychological processes (McKenna *et al.*, 2008) that can be revealed by constructionism. Although not acutely aware of these processes, neither are employees merely passive recipients but are embedded in the creation of such initiatives. Their co-creation of HRM outcomes may also be called constructionism. This goes as well with cross functional mobility between HR department and line management.

Interpretivist philosophy is, however, often criticised for its highly contextual nature, which means that the findings can be highly biased (Ramanathan, 2009). This research endeavours to decontextualise the findings by using multiple case studies. There is, however, a potential of bias as all the case studies selected are from the Saudi Arabian banking sector. On the positive side, this contextualisation is important in this research because the focus is on investigating the impact of institutional factors, which considered highly contextual.

To conclude, for the purpose of this research, interpretivist philosophy seems important because of the fact that we need to understand in more depth the past, the background and the different aspects of HPWS implementation and social interaction as well as discover some relation between institutional aspects of actors' interaction and organisational performance through their implementation of HPWS practices;

that is to say understand how the different aspects of HPWS formulation and implementation can affect its effectiveness and consequently organisational performance. In order to be able to understand the subjective reality of an organisation's actors it is essential to interpret their actions in a way that makes sense. The use of an interpretivist paradigm can also reveal the motives, actions and intentions of those actors in a way relevant to their understanding of the processes in which they are involved as well as that of the researcher (Saunders et al., 2007).

After discussing and justifying the suitable paradigm for this research, the following section presents and justifies the chosen research approach and method, in order to answer the research question.

4.3 Research approach

A research approach determines the nature of the data and analysis. Researchers can adopt a qualitative or quantitative strategy or even a mixed strategy that combines both qualitative and quantitative aspects (Ramanathan, 2009). The table below presents the differentiations aspects between qualitative and quantitative research.

Table 4.0: Key differences between qualitative and quantitative research

	Quantitative	Qualitative
Aim	Discovery	Invention
Begins with	Hypothesis	Meanings
Designs	Experiments	Reflexivity
Technique	Measurement	Conversation
Analysis/Interpretation	verification/falsification	sense-making
Outcomes	Causal	Understanding

Source: Ramanathan (2009).

Apart from the differences listed above there are some notable differences in the operationalisation of qualitative and quantitative research. The next two sections provide the differences between these two approaches and justify the choice of the most appropriate one to the current study.

4.3.1 Differences between qualitative and quantitative research strategies

Qualitative research tends to be more exploratory while quantitative research is based on objectivity and tends to be conclusive (Saunders *et al.*, 2011). Quantitative research is about establishing facts while qualitative research is about obtaining additional knowledge. Due to this, qualitative research is often open ended and very complex as compared to quantitative research (Creswell, 2009). This research is more exploratory in nature as it involves interpreting human perceptions. Since different actors can have different perceptions of a situation it is essential to accommodate these perspectives and acknowledge the complexity and diversity in the perceptions of different actors. This is only possible in qualitative research. Although quantitative research has high verifiability it decontextualises the views/opinions of human beings especially when it comes to aspects such as satisfaction and motivation amongst others.

Qualitative data is difficult to analyse and that could draw many researchers to adopt a quantitative approach (Punch, 2005) but the essence of this research is the complexity in the opinions/perceptions of people. Qualitative data collection is quite laborious and resource intense both for the researcher and the respondent (Kothari, 2008). It does, however, result in quite rich data, which is essential to disentangling the complex web of opinions and perceptions that characterise qualitative research.

4.3.2 Justification for using a qualitative research strategy

Qualitative and quantitative research methods both have their merits but the researcher must apply a critical approach to determining which is the best suited to the proposed study (Saunders *et al.*, 2007). Hence, there are several reasons for the researcher to employ qualitative research as the best suited approach to this research. Firstly, as mentioned earlier in chapters three and two, the literature has highlighted that there are a scarcity of qualitative studies in the context of HPWS implementation. For example, Young (2010) and his colleagues call for qualitative research and state that it involves *greater use of qualitative and reflexive approaches that drill-down into organisational discourse and further build on our understanding of HRM practices and processes, and how these are influenced by the context and*

environment (Young *et al.*, 2010, p.183). In accordance with Corbin and Strauss' (2008) views, who claim that qualitative research is useful for understanding any phenomenon in-depth, this is owing to the fact that it can help the researcher to provide a better understanding of what is already known about the phenomenon. Besides, it also allows gaining in-depth information about what is happening in reality that quantitative research can't capture. Hence, this research is adopting qualitative research first to fill the gap in the literature of HPWS implementation as well as to provide in-depth information about how HR and line management are experiencing HPWS in reality. In addition, it provides a better understanding of the implementation phenomenon related to its contextual factors.

A qualitative research method was chosen owing to three features of this method as identified by Creswell (2009). The first is that it enables using several methods; interviews, observation and focus group discussions (Landy and Conte, 2004; McBride and Schostak, 2004; Muchinsky, 2003; Spector, 2005). Punch (2005) argues that qualitative researcher is free to mix and match the research instruments that best suit the purposes of the study. Hence, this research utilises multiple methods as it collects data from three different sets of individuals. The researcher used interviews and focus groups through an ethnographic method in order to provide culture specific insights and explanations about individuals. The data collection instrument along with the case study approach obtains rich data dealing with participants' views on HPWS implementation.

Secondly, as the intention of this study is to explore the implications of institutional factors (i.e., a configuration of normative institutional and social interactions related to HR and line management interaction) as influencing pressures have their impact on HPWS implementation effectiveness with respect to individuals' experience regarding this phenomenon Qualitative research is more suited than quantitative research. This is because the former method is useful in generating more knowledge about a phenomenon in its social reality context (Spector, 2005). Miles and Huberman (1994, p.1) identify qualitative research as a *source of well grounded rich descriptions and explanations of process in identifiable local context.*"

Moreover, as this research is related to human attitude and action concerning HPWS practices implementation, so it is essential in this type of study to understand the meaning of human experience and to interpret their concerns. The subject of this study is one that requires interpretation of others' actions and intentions and, therefore, a qualitative methodology was selected (Creswell, 2009). This was because qualitative research places emphasis on words rather than numbers in its inductive approach to the matter under investigation (Bluhm, Harman, Lee and Mitchell, 2011). Hence, by qualitative methods the researcher can record participants' actual words, expressions and feelings regarding HPWS implementation within their local context and culture. According to (Anderson, 2004) qualitative research is most suited to SHRM because the depth and flexibility provided by qualitative research blends well with the requirements of HPWS research that is inherently complex (Kiessling and Harvey, 2005). The unique circumstances and preferences of others are not easily discovered in the creation of their perceptions so it is necessary for the researcher to have the means at hand by which to gain some understanding of their experiences (Beins, 2004). The focus thus helps in understanding and explaining *human experience rather than predicting behaviour* (Fouchè and DeVos, 2002, p.79). On the other hand, using quantitative research methods would not provide rich and detailed information about what is happening in reality, rather the focus is in giving numbers to prove facts and not to deeply understand a complex phenomenon such as human interaction and HPWS implementation and all the complex relationships within it.

Finally, several researchers and pioneer authors have noted that the qualitative approach is suited for expanding and retesting existing theories, which have been empirically supported, for example Bluhm and his colleagues state *Qualitative researchers expand and sometimes retest empirically-supported theories with qualitative methods to establish causal mechanisms that are not well suited to quantitative testing and to uncover what has changed as well as what has remained the same* (Bluhm *et al.*, 2011, p.1870). While the existing positivist literature has provided useful guidelines in the theory of HPWS and organisation performance, most often, the causal mechanisms remain relatively under-explored in the quantitative tradition (Paauwe, 2009). To explore these issues, this research takes the trend of the qualitative approach with a particular interest in understanding the causal

mechanism of HPWS implementation (Chow, 2012; Becker and Huselid, 2006). In other words, this research besides considering implementation as a mediator factor linking HPWS with performance, it believes that focusing on what are the conditions of effective implementation is utmost important. In fact, the current study believes the solution to many of the HPWS implementation failures is due to its organisational setting. To conceptualise the experience of HPWS implementation through HR and line managers' encounters and points of view, the research draws on the institutional theory of (DiMaggio and Powell, 1991) and (Scott, 2001). Employing institutional theory is useful in understanding how the institutional setting shapes interactions amongst different groups of organisational actors and its implications on the effectiveness of HPWS implementation (Hesketh and Fleetwood, 2006). Thus, the study expands the scope of implementation theories as it focuses on interpreting the causal mechanism of effective implementation and its relationship with employees' performance.

Although, researchers are the key aspect of qualitative research (Creswell, 2009) because they add to the quality of data through both collection and interpretation, one of the most significant criticisms of qualitative research is that it is prone to interpretation bias, that is, the possibility that the collected data is misinterpreted by the researcher (Creswell, 2009). This misinterpretation can be because of the researcher's personal bias or because of genuine error. In this respect, to overcome these problematic issues, firstly, the researcher tried to keep aside her personal biases and interpreted the data in as unbiased/neutral manner as possible (Saunders *et al.*, 2011). Secondly, the researcher has followed case study protocol in order to reach methodological rigor for data reliability (which will be discussed in detail later under section 4.5.2 of this chapter). In doing so, the likely outcome of the research can be predicted with some accuracy and validity.

In light of the above, since the focus here is to explore and understand the factors involved (social interaction between HR and line managers) in producing effective implementation of HPWS through its institutional setting, in terms of the respondents' perspectives and meaning (that is, HR, line managers and employees). This would allow the researcher to expand the scope of previous propositions in HPWS implementation and organisation's social interactions. This, therefore,

influences the adoption of a qualitative research approach and would be the most suitable for the current study.

4.4 Research strategy: case study

Initially, case study strategy research can be used to gain new insights, especially in situations where research is exploratory, inductive and involves theory building as opposed to being explanatory, deductive, and involving theory testing. Further, the case study methodology provides deep, rich and experiential information (Muller-Carmen and Croucher, 2008; Yin, 2009). The case study methodology is, therefore, deemed to be the most appropriate for the purposes of this research. It is considered a good choice for several reasons. Firstly, choosing case study is built on the research aim, objective and question, as the purpose of this research is to understand how institutional factors influence the phenomenon of HR and line manager social interaction and its implications for HPWS implementation with deeper understanding. According to Yin (1994, p.6) *case study is actually suitable when the research questions start with what, why and how as opposed to the survey strategy research questions, such as who, what, where, how many and how much.* Secondly, by employing case study the researcher can rely more on the meaning respondents provide, This, in order to go deeper in reality and understand how HR and line managers interact in the implementation of HPWS and how this interdependency between organisation's groups is formed, and why they act the way they act in respect to institutional pressure influencing the medium they operate in. According to (Yin, 2009, p. 18) *case study is an empirical enquiry that investigates a phenomenon within its context.* Eisenhardt (1989, p.534) as well states, *The case study is a research strategy which focuses on understanding the dynamics present within single setting.* Case study is, therefore, quite a useful strategy. It allows for the use of multiple data sources and is quite a comprehensive research strategy (Yin, 2009; Creswell, 2009).

There are four aspects of case study research (Punch, 2005). Firstly, it has boundaries, which calls for identifying and describing them as clearly as possible (Gibbert, Ruigrok and Wicki, 2008). Baxter and Jack (2008) advise that case study boundaries enable a researcher to narrow his or her research question, or topic, to a

level that can be managed in a single study. This research narrows the focus of institutional factors to normative institutional factors that cover three dimensions (professional norms, management practices and culture) (Scott, 2001) and assesses its influence on the interaction between managers and the implementation of HPWS. It is essential to set the research within the boundaries as institutional factors vary from industry to industry. Furthermore, management factors are quite specific to an organisation and hence setting the research in individual case studies is essential. In this research the case is Saudi banks.

Secondly, it is necessary to identify the unit of analysis, as this is important in both preparing for data collection and data analysis stages of research. According to Brewer and Hunter (2006, p.84-86), there are six types of units, which can be studied in social science research. These are *individuals, attributes of individuals, actions and interactions, residues and artifacts of behavior, settings, incidents and events, and collectives*. Any of these units can be the focus of case study research. In this research the unit of analysis is the interaction between HR and line managers and employees' perceptions.

Thirdly, it is not possible to study everything about a case. A researcher must, therefore, have a specific focus. This research focuses specifically on three things; how is the interaction affected by institutional factors? How do the interaction and institutional factors affect HPWS implementation? And, how does the implementation affect employee outcomes?

Lastly, case study research uses multiple sources of data (Perry, 1998; Robson, 2011), with the data being collected in naturalistic settings (Stake, 1995). Yin (2009) highlights the six main sources of case study evidence as documentation, archival records, interviews, direct observations, participant observations, and physical artifacts. This research used interviews, focus groups and document reviews to collect data.

Theoretical orientation is the basis on defining the case study. The value of theory is of utmost importance (Cornford *et al.*, 2005). This research builds on institutional theory and examines its interlinking with SHRM practices. While it is known that

institutional factors affect SHRM practices the outcome of this linkage is not yet satisfying. Furthermore, there is no empirical research on how institutional factors affect the interaction between the actors. This research aims to fill these gaps using case study design (all of the four boundaries mentioned above are discussed in detail later in the case study protocol section).

4.4.1 Research design for case selection (single versus multiple case studies)

Traditionally, case study strategy is suitable for qualitative research because it allows the researcher to capture the *reality* of a natural context related to a specific phenomenon (Cavaye, 1996). According to Yin (2009), a case study researcher is confronted with two choices. The first is the choice between a single-case and multiple-cases, and the second is the choice between a holistic and an embedded design. The choice between the two types of research strategy depends on the researcher's willingness to generalise the results drawn from the case studies.

The choice of a single case study is usually based on being the case under study of an exemplary case and contains unique circumstances, as noted by Ellram (1996, p.100), where, usually, a qualitative researcher uses a single case to *test a well formulated theory an extreme or a unique case or a case which represents a previously inaccessible phenomenon*. The benefit of using a case study research strategy is that it enables the researcher to be close to the entity or the case under study and to reach deep through investigation in describing the phenomenon due to the closeness in capturing and revealing a specific entity's context (Cavaye, 1996). On the other hand, the disadvantage of a single case study is the probability of a researcher misjudging and/or exaggerating the available data of a unique event. Given the part, however, of research questions in understanding the factors influencing HPWS implementation, the researcher avoided adopting single case study for two reasons. Firstly, this research is not confined to a particular unique case. Secondly, to reveal different institutional settings in different organisations would help in understanding different organisations' sets and accordingly its implications for HPWS implementation. Avoiding single study is deliberate because of the need to replicate procedures (liberal replication and theoretical replication), which show similarities, and dissimilarities of institutional factors in HPWS

implementation in different organisations. Hence a multiple case study approach is adopted for this research.

It is believed that multiple case studies are useful in providing compelling findings about complex issues (Yin, 2009). It is also useful because they can utilise a variety of evidence and make use of triangulation to achieve qualitative data rigor in qualitative research (Yin, 2009). Moreover, a researcher can use multiple-case studies to enhance cross-case analysis, which leads to richer theory building. Lastly, by utilising multiple case studies of two or more, can strengthen and validate the findings drawn from the cases under study. This is owing to its replication base. Thus, multiple-case studies are considered to be rigorous in terms of methodology (Perry, 1998).

The preference of utilising multiple case studies, therefore, was concluded by the need to explore different institutional setting from different cases and its effects on an organisation's social structure interaction and eventually on the implementation of HPWS. The researcher finds that multiple case studies are more beneficial for the research vigor, as it assists the researcher in cross-checking the findings.

4.4.2 Number of case studies

A researcher can use his/her own judgment about the number of cases. Generally speaking the researcher should select the number of cases with an aim to generalising the findings of the research (Galli, 2012). Moreover, Lim and Ting (2012) recommend that sampling selection should continue until redundancy is reached. Higginbottom (2004) explains that sample saturation, or data redundancy, occurs when emergent themes repeat, or when new themes no longer emerge.

Owing to the lack of consensus on the optimum number of cases (some scholars recommending a minimum of two while others recommend a maximum of 15 case organisations) (Kumar, 2011). According to Perry (1998, p.794), *the widest accepted range for case studies seems to fall between 2 to 4 as the minimum and 10, 12 or 15 as the maximum*. Further, Voss *et al.* (2002) highlight that the decision lies not in the case numbers, but in the ability to provide the depth of observation of the

phenomenon under study. So the fewer the case studies, the greater the chance for the researcher to detect more in understanding the context of a particular phenomenon. Moreover, Irani *et al.* (1999) contend that the selection of the number of case studies is mainly influenced by the research aim and questions and the decision is primarily due to the researcher in selecting informative cases (Saunders *et al.*, 2009).

This research collected data from two banks in Saudi Arabia, and the two cases provided rich information for achieving the objectives of the research (Muller-Carmen and Croucher, 2008). Besides, the literature shows that there is a shortage in studies taking the banking industry into account when examining the relation between HR and line managers' interaction in the implementation of HPWS practices. Moreover, selecting the Saudi banking sector is due to two reasons: firstly, the banking sector in Saudi Arabia has a dual influence- due to the level of internationalisation in banking practices, it is expected that the Saudi banking sector will experience the impact of both the national culture and international HRM practices. Other industry sectors are not internationalised to the same extent as the banking sector due to the global level of integration of the banking sector. Thus, due to the internationalisation of the industry we would expect global business practices within the sector to have an influence on the practices within the Saudi banking sector. Secondly, the banking sector human resource chain has a consistency in objectives and goals. Other industry sectors have a variety of roles within the business which makes the business a combined entity of several separate divisions such as sales, research, marketing, distribution, logistics, and others. On the other hand, the banking sector has a limited range of products and a level of consistency in business practices, which are all aimed at delivering the service through the front line employees. This makes it easier to collect and analyse data. Furthermore, since this study involves cross case analysis, consistency in the business practices and functions at the industry level are essential for comprehensive cross case analysis. In other words, it ensures that the context in which cases are analysed and cross compared is similar.

The reason for limiting the cases to two is due to limited access. Contacting six banks and requesting to participate in the survey, only three banks agreed to participate in the

survey. At the data collection stage, however, the researcher experienced several difficulties in obtaining data from one of the banks. Several appointments were arranged and cancelled and several prospective interviewees pulled out their names due to their busy schedule. As compared to an average of 25 interviews *per* bank for the other two banks the researcher only managed to carry out three interviews in this bank and consequently this bank was excluded from the sample. Thus, only two banks could be included in the sample. The disadvantage of using only two banks for the study is that it will affect the generalisation of the findings. On the positive side, the banks selected are two of the largest banks in Saudi Arabia and hence the sample is high quality. The selected banks served sufficiently well the aim of this study because they differ in terms of their size, age and geographical expansion, which are considered essential for showing differentiation of institutional setting in the first place. In accordance with Merriam (1992) and Irani *et al.* (1999) in qualitative studies the number of samples is not an issue as long as the results of these samples show the researcher's capability in contribution and in developing a deep understanding that can add knowledge to the phenomenon under study. By selecting two banks for case studies, this enabled the researcher to compare and contrast the differences and similarities between the two banks' institutional settings and consequently the impact on forming HR and line management interaction where HPWS practices are conducted and executed. As the focus is to understand each bank in implementing HPWS and how HR and line manager are interacting on each activity of HPWS and why, institutional setting here considers the base of interpreting the behaviour of actors (based on those HPWS practices defined in the theoretical framework in chapter three). Besides, the researcher was conscious in collecting data from different banks that this could assist in reducing any bias in the data interpretation as well as obtaining repetition logic within multiple case studies.

According to the research onion, time horizon is the fourth layer. It refers to the amount of time that the research focuses on. If the research focuses on a particular time then the time horizon is cross sectional. If the research involves investigating a phenomenon over a long period of time (such as in trend analysis) then the time horizon is termed longitudinal (Saunders *et al.*, 2011). Since this research involves investigating a particular phenomenon at a particular time and because all case studies, interviews and focus group discussions are carried out in a short period of

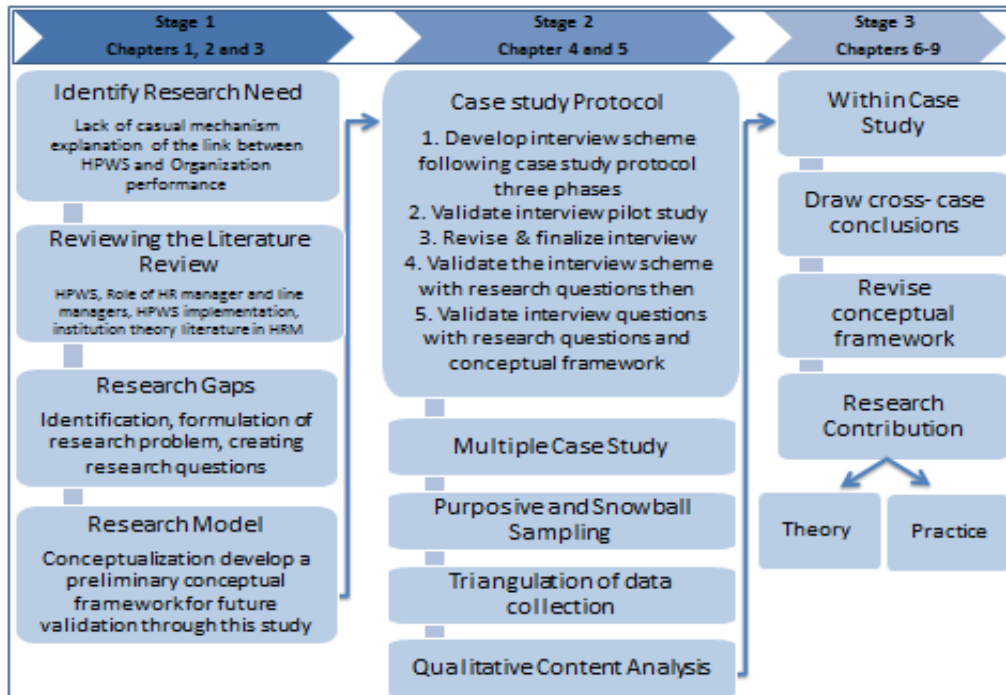
time, the time horizon for this research is cross-sectional.

After presenting and justifying the research paradigm, approach, strategy and time, the next section presents the research design. As the chosen cases are from a Saudi context, a detailed discussion on the empirical research context and justification is provided in chapter five.

4.5 Research design

There are three stages suggested by Jankowicz (2005) when applying qualitative approach research; research design, data collection and data analysis. All effective design requires an internal logic for it to serve its purpose well and the same applies to research. The logic must flow from the initial research questions through the collection and analysis of data to the eventual conclusions. It considers a prior procedure has to be done before the researcher enters the data collection stage. Yin (2009) points out that well designed research enables the researcher to follow a cohesive and logistical process throughout the work. This, in turn, can lead to the researcher achieving credibility in collecting, analysing and interpreting the data (Yin, 2009). The following figure illustrates the research design this research followed.

Figure 4.1: The research design this research followed



Source: the researcher

Based on the figure above, this research followed three stages in writing up the thesis report. The first stage (phase) focuses on identifying the research gaps and building the initial conceptual framework regarding the institutional factors implications for HR and line managers' interactions and its effect on the effectiveness of the HPWS implementation related to employees' satisfaction. The second stage determines and justifies the research approach methods and tools. A case study protocol was followed in this stage before entering the empirical field for data collection. This was done with the aim of gaining credibility, reliability and validity for the data collection, data analysis and findings. The third stage includes data analysis in order to extract the findings for each case under investigation. Qualitative data analysis is the technique this research followed using within case analysis. Then a cross-case analysis was followed in order to identify the key findings with a theoretical replication as a base for revising the novel framework, which leads to identifying how the study was able to fulfill the research objectives and achieve the research aim that answers the research questions: ending up with the research accomplishment by presenting the theoretical, methodological and practical contributions for this research. (The following subsections discuss these steps in detail.)

After presenting the research design process the following sections address the procedures followed in order to validate the theoretical framework of the study. They concentrate on unit of analysis, case study protocol, data collection techniques and case study analysis.

4.5.1 Unit of analysis

Technically, the unit of analysis may generally be from three different levels, namely organisational, group and/or individual (Muller-Carmen and Croucher, 2008). It highlights at which level the research is conducted and which entities the researcher seeks to study (Blumberg *et al.*, 2011). Since the purpose of this study is to investigate the interaction of HR and line managers affected by its institutional factors and its affects on HPWS implementation effectiveness. Thus, for the purpose of this research, the unit of analysis is group level and organisational level. With regards to the group level unit of analysis, it comprises HR and line managers' interactions when implementing each of the HPWS practices. With regards to the organisational level unit of analysis, it comprises HR and line managers' interactions when implementing each of the HPWS practices. In this case the interview questions need to concentrate on how HR and line managers interact when implementing each of the HPWS practices and what factors affect their interaction in the implementation of each activity of HPWS, by highlighting the institutional reasoning.

Usually, banks' structure encompasses a huge number of different departments and business units. The unit of analysis is the interaction between HR and line management and depends on the number of departments and their relationship with HR managers in each case study. As each managerial department includes different levels of managerial positions (i.e., senior management, middle management and front line manager), which interweave with the interaction with HR managers. In this respect, the researcher grouped those departments into two groups; front offices and back offices in order to distinguish the relationship between HR and those managers in different departments with different managerial goals and interests. The interaction as a unit of analysis will, therefore, include those managers from back offices such as IT, finance, operations, corporate operation maintenance, risk management department and regulation and police department; while the targeted

managers of front offices include, head of treasury, head of branch network and retail branch managers. Accordingly, the unit analysis of these departments interaction with HR people with regards to implementing each practice of HPWS is the focus of this study.

With regards, to the organisational level unit of analysis, it concerns assessing employees' satisfaction regarding the implemented HPWS, and eventually its effects on their performance.

4.5.2 Case study protocol

Case study protocol is known as a general guidance on the rules and procedures with which the case study is conducted and the empirical work is carried out (Burns, 2000). On other words, it is a prior frame that the researcher has to plan before conducting the empirical aspect of the research project. Johnston *et al.* (1999, p.207) noted that — *prior to entering the data collection phase, a systematic plan must be developed that stipulates what information is to be sought....and how it is to be obtained.* Thus, before the researcher gets to the data collection stage she/he has to develop a structure by which data will be collected and the setting of rules by which the data will be analysed and interpreted (Yin, 2009). There is evidence that a case study protocol is a beneficial guidance in setting proper interview questions that cover the subject undertaken and direct the researcher in collecting the data required throughout the interview (Yin, 2003). Most importantly, as Yin (2009) contends, following case study protocol, pre-collecting data within case study strategy research increases the accuracy and reliability of the report findings and results.

Yin, (2009) and Eisenhardt (1989) identified three phases in case study methodology protocol, for example Eisenhardt (1989) named it as; get started, enter the field, and closure phase. As mentioned by Yin, (1994) both data reliability and research findings validity highly depends on a well-structured case study protocol. The following table 4.1 summarises the main elements that frame a case study protocol.

Table 4.1: Framework for case study research

- Prior theory
- Research design for case studies
 - Type of case study
 - Replication logic within multiple case studies
 - Selection of the cases and number of interviews
- Data collection procedures
 - Data collection methods for this research
 - Participants' actions during the interviews
 - Case study protocol
- Analysing the data

Source: Adapted from Yin (2009), Anderson (2004).

It is essential to emphasise here that the researcher has followed the elements provided in table 4.1 above which are in line with Eisenhardt's (1989) case study protocol in three phases. Some have been explained already in the previous sections such as research design for case studies (see sections 4.4, and 4.4.1 and 4.4.2). As for the remaining elements contained within a case study protocol framework, the following sub-sections discuss each in detail and the steps the researcher followed to accomplish the case study protocol for this study.

Prior theory

Yin, (2009) advises using prior theory that informs a research project, which is developed at the problem definition and research design stages of the research. As far as the terms of the research problem are concerned, as mentioned earlier in section 4.4, this research is informed by the SHRM, HPWS theories, and an appreciation of the interaction between HR and line managers as well as institutional theory and, according to the literature review on those topics, research gaps and key issues of interest were identified.

According to Dul and Hak (2012), an empirical researcher has to fulfill the requirements of good theory. Similarly, Muller-Carmen and Croucher (2008) recommend that theory generation is developed either deductively, or inductively. The implication is that inductive and deductive reasoning are opposite ends of a

continuum. Nevertheless, Muller-Carmen and Croucher (2008) contend that, over the course of time, theory construction tends to combine deductive and inductive reasoning.

In deductive attempt the researcher starts from a hypothesis and tries to prove or disprove the hypothesis (Saunders *et al.*, 2011). According to Bryman and Bell (2008), deduction is based on the conclusion relating to a particular case, that is, either to refuse or accept. With inductive enquiry, studies arrive at conclusions following observation and without the necessity for hypotheses. This means that the process of enquiry travels from the specific to the general (Saunders *et al.*, 2011). According to Bryman and Bell (2008) induction reasoning is open-ended and could result in one of several possible outcomes.

Justifications for the adoption of an inductive research approach

The approach used in this research is a combination of induction and deduction (Saunders *et al.*, 2011). While the subjects of HPWS and its relation with organisational performance and the role of actors have been widely studied, there is little research that combines the impact of contextual factors and the role of actors (as an institutional factor) in formulation and implementation of HPWS and its impact on the effectiveness of HPWS in improving organisational performance.

This research, therefore, takes a balanced view based on (Perry, 1998, p.789) *pure induction might prevent the researcher from benefiting from existing theory, just as pure deduction might prevent the development of new and useful theory*. In any case, Parkhe (1993, p.252) advises, *both extremes of induction and deduction are untenable and unnecessary*, given that advancing theories requires a combination of the two.

This research relies significantly on existing theories such as institutional theory but this research is not a mere testing of applicability of these theories as proposed under deduction. This research involves combining the different aspects of existing HR theories and using the synthesised model to analyse the role of actors and

institutional factors in formulation and implementation of HPWS. Hence this research is mostly inductive with some elements of deduction.

Inductive research can be quite complex and messy due to the lack of structure but combining it with deduction allows the researcher to benefit from the structuredness of deduction and insightfulness of induction. Nair and Riege (1995) recommend three ways of blending the two approaches. Initially, convergent interviews with practitioners are often included in a research design especially during the literature review stage of a piece of research (Anderson, 2004). In the exploratory stage, initial data on HPWS, interaction and institutional pressures is identified through the literature review. The researcher also reviewed secondary data from such sources as Saudi banking sector publications, journal articles, websites, and other reports.

The second method of blending involves conducting one or two pilot studies in order to polish the interview protocol prior the actual data collection (Yin, 2009). Accordingly, 3 pilot interviews were conducted to assist in the planning of the interview, and to guide collection of data in the explanatory stage. The pilot informants were managers from different banks known to the researcher from her social network. Two were from line management and one HR business relationship manager. The researcher wanted to test and validate the developed theoretical model and its suitability for Saudi banks, as well as to refine the clarity of the interview questions, so the interviewees were encouraged to comment and provide suggestions with regards to any existing haziness on the interview questions and lack of clarity in the wording. The informants also drew the researcher's attention to some missing elements with regards to the interviews procedure. For example, they suggested that the researcher should differentiate between managers in back offices and those in front offices with regards to their relation with the HR department in the implementation of HPWS. This approach helped in testing the potential of the interview questions and refining the data collection plan with regards to content and procedures. With regards to the focus group instrument, the researcher did some informal interviews with some employees who work in Saudi banks. This was done in order to test and refine the articulated questions (testing satisfaction), and to be sure that the questions asked later were pertinent to the subject undertaken and clear enough to be answered easily. Accordingly, at this stage of the case study protocol,

the interview questions were developed. (All details of the development of interview questions are discussed later under section 4.5.3 data collection in interview subsection).

It is worth to emphasise here that by developing the interview questions based on the research aim and objectives and by cross checking it with the field expertists (bank managers and supervisor), this led to reaching the first stage of the case study protocol procedures, which needed to be done before launching the data collection stage.

4.5.3 Data collection procedures

Once the researcher decided on the research strategy (i.e. multiple case studies), unit analysis (i.e. Interaction between HR and line managers), the second stage of the case study protocol of research design is data collection. Qualitative researchers highly advocate applying multiple methods for data collection in case study research strategy; this is as reported earlier for the validity and reliability of case study findings and report (Yin, 2009; Bryman and Bell, 2007). For example Yin, (2003) reported that in case strategy research a variety of evidences can be used such as documents review, interviews, focus group, observation and physical items. This research employed three of these sources as data collections, which are documents review, interviews, and focus groups. The following sections present each one in details.

Documents review

In research including case studies, researchers often use archival records to build the case study (Yin, 2003). Documentation is a supplementary source of evidence that serves in understanding the observable phenomenon. The important means gathered and analysed from the relevant documents supplement qualitative researchers in structuring interviews and observations (Gibson and Brown, 2009). Usually organisations collect a vast amount of data for certain research projects and for reporting purposes. Of particular use in this research are the industrial data on the banking industry (especially the Saudi banking industry) and organisational data

from Saudi banks. Although, it is considered a secondary source for understanding the phenomenon, it is useful because it provides both qualitative and quantitative data and the researcher can benefit from a diverse perspective without investing significantly in collecting the data. Furthermore, the researcher benefits from present as well as historical data that makes it easier to identify trends.

This research mainly uses the archival records of the banks, such as banks' annual reports, magazines, banks financial budgets and Saudi Arabia monetary agency (SAMA) reports. Typically, archival records include records on present and past factors such as performance of the organisation, for example its policies and strategy. The usefulness of this data is because the fact that it is reported to the wider stakeholder base and is prepared by the individuals who are themselves involved in the business. It is the most reliable data available about any organisation. Banks included in this research are publicly listed and in accordance with regional and international laws publish vast amounts of data about the various aspects of the business including its performance, including compliance policies amongst others. The annual statements published by the banks are the richest source of information about the performance and policies of the banks as well as about the future business outlook and strategy. This data was used in crafting the interview questions as well as for clarifying (supporting/ contrasting) the findings of the primary research.

Semi-structured interviews

The interviews were the main data collection for this research. Interviews are considered the most important data collected for qualitative research due to the involvement of interpretive philosophy, which is this study's concern (Denzin and Lincoln, 2007). Berg (1998, p.57) defines an interview as *a conversation with a purpose*. Interviews can take different forms that include one to one interviews, focus groups and/or telephone interviews. They do, however, involve one to one discussions between the researcher and the respondent (Anderson, 2004) and this has several benefits. For example, an interviewer can learn from not only the words but also the body language and verbal and visual cues provided by the interviewee (Seidman, 2006). The one to one interaction allows the interviewer to obtain rich, informative and relevant data. Any confusions or misunderstandings can be resolved

immediately and this speed up the data collection process.

But interviews have their own drawbacks. They cost a lot in time and resources and often face obstacles such as bureaucratic barriers, difficulty in accessing right candidates and even transcribing the interviews (Stahl, Björkman and Morris 2012). This was a significant barrier in this research as the researcher had to obtain permission from several different institutions and individuals to conduct the research. The permission was often very difficult to obtain especially because it involved collecting data about the internal strategies of organisations and permission was only obtained through the researcher's personal connections and relations.

Researcher bias is another drawback of interviews. An interviewer needs to interpret the data in order to be able to understand the meaning but this may sometimes, inadvertently lead the researcher to interpret the meaning, not from the interviewees' perspective but from their own perspective (Stahl *et al.*, 2012). To overcome this, the researcher ensured that interviews were either recorded or accurate notes were scripted during the interview. The researcher recreated the interview verbatim immediately after the interview. Furthermore, the researcher sent the recreated interview transcript to the respondents to ensure that the information presented within was true and accurate. In doing so, the researcher aimed to gain internal validity to the qualitative data interpretation.

The content of the replies given under interview may be potentially embarrassing or incriminating and no-one who has not been given an assurance of anonymity is going to want to respond to the interviewer (Stahl *et al.*, 2012). This study investigates some strategic issues and it is possible that the respondents may not provide complete and true information. To overcome this, the researcher assured all the respondents that their identities would be kept entirely secret and they would remain anonymous to everyone. Assurances were given in writing to research participants that their anonymity was sacrosanct. Furthermore, no incriminating or embarrassing information was collected and the respondents were informed that

they could refuse to answer any question that they felt uncomfortable about answering.

This research involved collecting data from two Saudi banks. Interviews were conducted with senior, middle level and front line managers from the same departments as well as heads of HR departments and the middle level staff of HR department such as HR business partners, heads of recruitment divisions, heads of learning and development, performance management officers and heads of pay and policy. The interviews targeted those people in particular because they experience and practice HPWS implementation. In the case of this research, HR managers played an important role in regulating HPWS and line management are engaged in the adoption and implementation of HPWS practices. Both groups provided rich information about interaction in particular and provided their opinions with regards to the supportive and barrier factors affecting the interaction of both areas of management in implementing HPWS practices. Hence, this has provided a richness of understanding the organisations' settings and understanding the implications for actors' interaction mobility especially between HR and line management; and the sequences of their behaviour on HPWS practice implementation effectiveness. (Further explanation of the interviews procedures plan is discussed later following this section.).

The open ended questions developed for this research and included in the semi-structured interviews acted as a guide for the researcher during the interviews. One set of questions was provided for line managers and HR managers comprised of some primary and secondary questions were prepared. Primary questions were asked in all the interviews while the secondary questions were the follow up questions used to solicit further data when the respondent provided insufficient data. Secondary questions were also used to guide the respondents' responses. Table 4.2 below contains an overview of the protocol together with the aim of each section linked with the protocol questions.

Table 4.2: Interview protocol –questions addressed in the empirical study of interviews

Section	Aim	Protocol question
General information	Develop rapport with the respondent. Collect information regarding position	Question 1-2
Information about organisation	Information about the overall performance, strategy and outlook of the organisation	Question 3-4
HPWS practices (theme one)	Information about the HPWS practices currently employed by the organisation	Question 5-7
Interaction between HR and line managers (theme two)	Information about interaction between line managers and HR managers over implementation of HPWS practices	Questions 9-12
Institutional factors (theme three)	Information about the impact of institutional factors on implementation of HPWS and on line -HR manager interaction	Questions 9-14

Source: the researcher

In order to validate the proposed theoretical framework, participants were asked (using this interview protocol) to respond to specific questions that explored the theoretical elements and their interrelations. It is worth mentioning here that the archival records obtained from the participating organisations supported this data.

The combination of the literature review gaps and propositions were used to form the theoretical framework and consequently this information combined with the literature review helped in forming the questions for the interviews; to develop better insights into what creates the interactions between HR and line managers in the implementation process of HPWS practices. The researcher first explored the context's environmental characteristics (i.e., normative institutional factors) the actors operate in. The second part examined how the actors interact during each activity of HPWS. Then the study focused on examining the implications of the normative institutional factors including, professionals' norms, management practices, and cultural national values on the cross-professional functions between HR and line managers in the implementation of each HPWS practice. Example questions were *What is the role of HR manager in strategy formulation and implementation? How do HR and line manager interact in recruitment and selection of candidates? Why would you think the interaction between you two in*

recruitment is important? In your opinion to what extent does culture affect your interaction with the other party in operating recruitment function? In your opinion, to what extent do professional norms play a role within cross-functional mobility with HR/line managers when implementing selecting and hiring people? And the same questions go with the rest of the HPWS practices such as how do HR and line managers interact in evaluating employees' performance? The second step investigates the moderate effect by configuring institutional factors and the form of HR and line manager cross-functional mobility on HPWS implementation effectiveness related to employees satisfaction and involvement. This scope was investigated through interviewing the employees (all details of focus group interviews are presented in focus group section)

Probing is a key benefit of semi-structured interviews (Grinnell and Unrau, 2010). The researcher used probing questions at several occasions in this research in order to obtain richer data. In those instances where an inadequate level of information had been provided the researcher asked further questions in order to prompt the respondent to enlarge on an issue. Further follow up questions were, therefore, asked to probe the responses given especially in gaining knowledge into the reasoning behind positive/ negative cross-functional mobility over implementing which of each HPWS practices hold. A set of secondary questions were followed in this case such as *would you please give an example? To what extend do you think that the relation is effective? Why? How? Would you please explain?*

The semi-structured interviews were conducted with three different levels of management people (as mentioned earlier for example heads of departments, in particular HR chief managers, and senior managers from the counterpart departments such as head of branch network, middle managers of HR department and line managers of bank's branches). By collecting data from different people with various positions and roles, allows the researcher to collect rich data regarding the phenomenon under investigation in the first place (Myers, 2009) and limits interviewees' biases (Eisenhardt and Graebner, 2007). The interviews were conducted in two stages. In the first stage the researcher conducted an intent-conducting interview with each of the HR managers and line managers separately. The reason for taking this approach is to underline the similarities and differences

on shared meanings with regards to HPWS policies and practices in the first place. Secondly, to capture how each party views their interplay actions in the implementation of HPWS practices. The interviews conducted with HR department managers were to capture and understand the nature of HPWS strategy and practices undertaken by the bank and the interaction approaches they undertake with line management during HPWS practices operation. The interviews conducted with line managers were to observe how line management executes HPWS and how they participate and enact HPWS alongside their managerial position and role; besides understanding the approach of their interaction with HR managers in the implementation of HPWS practices. Then, in the second phase, after collecting the point of view of line management the researcher went back to the key HR participants to comment on line managers' responses and reactions with regards to the role played by HR and the way they assess HR department interaction when they implement HPWS practices. All of the interviews followed a similar chronological structure.

It is worth emphasising here, that this research focuses on examining the interaction between HPWS actors (HR and line managers) and the institutional factors which affect this relationship, using the exploratory phase to fully analyse their experiences in their real context. This research sets in a design that allows identifying a number of institutional factors (for example, professional norms, management practices, and culture), which cause the shape of the co-ordination and communication of the actors in practicing HPWS functions. According to the results an overall picture was drawn (Yin, 2009). The comparison made between the cases provides validity and reliability of the findings since the combination of the dimensions that influence employees' satisfaction is a new contribution.

Sampling strategy for the interviews

In order to fully understand HPWS practices implementation and actors' interactions within the banks under study, as noted earlier in the interview section, a sample of the key stakeholders were interviewed including senior and front line managers from both the HRM department and line management on the other business units. According to Silverman (2005, p.23) *decisions about the selection of the sample were not pre-set, but have been conceptually driven by the theoretical framework*

underpinning the research from the start.

As noted by Lim and Ting (2012, p.5), the *process of sampling involves using a small number of items or parts of the population in an attempt to make conclusions about the whole population.* The researcher is thus bound to select the respondents for the semi-structured interviews from a limited set of individuals.

Sampling techniques can be categorised as purposive and random techniques. There are other categorisations of purposive sampling techniques such as quota, self-selection, convenience and snowball amongst others (Saunders *et al.*,2011). Sarantakos (2005, p.164) regards purposive sampling as *the researcher purposely chooses subjects who, in their opinion are relevant to the project.* It is, therefore, essential for the researcher to identify the individuals who are most knowledgeable in the field under investigation. According to Sanders, Cugin and Bainbridge (2013, p.4) research that pays attention to social interaction requires *multi actor and multi-informant designs.* This research involves obtaining the information about the interaction of particular groups of organisational actors (that is, HR managers and line managers) and it is essential to obtain the data from these sample groups.

In this case, the researcher's ultimate target was to get access directly to the head of the HR department of each bank because their permission will enable the researcher access to the other targeted samples. This, however, did not prevent the researcher benefiting from a snowball sample in which the researcher gained assistance from the HR head secretary in introducing her to other HR managers and arranging appointments with their counterparts in management positions within the organisation. Similarly, focus group samples were selected with the same approach, that is, employees working in the case study organisation were selected because only they could guide the researcher about the resulting employee outcomes of HPWS. Also, selecting employees was arranged with the assistance of the HR department secretaries and senior manager secretary of the head branch division. Both secretaries helped the researcher specify those employees who could speak English well and who could co-operate and provide the data required for the research. They also helped the researcher in setting meeting locations and times.

Hence the sampling strategy adopted in this research was purposive sampling with some sort of snowballing technique.

In light of the above, the researcher conducted the interviews with the respondents who met the purpose of the study, that is, those individuals who have directly experienced formulation and/or implementation of HPWS.

Number of interviews

The number of interviews was decided in accordance with many reasons. Firstly, the research targets specific group of respondents who experience HPWS practices. Secondly, collecting data from interviews continuously until the point where the researcher believed that there would be no added data-value from new respondents and that would end the research questions. Here, then was where where theoretical saturation was decided and the second stage of the case study protocol began in preparing the data analysis procedure for the research report findings.

There are no rules that dictate the number of interviews that should be conducted. According to Anderson (2004), thirty or so interviews are required for a research to obtain credibility. According to Perry (1998, p.794), *a PhD thesis requires about 35 to 50 interviews*. Consequently, this research involves 54 interviews from 2 case studies. This was supported by 61 focus group interviews (discussed later) making a total of 115 interviews. All 54 semi-structured interviews were conducted with the managers in the two organisations over two months. Some of the interviews were conducted in two stages. The set of respondents primarily consisted of HR managers and line managers but also included some senior executives (please refer to table 4.3below). Multiple respondents were selected from the same organisation in order to cross check the information obtained (Gerhart *et al.*, 2000). All the interviews conducted were semi-structured and conducted face to face. Interviews covered institutional factors, interaction between HR and line managers and implementation of HPWS practices.

(Further details for respondents are presented in chapter 6 table 6.1)

Table 4.3: Number of respondents by job function

	Bank Alpha	Bank Beta
HR Manager	9	6
Senior Manager	5	6
Line Manager	16	12
Total	30	24

Source: the researcher

Setting for the interviews

Since this research adopts a qualitative research strategy it is essential for the researcher to identify the place where the respondents experience those aspects of life, which are of interest to the researcher. In this study, the researcher is interested in learning about HPWS practices and hence is also interested in the workplace setting. In addition the researcher has to be aware of issues such as privacy, comfort, and accessibility (Stahl *et al.*, 2012).

These issues were taken care of during the interviews conducted. The interview process began with a research information sheet being presented which outlined all the ethical aspects of the research. It contained the details of the research including its purpose. An information sheet was presented in both Arabic and English and sufficient time was provided for the respondents to carefully read the guidelines. After this the respondents were requested to sign a separate consent form, which confirmed that the respondents had read and agreed to the information provided in the information sheet.

Interviews were arranged as *per* the convenience of the respondents so as to minimise any inconvenience to them. Respondents were asked if they had any special requests. The researcher ensured that there was minimum disturbance by putting a *Do Not Disturb* sign on the door.

Procedures followed during the interviews

Interviews were conducted in six stages discussed in the table below.

Table 4.4: Six stage interviews and the activities involved in each stage

Stage	Activity
One: Arrival	The researcher plays the role of a confident and relaxed guest until the participant is comfortable with this stage of the interview
Two: Introducing the research	The researcher clarifies a number of preliminary issues in order to encourage rapport and co-operation during the interview (Anderson, 2004)
	The researcher introduces the research topic, explains the nature and purpose of the research, reaffirms confidentiality and seeks permission to record the interview
	The researcher discusses the contents of the Informed Consent Form with the respondents
	Afterwards, willing participants sign the Informed Consent Form before the interviews commence
Three: Beginning the interview	The opening questions aim to gather basic information about the bank and of the participant
Four: During the interview	The researcher guides the participant through the key themes (research questions) as they appear in the interview guide
	Each theme is explored in depth using follow-up questions and probes
	The researcher pays attention to issues that emerge from the participant
	This stage lasts about 60 minutes
Five: Ending the interview	This occurs in the last five to ten minutes of the interview
	The researcher signals the end of the interview and gives the participant an opportunity to point out any unfinished business
	The researcher allows the interviewee to gradually return to the level of everyday social interaction
Six: After the interview	The researcher thanks the participant warmly and reassures him or her of confidentiality

Source: the researcher

The researcher conducted the interviews personally and face to face. Face to face interviews are useful in *understanding the experiences of other people and the meaning they make out of that experience* (Greeff, 2002, p.302).

Respondents were asked for their permission to record the interviews. All the participants agreed for the interviews to be recorded but some of the respondents requested that their voice samples should not be used in the research and the recorded interviews be destroyed after transcription was complete. Some of the respondents requested that the interview transcript be sent to them before being used in the research. After agreeing with these conditions the interview began.

Interviewing began with establishing rapport. This was undertaken by some quick questions about the work, life and other aspects of interest to the respondent. Then the researcher asked the questions related to the research. Follow up questions were asked when the researcher found the need to explore more in order to obtain more data.

All the interviews lasted between 1.45 and 2 hours. Some of the interviewees were interviewed twice. Breaks were taken in between to reduce the level of stress., The breaks were, however, kept to a minimum to ensure that the flow of the discussion was not interrupted.

Focus group

The purpose of the focus group was to evaluate HPWS implementation effectiveness, which was likely to be related to employees' perceptions in HPWS practices implemented by HR and Line management and its effect on their satisfaction and involvement.

This research is focused on HRM as a social science. It aims to understand the behavior of Line, HR managers and employees as social phenomena. The focus group technique is considered as an appropriate method to investigate factors contributing to social outcomes (Bryman, 2008) such as social cohesiveness, interaction and team working. As Bryman (2008) explained, a focus group is a method of interview in which questions are asked and discussed within a group. Biases enforced by the interviewer are also reduced since it is to a high extent the respondents who take over the direction of the session. Bryman (2008) points out

that another strong advantage of a focus group is to explore a specific topic in depth whilst saving time and money. A focus group provides a middle line between questionnaires and interviews. Thus the researcher can obtain high quality and large amounts of data without investing the level of time and resources required for conducting interviews. Thus, instead of conducting 10 separate interviews, a researcher can carry out a focus group with 10 individuals which will not only save precious time for all involved but will also reduce the cost of data collection.

In this research 10 focus group interviews were used to collect information about employees' perceptions of the HPWS implementation and about the level of interaction between HR and line managers. Focus group interviews were conducted in both English and Arabic languages. The researcher herself is bilingual in English and Arabic and hence monitoring and guiding the interviews was not a problem. The researcher, however, used a professional translator to translate the interviews because it was essential for the researcher to obtain the data in a completely unbiased manner. Thus, during the focus group, the researcher kept her involvement restricted to asking questions and monitoring that the discussion remained within the requirement of the research.

Participants of the focus groups were the front line employees who have no managerial responsibilities. The selection of respondents was done on the basis of convenience as recommended by the secretary of the department. Since the perception of the people could vary from division to division, each focus group was conducted using participants from a particular division. Furthermore, it was advised that the focus group should contain between 6 to 10 participants. Less than 6 participants would not lead to a meaningful discussion and more than 10 would be overcrowding. The researcher aimed to recruit 6 individuals into each focus group occasionally changing the number of participants. The small size of the groups is because of the controversial and complex nature of the issues, which implies participants may have much to say about that since they are involved in the issue both physically and emotionally. To avoid being bombarded and confused, therefore, with loads of information and to be able to end up with precise data, small groups were preferred in the context of the complex issues (Bryman, 2008).

The focus groups covered 10 divisions in both banks; HR, sales, IT, business development and retail branch officers. To avoid asking lots of questions and also to initiate discussions, some pictures were utilised. These pictures, based on literature, highlighted the different aspects of HPWS and the relationship between managers and front line employees. The next questions of the interviews revolved around examining employees' satisfaction about each of the HPWS practices. Besides, the questions involved how employees evaluated the effect of HPWS practices on elevating the level of their autonomy in taking decisions and participating in making decisions that pertained to their job and work strategy. For each question, participants were asked to provide their opinion, both positives and negatives. (See index 2, employees' interview questions).

Table 4.5: Details of the focus group

Focus group number	Organisation	Number of participants	Use of translator	Used language	Approximate Duration (minutes)	Back office/front office
1	Bank_Alpha	6	Yes	Arabic	80	Back office
2	Bank_Alpha	7	No	English	80	Front office
3	Bank_Alpha	6	Yes	Arabic	75	Front office
4	Bank_Alpha	6	Yes	Arabic	80	Back office
5	Bank_Alpha	6	No	English	75	Back office
6	Bank_Beta	6	No	English	70	Front office
7	Bank_Beta	6	No	English	75	Front office
8	Bank_Beta	6	No	English	75	Front office
9	Bank_Beta	6	Yes	Arabic	75	Back office
10	Bank_Beta	6	No	English	70	Back office

Source: the researcher

Although the researcher herself is bilingual in English and Arabic, she used a professional translator in order to eliminate any interpretation bias. The sessions were recorded fully and then the texts were transcribed and fully translated from Arabic to English by a translator.

There were some challenges that the researcher had to overcome during focus group interviews.

- Late arrival of some of the participants. Due to the allocation of time, focus group interviews were always conducted at the set time and participants who arrived late were allowed to join the group. The researcher ensured that any arriving or departing participants did so as discreetly as possible and that no disturbance was caused to the other participants.
- In some interviews some of the respondents were talking in English and some in Arabic and furthermore some respondents were talking in a mixed language. Researcher did not interfere with these responses because the main focus was on the content and it was thus essential to let the respondents talk in a language they were most comfortable with. To ensure that there was no significant language gap amongst the participants of a particular focus group the researcher tried to organise the focus groups so that English-speaking participants were in a group together while those preferring to speak in Arabic were in the same focus group. Although this meant that one of the focus groups was larger (7 members instead of 6) than the other focus groups, it was, however, essential to ensure that all group members could understand and participate in the discussion. Information on participants' education (country of education) was also obtained to verify the respondent's preference. Despite this categorisation, participants had the flexibility of speaking in the language of their preference. When the researcher felt that the comment might not be understandable for the remaining members of the group she sought some clarification so that the rest of the group could understand the comment.
- Each session was served with traditional Middle-Eastern cookies and tea. All the discussions were recorded and fully transcribed.
- It is sometimes easy for a participant to be guided by the researcher's opinion. For this to happen it would have made the data biased and invalid. Hence, the researcher did not interfere with the responses of participants. She also tried not to reveal her opinion or emotions regarding the subject during the session in order to gain unbiased and natural data.

- Different focus groups lasted for different durations ranging from 60 to 90 minutes. The focus was on quality and not quantity and hence the researcher did not try to extend the focus group interviews.
- The details of the questions are provided in the appendices.

Problems encountered in data collection

The main problem during the data collection process was the language. Since the researcher is Saudi as were the respondents, at several instances the respondents spoke in Arabic. During the transcription the researcher came across some sentences, which were said in a context, which was difficult to translate in English. In such cases, the researcher re-worded the sentences in order to preserve the context rather than translating the responses verbatim.

In some cases, the respondents were not aware of the terminology used in this research. For example, in both the banks surveyed the term HPWS is not commonly used. Hence the researcher had to elaborate and ask questions regarding whatever HPWS practices are being used. Thus, the questions were directed towards HRM practices such as selection and recruitment, compensation, training and development, performance appraisal, and employee empowerment amongst others.

Some respondents were contacted twice to seek their opinion on the issues uncovered during interviews with other respondents after the first interview had been conducted. This was not planned prior to data collection and arranging the second round of interviews was time consuming.

4.6 Techniques for analysing and interpreting data (data analysis)

Data analysis is considered the third part of the empirical study and the second stage of case study protocol. Data analysis is usually defined as a systematic approach which enables the researcher to manage, organise and give meaning to the collected data (Lewins and Silver, 2007; Miles and Huberman, 1994; Boeije, 2010). Since the nature of qualitative data is not numerical as it is gathered from interview transcripts

and field observations, the organising of qualitative data with regard to respondents' words is considered to be the most difficult part of qualitative research (Creswell, 2009; Miles and Huberman, 1994). As suggested by Miles and Huberman (1994) qualitative researchers, in order to benefit extensively from qualitative data, have three synchronised procedures which have to be followed in analysing the data, which include: data reduction, data display and conclusions. With regards to data reduction, it is a guidance process that directs the researcher in how to deal with the raw data, it contains; selecting the important data, which is what data to be analysed and why (Yin, 2009), it also needs to simplify the raw data to groups and categories in order to transform the data to meanings. Thus, qualitative data analysis are useful in discovering the classes and themes within the data (King and Horrocks, 2010). Qualitative data may also result in new themes or may provide new insight on relationships between different concepts (Grinnell and Unrau, 2010). The conceptual categories are base for the qualitative data analysis categorising process (Bernard and Ryan, 2010).

The data display process is passed on as supplementary work provided by the researcher in order to organise the congregated information and leads to drawing conclusions. Usually, these kinds of work include; narrative descriptions, matrices, tables, graphics, or flowcharts, all of which can draw relationships among factors and frequencies of factors to enable the researcher in interpreting the data.

Typically, conclusion refers to the meaning that has been drawn from the data and by building a logical series of verifications among the groups of information. These enable the researcher to conclude what has been learned and to build up the findings. Thus, qualitative data analysis is all about integrating, organising, exploring and interpreting of qualitative data (Lewins and Silver, 2007), More importantly, the whole process has to be designed and employed in a linear fashion that requires the researcher to go back and forth constantly during the analysis process.

There are different techniques in qualitative data analysis which qualitative researchers can use to interpret the data and draw findings. Some of these approaches as mentioned by (Gray, 2009; Myers, 2009; Maylor and Blackmon,

2005), are grounded theory, conversational analysis, narrative analysis, hermeneutics, semiotics analysis and content analysis. The choice and suitability of the method depends on how the researcher wants to answer the research questions (Myers, 2009)

This research employed qualitative content analysis or so-called thematic analysis. The researcher found that qualitative content analysis is the most appropriate method for this research. The next section justifies this point of view.

4.6.1 Qualitative Content analysis

Qualitative content analysis is a common technique used in analysing qualitative data (Gray, 2009; Zhang and Wildemuth, 2006). Mainly the focus within this technique is in interpreting the meaning of the content of text data of a specific context and its relation to prior theories (Hsieh and Shannon, 2005). Furthermore, qualitative content analysis is a text interpretation approach especially used on understanding complex phenomena of dyadic relationships (Kohlbacher, 2006). As the current study focuses on understanding the relationship of key actors in formulating and executing HPWS practices with accordance to their context characteristics, using this approach allows the researcher to interpret and understand the meaning of respondents' words and expressions related to their beliefs and behaviour in accordance with their context. This allows the researcher to understand the nature of the phenomenon under study in a deep manner. Payne and Payne (2004) point out that the quality of the qualitative content analysis technique is not in giving randomised meaning, but rather a systematic approach which can technically validate the meaning of a written source of data content and by conveying the written content to pre-determined categories (i.e., prior key themes identified on the study theoretical framework) where he/she can later interpret and draw conclusion/s. Following this approach can guide interpretation with certain expectations in the first place. Secondly, categorising the text data to groups of meaning related to prior theories and by explaining the relations can add deep understanding to the phenomenon. By following qualitative content analysis technique this helps the researcher to explore factors that have a relationship with successful implementation of HPWS practices within the organisations under study. Additionally, by applying the qualitative

content analysis technique, the researcher got the chance to undertake a triangulation of evidence and data (in this case semi-structured interviews one to one, focus groups and documents) as data triangulation could corroborate research findings.

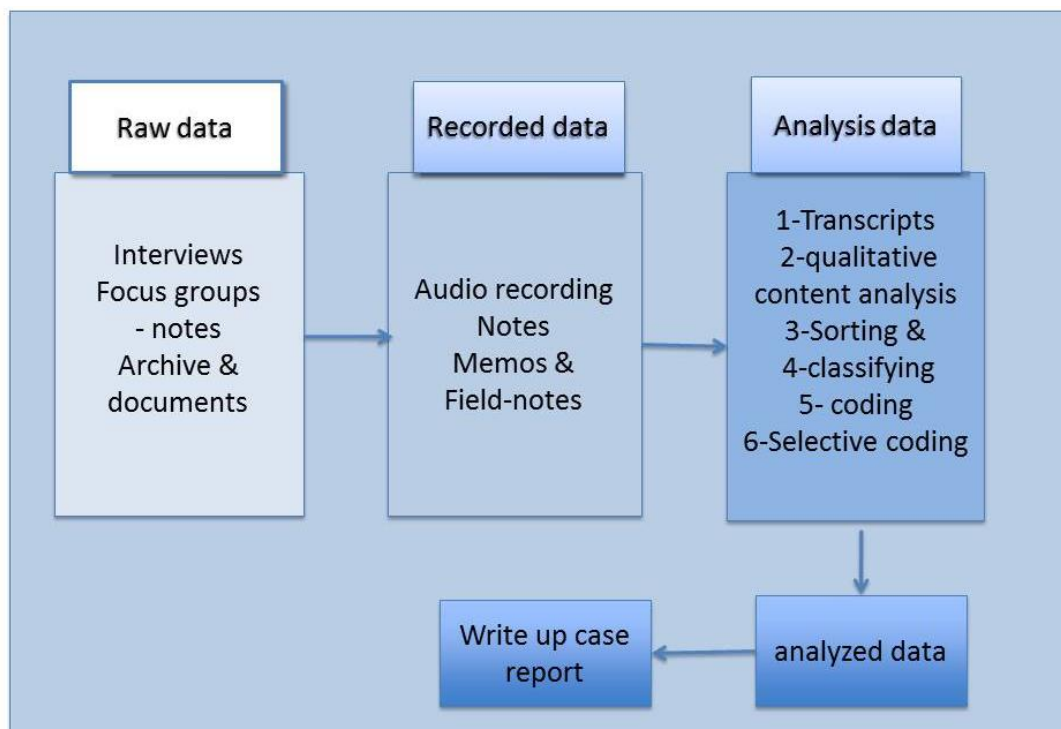
Usually, content can be analysed both qualitatively and quantitatively (Flick, 2009). In a quantitative analysis of qualitative data, the researcher looks for the frequency of repetition of key words/themes. Quantitative analysis ignores, however, the context in which the keyword/theme occurs (Silverman, 2010). For example the keywords *HPWS practices* occur in both the following sentences: *we follow HPWS practices* and *what do you mean by HPWS practices*. The context, however, in which this keyword appears, is different. Qualitative analysis of qualitative data is quite useful in preserving the context. According to Bryman and Bell (2008) qualitative data is about subjectivity and interpretation. It is more flexible in process and is collected in the context of the research problem. As reported by (Hsieh and Shannon, 2005, p.1278) qualitative content analysis *goes beyond merely counting words to examining language intensely for the purpose of classifying large amounts of text into an efficient number of categories that represent similar meanings*. In other words, qualitative analysis involves interpreting the keyword/theme in the context in which it is communicated and the researcher can draw a holistic picture of the phenomenon because he/she can interpret and conclude meaning of all transcribed data collected from different resources such as interviews, documents, observation, note of researcher participations and by linking each one of those with the other in order to give meaning to the themes. On the contrary, quantitative data is about objectivity and quantification of a specific fact/s.

Qualitative content analysis was also considered useful because the sheer number of respondents was quite high and because the data was collected in two languages – English and Arabic. A large number of respondents would have expressed the same thing in a different way and quantitative content analysis would not have revealed the true nature of their responses. This in depth analysis was essential, as noted by Darke *et al.* (1998, p.285) who commented that, *the strength of analysis in case studies derives from the strength of the exploration of the phenomenon based on the interpretation of the data*.

Analysis can be categorised as deductive and inductive. When the analysis involves an existing theory/framework it is known as deductive analysis while an inductive analysis involves forming a theory/framework purely from the data: that is, there is no existing theory/framework before data is collected. This research uses a theoretical framework and hence involves deductive analysis. The key themes were identified on the basis of the propositions formed on the theoretical framework. Having this conceptual framework was both essential and useful because it allowed organised data collection, interpretation and analysis. The best presentation is to select the quote that represents the keyword/theme and then synthesises it to the key themes (Silverman, 2010). Thus qualitative content analysis involves presenting the quotation where the keyword/theme occurs and then presenting the keyword/theme. The themes can be predetermined but the researcher should remain open to identifying and acknowledging new themes as they appear. For example, in this research, one of the emerging institutional themes of management practices *back offices and front office managers and their relationship with HR managers and succession planning* was a sub-theme that emerged from the data and was categorised under the *HPWS practices* theme. Similarly, a *communication* sub-theme was categorised under *interaction theme*. Thus, all emergent sub-themes were considered part of other key themes and hence the set of key themes remained the same.

The following figure illustrates the steps the researcher followed in order to analyse the qualitative data. The qualitative data was based on three sources; the one to one interviews data that has been conducted with HR and line management people (i.e. 54 interviews), and data collected from employees through focus groups (i.e. 10 focus groups). The third source was the memos and notes collected from documents and observation during interviews.

Figure 4.2: The process of qualitative data Analysis



Source: adapted and extended from (Yin, 2009).

Following the process of qualitative content analysis is stage three of case study protocol that enfolds the literature with regards to conducting literal and theoretical replication. Literal replication requires the researcher to do comparison action between the report conclusions of the cross-case analysis of the two cases under study and the previous literature in order to highlight the similarities for literal replication. Any contradiction or dissimilarity emerging here is considered theoretical replication. This performing allows the research to reach data reliability, which permits examining HPWS implementation (in the way proposed) in different contexts, industries and/or organisations. In this stage the proposed model was revised based on the finding of the cross case analysis report (presented in chapter seven and eight).

In view of the above, it is worth emphasising here that this research followed the qualitative content analysis technique steps as suggested by Maylor and Blackmon (2005) of coding, categorising, and interpreting the text data upon a linkage of deductive and inductive approaches (as explained earlier), which enabled the researcher to move with the data to identify, classify, and discover the unfolding

factors involved on the interaction of HR and line manager when implementing HPWS practices and eventually its consequences on employees' satisfaction. This research adopted NVivo version 9 for qualitative thematic analysis, in organising, managing, and coding qualitative data in a more efficient manner. The following section discusses the benefits of using NVivo9 in this study.

4.6.2 Using NVivo9

In order to improve the *trustworthiness* and *rigorousness* of the data, qualitative data analysis should be in a transparent fashion (Bazeley, 2009; Creswell, 2009). One of the most significant problems with qualitative data analysis is the interpretation bias. As Bryman (2008, p.21) argued: *validity in qualitative research is ... a question of whether the researcher sees what he or she thinks he or she sees so that there is evidence in the data for the way in which data are interpreted.*

The best way to reduce this is to use a neutral system of analysis. Traditionally, qualitative data was analysed using simple interpretive and manual techniques. But in the last decade or so there has been a significant rise in the use of software packages for analysis of qualitative data (Creswell, 2009; Braun and Clarke, 2006; Bryman, 2008). Consequently many qualitative pieces of research are now being undertaken using NVivo and Atlas.ti. The benefit of these applications is that they minimise the interpretation bias, human errors, *et cetera*, which make qualitative data analysis difficult and complex. These software packages are now considered essential to carry out in-depth, unbiased thorough and reliable analysis of qualitative data (Myers, 2009; Creswell, 2009). Use of software applications adds rigor to qualitative data analysis.

NVivo being a software application benefits from the computational power of computers and can analyse a large amount of qualitative data in a short time without compromising the quality of analysis (Bazeley, 2009). This research involves a vast amount of data including 54 interview transcripts and 61 focus group transcripts. Analysis of such a large amount of data would have required significant human effort along with the possibility of errors. This problem is resolved by using NVivo.

NVivo 9 was used for analysing the qualitative primary data. The text containing the transcripts of the semi-structured interviews and focus groups were appended to NVivo. Since NVivo lacks the ability to judge and interpret, this task was handled by the researcher. NVivo was merely used to synthesize the data in a form that would help with the judgment and interpretation of the data by the researcher. NVivo was quite helpful in organising the data so that the data could be coded according to the themes as well as allowing identification of new themes. It allowed the researcher to systematically analyse the data thereby improving transparency as well as ease of reviewing of the information. NVivo was also helpful in creating memos, which were helpful in linking content to themes and recording relationships among themes.

4.7 Methodological Rigor (data reliability, validity)

According to Bagozzi and Edwards (1998), it is important to ensure that the quality of research is the best possible and, in particular, issues relating to quality are addressed. This sub-section explains the steps taken to enhance the quality of this research.

One of the criticisms leveled against case study research is that it lacks scientific rigor, implying that it can lead to inconsistent logic, inadequate documentation, and investigator bias while also suffering from lack of generalisation from data (Yin, 2009). To overcome these criticisms, as suggested by Yin (2009) it was necessary to address the issues of validity and reliability.

Yin (2009) argues that case study methodology fits into the requirements of the four criteria for judging the credibility of empirically research. These are construct validity, internal validity, external validity and reliability. These criteria are illustrated in table 4.6 below. Also the table shows the phases of research that the criteria of validity and reliability were concerned.

Table 4.6: Tests for establishing validity and reliability in case study research.

Tests	Meaning/definition	Case study tactic	Relevant phase of research
Construct validity	<i>It focuses on how well a measure conforms with the theoretical expectations (Galli, 2012, p. 74)</i>	Use multiple sources of evidence	Multiple data collection of semi structure interviews, focus group and documentation review.
		Priori specification of constructs	Literature review: institution theory addresses: HPWS, HPWS implementation, actors role on HPWS.
		Have key informants review transcripts	Multiple resources of evidence, HR managers, line managers and employees. Purposive sample of people have experience with HPWS
Internal validity	To establish whether a relationship is correctly established (Yin, 2009; Silverman, 2010)	Pattern matching	Data analysis, Data transcriptions, coding text data, grouping qualitative data based on key themes defined in the research initial model.
		Explanation building	Data analysis: building explanation in accordance with institutional theory.
		Exploring alternative interpretations	Data analysis: emerging themes from interviews data.
		Replication logic	Data analysis: cross case study analysis in order to identify replication logic
		Use theory in single case studies.	Research design
External validity	It is concerned with whether the findings can be generalised from the unique and idiosyncratic settings, procedures and participants to other populations and conditions (Galli, 2012,p. 76)	Use replication logic in multiple-case studies design and the application of replication logic.	Research design of multiple case studies strategy allows identifying replication logic within cross case analysis
Reliability	The degree to which measures are free from error and can be repeated (Muller-Carmen and Croucher, 2008)		Before data collection case study protocol was generated. And insure consistency of procedure within all cases understudy.
		Using case study Protocol	Data collection: recorded interviews data, transcripts and bank's archival were stored.
		Developing case study Database	Data collection procedure contained by recording interviews then transcribed into text data checked by professional translator.
		Tape recordings and interview transcripts	

Source: adapted and extended from (Yin, 2009)

According to table 4.6 above, validity and reliability as suggested by Yin (2009) are the main criteria for evaluating the quality of this research. Thus, the researcher followed several tactics in order to achieve this criterion. The following discusses it in detail.

Validity

There are three types of data validity which the researcher tried to achieve in this study, these are; construct validity, internal validity and external validity. According to Rao, and Perry (2003, p.92), *construct validity is the information of suitable operational measures for the concepts being*. The essence of this type of validity is that a study measures what it is supposed to measure (Miels and Huberman, 1994). It is believed that triangulation is important for enhancing construct validity. There are four types of triangulation; data triangulation, theory triangulation or so-called interdisciplinary, investigator and methodological triangulation (Yin, 2003), which this research applied according to its strategy design.

Mertens (2009) notes that triangulation is the use of multiple approaches, techniques, or methods of data collection, in order to confirm the consistency of results. This research utilised multiple sources of data method for triangulation; documentation analysis, semi-structured interviews, focus group interviews and document reviews, all of which served a triangulation purpose. Also, triangulation data of multiple sources was employed as suggested by (Oates, 2006) where the researcher *collected the right data from the right sources*. Thus, the chosen participants for this research were based on those who had knowledge, and experience, in the implementation of HPWS practices in Saudi banks. Accordingly, the data was obtained from line managers, HR managers and employees in each of the two banks selected for the research.

Methodological triangulation is the use of various data sources and two case studies were conducted for cross-case studies that helped in establishing a chain of evidence-data from one source being cross-verified using evidence from other data sources. Convergence and divergence in multiple data sources was useful in broadening the

scope of enquiry and identifying emerging themes (Gibbert *et al.*, 2008). In this respect, validity was enhanced through triangulation using complementary data from different sources to enhance elaboration in interpretation and help in reducing researcher bias.

Theory triangulation means the same data set has to be interpreted and deduced from different perspectives of different theories. This is similar to what (Greene, Caracelli and Graham, 1989) assert; triangulation of theories is the development of multiple theories about the same research problem. Here, the researcher used theory triangulation to discover paradoxes and synthesis in her data. Theory triangulation is used in chapter 2 where the institutional theory, contingency theory and social exchange theory are triangulated on the topic of HPWS literature, HPWS implementation, and actors' interaction with regards to organisation performance.

Investigator triangulation is the use of two or more researchers to collect and/or analyse data in an attempt to reduce bias (Yauch and Steudel, 2003). This research achieved investigator or researcher triangulation by using a research assistant to take notes during the interviews (Muller-Carmen and Croucher, 2008). This also ensured that the flow of discussion between the researcher and the respondent was not broken during the interviews. Furthermore, the interview notes were ready immediately after the interview without the researcher trying to reconstruct the interviews in order to prepare the transcripts. This was further aided by audio recording of interviews.

Yin (2009) recommended that informants should review final case study drafts and interview transcripts in order to correct facts associated with the case study. This ensures that incorrect or commercially sensitive information is not reported and, where no objective truth exists, different viewpoints are captured in the report emanating from the case study (Denzin and Lincoln, 2011). In some cases, the interview transcripts were shared with respective respondents to ensure that the message conveyed in the interview was not lost during transcription. Changes were made to the transcripts if requested by the respondents.

Internal validity, also known as logical validity, determines the cause and effect relationships between variables (Muller-Carmen and Croucher, 2008). Usually,

internal validity ensures the truthfulness of the research finding (Lincoln and Guba, 1985). The researcher did, however, address some issues of internal validity. Firstly, the researcher established the prior theory, probed properly during the interviews, and developed good in-depth listening skills (Rao and Perry, 2003). Secondly, the researcher established links within collected data through inferences, explanation and interpretation in order to systematically explore the conclusion (Galli, 2012). Thirdly, within-case analysis was used to build explanations (Miles and Huberman, 1994).

Yin (2009) opines that **external validity**, which is also known as transferability or generalisability, means that the findings of a case study research can be generalised beyond the immediate case and can be applied in another context. The aim of quantitative research is to achieve analytical generalisation (Perry, 1998). Case study research provides results that, although not generalisable in a statistical sense, can inform theory if compared with previous theoretical propositions (Dul and Hak, 2012). Consequently, the researcher carefully selected the appropriate cases and research participants (see section 4.4 case study and section 4.5.3 data collection), in order to obtain validity for data collected, then replication logic was employed through cross case studies. Following that, the findings of the research were assessed against the findings of previous studies. These tactics were followed in order to ensure external validity in theory building, and analytical generalisations, were achieved.

A researcher uses the term **reliability**, or dependability, to signify whether it is possible for another researcher to reach the same conclusion by using the same procedures on a similar sample (Silverman, 2010). The primary aim of reliability is to minimise errors and biases (Dul and Hak, 2012). Reliability is achieved in this research by using a number of participants and by documenting details of the procedures followed in the research by using a case study protocol and a case study database. Before data collection the researcher ensured that interview questions were clear and covered the relative material of the subject undertaken, therefore, checking and reviewing interview questions by experts from the banking sector and academics in the field of HPWS were attained.

Three tools were used to strengthen the reliability of this research. The first was the development of the case study protocol before entering the empirical study field and data collection, which sets out the research structure, prior theory, interview schedules, procedures for case selection, and the approaches used to analyse the data. This protocol was a ready reference guide that was available for frequent use while the research was being conducted. The second tool was the development of a case study database which captured information derived from examining documents obtained from the Saudi banks studied as well as the recorded interview transcripts. This enabled the findings to be supported by quotations and other references, and it would be available to those who might want to verify the material contained in the research report. The third tool was collaboration with a research assistant during the data collection and analysis stages of the research, and with the thesis supervisor during the whole process of conducting the research.

4.8 Ethical issues

There are several principles of ethical issues, which were followed during the research. The researcher followed the Brunel University (UK) guidelines on research ethics for the purpose of this research. Mentioned below are some of the ethical aspects of this research.

Integrity: the researcher was committed to maintaining the integrity and high standards required for the conduct of the research and ensured that professionalism was engaged at all times.

Beneficence: the researcher agreed to carry out the project to do good by contributing to knowledge benefitting the organisations used as case studies.

Malfeasance: the researcher ensured that no risk or harm would come to the company or those who participated in the research.

Methodology: the research is subjective, methodologically sound and defensible and remained within the agreed research purpose.

Informed Consent: the consent of all the prospective participants on the interviews was obtained before the interviews. This was done by: providing sufficient information about the research; ensuring participants were in no way coerced or pressurised to participate; ensuring participants would have the right to withdraw at any stage during the process; ensuring participants' right to privacy.

Selection of Participants: the researcher ensured the selection of participants was equitable in terms of gender and ethnicity.

Consent for Sharing Data: the researcher ensured that consent was obtained from participants for sharing data obtained with their employer.

Data Protection Act: in line with the recommendations of the Data Protection Act (1998): the researcher ensured that information obtained was in strict compliance with the provisions of the Act; that findings from the project would remain in strict confidence for the purpose of this research; all data would be accurately recorded and transcribed; proprietary information obtained from respondents about their business and employees would be kept in strict confidence and be used only for the purpose of the project.

Confidentiality and Anonymity: the researcher ensured that the confidentiality and anonymity of the participants was not breached and they were not in any way subject to identification.

Referencing: the researcher, by way of referencing, accorded recognition to all authors and researchers whose works are cited in this project using the required academic format for referenced works.

4.9 Summary

This chapter aimed to highlight rationally the suitable research methodology applied for this research. So, this chapter has explained the research methodology. This chapter discussed different epistemology perspectives and their appropriateness to

this research such as philosophical approaches, methods and strategies. By doing so, the researcher justified the adoption of interpretive philosophy and the use of the qualitative approach and provided the reasons for applying multiple case studies based on the research questions and objectives. The research design was discussed and the empirical methodology approach of research instruments of data collection (example interviews, focus group and bank's annual reports), sampling strategy based on case study protocol, and the chosen technique for data analysis (for example, qualitative content analysis). Finally, in order to achieve a standard of quality the research validity and reliability of the data was discussed.

Chapter 5: The empirical context for the research: Saudi Arabia

5.0 Introduction

This chapter reviews the context of the Saudi Arabian business environment in general. This is followed by a discussion about HRM in Saudi, and finally about the banks in Saudi Arabia. The objective of the chapter includes highlighting the contextual factors affecting businesses in general in Saudi Arabia. This includes institutional factors and the national culture. In addition, this chapter also sheds light on human resource management in the Saudi culture.

5.1 The status of the Kingdom of Saudi Arabia

Saudi Arabia is part of the Gulf Co-operation Council (GCC) (Khan, 2011). The GCC countries are somewhat similar in terms of national culture except for some degree of local ritual differences (Bin-Obaid, 2003; Mellahi and wood 2001). Due to the similarity of the national culture of the GCC nations it is possible to use the characteristics of the GCC nations as a whole to refer to the characteristics of the national cultures of the GCC nations.

This chapter reflects on the Saudi culture and its implications for organisation systems and activities at both micro and macro levels. This chapter will explore the characteristics of Saudi socio-cultural values, norms, symbols, behaviour and attitudes.

5.2 Overview of Saudi Arabia

Situated in southwestern Asia, Saudi Arabia is considered to be the home of Islam. It is the birthplace of Islam and still remains one of the most religiously influential countries for Muslims due to the shrines of Mecca and Medina. The country occupies 2.2 million square kilometers, almost four-fifths of the Arabian Peninsula. Its border

on the west is the Red Sea; on the east the Arabian Gulf; the north Jordan, Iraq and Kuwait; and the south Yemen and Oman. The country comprises three main regions. The capital Riyadh located in the central region; whilst the main oil industry is situated in the eastern parts of the country.

While the whole of the Middle East is well known for its rich reserves of fossil fuels (particularly petroleum products) Saudi Arabia in particular has been blessed with the world's largest oil reserves. It is reported to own some 18% of the world's proven oil reserves (OPEC, 2012). These fossil fuel reserves are also the main source of income for the state which benefits from the continuously rising demand and prices of petroleum products around the world.

The population of Saudi Arabia was estimated (in July 2010) at around 28.7 million of which 23.1 million are Saudi nationals while 5.6 million were foreign nationals (Background Note: Saudi Arabia, 2010). The annual population growth rate of Saudi Arabia is considered to be the highest among GCC nations; the population of Saudi Arabia rose from 7.3 million in 1975 to 27 million in 2009 (Saudi Arabian. Ministry of Planning, 2005-2009) and is expected to reach 40 million by 2025 (Mouawad, 2008). Saudi Arabia does, however, benefit from a high percentage of young people in its population with 60% of the population under the age of 25 and 40% of the population under the age of 15. Furthermore, the Saudi annual growth rate is estimated to be 2.1 whilst that of other Arab countries is estimated at 1.9 (Saudi Arabian. Ministry of planning, 2005-2009).

5.3 Economy of the Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia is known as one of the richest countries in the Arab world and, in particular, in the Middle East. This is mainly due to its vast oil reserves which makes it the leading crude oil exporter in the world. Due to its ownership of the world's largest oil reserves, Saudi Arabia is the key decision-maker in the Organisation of the Petroleum Exporting Countries (OPEC) which is probably the strongest cartel in the world capable of affecting the global economy. In this respect, Saudi Arabian leadership plays a vital role in the global economy (Mellahi and

Wood, 2001). According to statistics published by OPEC (2012), almost three quarters (75%) of the Saudi budget revenue is accounted for by the petroleum sector which amounts to 45% of gross domestic product and 90% of export earnings. Thus the Saudi Arabian economy is heavily dependent on revenues from its oil exports. Thus the Saudi Arabian economy is heavily dependent on revenues from its oil exports.

Saudi Arabia's current GDP is \$440 billion which is equivalent to \$16,996 *per capita* (Saudi Arabia, IMF, 2012; OPEC, 2012). A large proportion, 40%, of the GDP comes from the private sector (Saudi Arabia, IMF, 2012). As such there is a huge scope for investment in all Saudi business sectors such as economic, social, cultural and educational and this is encouraging both local and foreign investors to take advantage of investment opportunities in the Saudi market. This is also leading to a rise in employment opportunities in the Saudi labour market.

This, on the one hand, provides an indication of an optimistic outlook for the abundance of employment for Saudis but on the other hand, we find that the Saudi labour market is heavily dependent on foreign labour and the market remains difficult for local labour (Saudi Arabia. Ministry of Planning, 1995-2000; Saudi Arabia. Ministry of Planning, 2000-2005). This is because the local labour faces stiff competition from foreign labour which not only benefits from their skills but also from the preference of firms for socio-cultural aspects which leads to firms favouring the recruitment of foreign employees. The regulations concerning local labour are very strict making it much cheaper and easier for organisations to hire foreign employees. In addition, Al-Ali (2008) found enough evidence that GCC citizens would prefer not to work in the private sector for several reasons including long hours, short periods of leave, and the strict classification of performance and job security in comparison to working in the state owned companies. At the same time, the private sector prefers foreigners rather than locals because of the variation of labour costs between the two, besides other managerial control issues (Ahmad, 2010). Accordingly, job creation for locals is still considered as one of the greatest challenges facing Saudi Arabia (and in fact all the GCC countries) (Al-Dosary and Rahman, 2005). This is quite evident in the statistics where, despite reporting continuous growth in the economy, the unemployment rate in the Saudi male

population increased from 20% in 2001 (Mellahi and Wood, 2001) to 32% among young people in 2004 (Looney, 2004). Considering the fact that the number of young people (that is, those aged below 15) is expected to rise to 60% by 2009 makes the problem more difficult for the Saudis leadership. The worst scenario for Saudi leadership is that the rising rate of unemployment would not only increase the welfare burden on the state but may also lead to public dissatisfaction and consequently political and social instability.

Thus, the Saudi government's national plan pays considerable attention to the unemployment problem. The Saudi government has controlled the Saudi economic status during the past decades. It does, however, recognise the necessity of promoting the private sector contribution to regional economic growth and has provided various facilities and state loans to investors and traders in the hopes of moving the non-oil economy forwards.

One of the most significant aspects of the reforms was the privatisation aimed at improving economic efficiency (Jackson and Price, 1994; Hutchinson, 1991). Thus the state leadership took some concrete steps towards complete/partial privatisation of certain sectors such as telecommunications, power generation, natural gas exploration, manufacturing and petrochemicals. This privatisation drive is aimed at achieving (in addition to diversification and improving employment opportunities for locals) greater participation in the global economy, promoting and stretching competition and eliminating monopoly (Budhwar and Mellahi, 2007). To this aim a comprehensive economic reform package was created by the national authority (Ahmad, 2010). These reforms have also enabled Saudi Arabia's accession to the World Trade Organisation (WTO) in 1999 (Looney, 2004; Saudi Arabia.Ministry of Finance and National Economy, 2005). Despite the continuous growth in the Saudi economy, however, the problem of unemployment for locals still persists (Ahmad, 2010). This could be most probably because the implementation of the comprehensive economic reform was carried out so as to cause minimal disruption to the existing social order (Mellahi and Wood, 2002, 2001). It may be recalled here, that existing Saudi national culture and its socio-economic institutions could have played a crucial role in this problem and most likely on the perception of firms' managers.

5.4 Political Environment

Saudi Arabia is a monarchy and has been ruled by the royal family ever since its formation. It was officially named and established on 23rd September 1932 by King Abdul-Aziz Al-Saud. The basic law in Saudi declared that the sons and the grandsons of Abdul Aziz would lead the country. The country is governed by Sharia principles that are based on the Islamic rules from the Holy book of the Qur'an. The Holy Qur'an is thus considered as Saudi Arabia's constitution (US department of State, 2012). Officially, the nation adheres to the Hanballi School of law, but in practice, judges may use rulings and principles found in any of the other three Sunni legal schools.

The King is the central figure in taking major decisions for the country, along with the Council of Ministers, which is appointed by and responsible to the king. The King is the one who may legislate by decree; overturn court decisions and is the last point of appeal in judicial or civil disputes (Mellahi and Wood, 2001). In general, the King administers the kingdom through royal decrees and also by enacting ministerial decrees. The Saudi law disallows political parties as well as national elections. Usually the king is the person who appoints and removes deputy ministers and judges. Challenging the King regarding his political power and commitment is, therefore, not tolerated or allowed.

According to this political background, the employees both local and foreign are effectively prohibited in forming or joining labour unions and any such form of association. The ILO (International Labour Organisation) has affirmed the rule that guarantees that workers have the right to *freedom of association and the effective recognition of the right to collective bargaining* (ILO Declaration on fundamental principles and rights at work). Saudi Arabia has gotten around this by stipulating that workers committees can be formed (no general worker membership) in organisations with over 100 workers. These committees are, however, merely consultative and have no effective bargaining or associative power. Herein, collectively both citizens and expatriates cannot strike, and if found violating this law the locals could be imprisoned and expatriate workers deported (Mellahi and Wood, 2001). Although this is in conflict with the WTO's affirmation of the International Labour

Organisation (ILO) as the competent body to deal with these principles (World Trade Organisation, 1996), the Saudi law, however, permits individuals legal claims through a state entity, the *office of grievances*, the competent body in solving any conflicts and grievances between employees and their workplaces in the public sector. As for the private sector the *body of the work and workers* is the competent authority to resolve disputes. Also, it considers the experts that set the rules and guidelines for labour rights of workers in the private sector. Besides this, managers are required to resolve any conflict between management and workers by providing a peaceful work environment that is free from disputes and conflicts (Mellahi and Wood, 2001).

5.5 Labour market context

The Saudi Labour Market depends heavily on foreign workers (Maben *et al.*, 2010; Bin-Obaid, 2003). Despite the fact that the state seeks to reduce reliance on such employees, many obstacles exist to achieving this goal, and the most significant one is foreign workers' salary rate is cheap compared to that of the Saudi worker (Mellahi and Wood, 2001).

Reliance on foreign labour has been increasing over the years, until it reached its peak of 6 million in the late nineties (Looney, 2004). Thus, expatriates comprise almost 60% of the Saudi workforce and 93% of the workforce employed in the private sector (Madhi and Barrientos, 2003). The intensive participation of expatriates within the Saudi workforce remains high even after the millennium; until 2003, it remains around 60% of the entire Saudi labour market which was 8.27 million in size (Ministry of Economy and Planning 2005). This situation was caused by the shortage of local workers with required skills as well as the disdain in the culture for manual or low-status occupation. Saudi Arabia has benefitted enormously from the presence of expatriate employees but urgently needs to create an environment for the employment of the growing local population. Indeed, since the Sixth Saudi national plan, the Saudi government has intensified attempts to achieve Saudi-isation (the employment of Saudis) of workforce in both the private and public sectors (Madhi and Barrientos, 2003). This action would not only be useful for the

national economy but would also be beneficial for the Saudi workers.

Furthermore, to reduce the current level of unemployment in the Saudi population, the government has imposed a legislative mandate which requires both private and public sector companies to increase their Saudi national employment by 5% annually or face sanctions (Madhi and Barrientos, 2003; Looney, 2004). The response from the private sector has, however, remained sluggish. Qualified Saudis with higher-level education, especially women, remain underutilised. Besides, the firms continue to show a willingness to hire expatriates due to their lower wage cost (Károly, 2010; Achoui, 2009).

The Saudi government strongly believes that the key lever in resolving the unemployment phenomenon is through the private sector as Saudi participation in the public sector remains high anyway. Accordingly, since the fifth national plan, the leaders have intensified efforts to support the private sector. They are promoting a free economy, in order to raise the level of diversification of the national economy, by reforming and enacting necessary legislation, facilitating export industries and allowing FDI. The implicit ultimate goal was to open greater employment opportunities for Saudis workers.

The sixth national plan indicates a serious progress in achieving this goal. The institutional distribution of overall manpower indicates that 85.3% of the total employment of manpower was in the private sector. In 2000, the indicators showed that the highest rate of employment share of 62.2% was in the services sector. Whilst among the producing sectors, the most significant share was that of the construction sector, which comprised 51.4% of employment. The manufacturing sector finds the lowest share in employment within the producing sectors, with employment in that sector accounting for 22.7% of the workforce. This indicates that in the Saudi economy, the services sector is the most significant employment sector apart from the obvious oil sector (Achoui, 2009).

Some evidence contended that to eliminate the unemployment issues the Saudi Arabian labour market should employ 130,000 extra young men every year. Only 30,000 to 40,000 new graduates are, however, finding jobs leaving a gap of almost

100,000 every year (Wurm, 2008). The following table shows the employment position of Saudi manpower by age and gender in 2009. The numbers indicate that the case of Saudi unemployment still persists.

Table 5.0: Employed Saudis (15 + year) by age group and gender

Age Group	Male		Female	
	Number	%	Number	%
19-15	14,137	0,42	425	0,08
24-20	267,154	8,02	31,558	6,24
29-25	590,891	17,73	110,214	21,81
34-30	628,227	18,85	138,525	27,41
39-35	555,819	16,68	103,047	20,39
44-40	456,259	13,69	69,194	13,69
49-45	345,595	10,37	32,226	6,38
54-50	217,941	6,54	12,211	2,42
59-55	128,366	3,85	4,948	0,98
64-60	54,665	1,64	1,253	0,25
65+	73,574	2,21	1,739	0,34
Total	3,332,628	100	505,340	100

Source: Central Department of Statistics and Information CDSI (2012).

The unemployment rate is 9.6% at present and one of the key elements of the ninth national plan goals is to reduce this rate to 5.5% by the end of the plan in 2014. Irrespective of this ambitious objective the main criticism of Arab world for the unemployment is the disparate educational standards as compared to the needs of the labour market and its relation to productivity. There is thus a clear need for raising the educational standard of the Saudi workforce and this is being addressed by state sponsorship for all the Saudi students wishing to study abroad.

5.5.1 Labour Cost

There has been intensive participation from expatriates in the Saudi labour market primarily because of their willingness to work at lower wages compared to Saudi employees. According to some estimates (Cooper, 1996), Saudi nationals' salaries may cost the companies six times more than that of a skilled expatriate labourer,

especially, the ones from South East Asia. Mellahi and Al-Hinai (2000) also found that high wage cost of Saudi nationals is the primary cause of unemployment within the Saudi population. One way of eliminating this problem is to increase the cost of hiring foreign workers through legislation and taxes. But Mellahi (2007) contend that the private-sector managers still prefer expatriates over local workers because despite the state policies of increasing the cost of hiring foreign workers Saudi nationals are still too expensive compared to foreign workers (Loony, 2004). Things have started to change as the high rate of unemployment is leading to a change in the attitude of young Saudis. Whilst in the past they have preferred working in the public sector as compared to the private sector they are now increasingly seeking jobs in the private sector. As a result there is a rise in the number of Saudis employed in jobs such as bagging assistant at a supermarket or parking attendant at a hotel or a security man, that they might not have taken 20 years ago. Since the fundamental economic basis for the problem is, however, unchanged there is little doubt that the situation remains fundamentally the same as indicated by the CIA Fact book's estimate of the percentage of foreign workers as 93% in 2009.

5.5.2 Discipline and control

According to Assad (2002) some empirical studies conducted in the context of the Saudi workplace about what reshapes and characterise the behaviour and attitudes of the Saudi workers, indicates them as having low aspirations for hard work and taking responsibility, inadequate employee performance, common absence from work and lack of presence in the workplace, and lateness in completing the tasks assigned to them. These studies create a perception for business practitioners that expatriates are to be preferred (Madhi and Barrientos, 2003). New rules implemented since the WTO membership are designed to facilitate such movement but constraints such as expense, lack of legal representation and language barriers still make transferring employment difficult for many expatriate workers.

5.6 The Influence of religion

According to Assad (2002) the debates surrounding the implementation of western managerial theories in the Arab world are characterised by two points of view;

opponents of western models cite them as being based on the Protestant work ethic that advocates individualism, capitalism and profits regardless of the interests of the society and individuals. While in contrast the developing countries, in particular Arab nations, are characterised as fatalistic, collectivist and more concerned about their families interests as compared to their own individual interests or well-being (Mendonca and Kanungo, 1996). The other view, voiced by supporters of these models is that the western management orientation has its similarities, in some respects, with the Islamic administrative orientation (Assad, 2002). For example, the primary sources in Islam, the Quran and *Sunnah* (Prophetic traditions) describe the way that an administrator should behave toward subordinates, in terms of recruitment, motivation, compensation, reward, and training. With regards to recruitment, the Qur'anic model is to hire the strong (morally upright) and faithful (loyal and honest) person.

One of them said: O my father, employ him; surely the best of those that thou canst employ is the strong, the faithful one. (Qur'an: 28:26)

This translates in the western models as the qualified person with high commitment and loyalty. Congruent with behavioural school theories that emphasise the need to motivate employees in order to generate the best of their performance, attainment and creativity (Takeuchi, Chen and Lepak, 2009; Maslow, 1943), Islam explicitly prescribes that any good action from individuals has to be rewarded and that punishment is to be just.

Whoever brings a good deed will have tenfold like it, and whoever brings an evil deed, will be recompensed only with the like of it, and they shall not be wronged. (Qur'an: 6:160)

Reward is a theme replicated many times at several points in the Holy Qur'an to emphasise the importance of dealing with individuals on the basis of their actions. Moreover, the Qur'an stresses what are known as contingencies of reinforcement and punishment that echo the conditional approach in reinforcement (Bandura, 1969). In fact, rewards have been preferred over punishment to show that punishment is not

the way to reform attitudes or behaviour and could drive some to even worse aggressive behaviour (Hamner and Organ, 1978; Skinner, 1955). In a similar manner, most learning theories proposed by behavioural scholars advocate that rewards are better than punishment in the case of attempting to change attitudes and ethics. With regards to compensation in the *Sunnah* a reliable *Hadīth* (report) of the prophet Muhammad states: *Give the employee his wages before his sweat dries*. This is similar to the western motivation model that indicates the useful link between performance and reward (payment) and its impact on individual motivation, loyalty and commitment. This is specifically what HRM aims to achieve; high utilisation of individuals to attain a high competitive advantage *via* employee initiative.

Finally, training means imparting knowledge and ability with the aim of increasing an individual's capability and competence in work and life. In this respect the Qur'an's first revealed *Ayah* (verse) stresses the important of knowledge for the human being by commanding people to read and thus partake of Allah's knowledge which he has imparted through writing.

Read and your Lord is the most generous. He who taught by the pen. He taught man what he knew not. (Qur'ān: 96: 3-5)

According to the above, this group of thinkers argued for an Arabised or Islamic oriented management theory that could be more appropriate to the Arab principles and character; particularly when managers are good Muslims who guide the business with conscience in following Islamic principles as God instructs in the Qur'ān and *Sunnah*. That is, in accordance with *Sharia* law (Tayeb, 1997). Besides, the reference to religion has intensive and extensive implications for the national culture. Religion is an important aspect of the Saudi national culture. Any religion-based models would very likely have a significant influence on any local organisation and its operations. Supporters of this idea note, however, that despite the fact that economic planning and control is enacted by the State based on *Sharia* and Islamic principles, personal influences, customs and traditions still dominate the economic management of the country (Mellahi, 2006). Considering that developing countries are collectivist (Hosftede, 1984), there is concern that the society will accept the opinion of policymakers based on hierarchy and authority rather than on the merits or positive

effects of any plan or method (Mendonca and Kanungo, 1996). In such cases, it is important that policy makers follow scientific theories obtained objectively rather than subjectively.

As Islam is the dominant religion for almost all Arab societies, it is also the principal characteristic of Arab culture and society that sets their beliefs and behaviour. Some studies argue that Islam is not, however, the chief organiser for Arab principles of thought and action especially in their work life. They contend that Islam can be a creative force that negotiates the meaning of Arab action and simultaneously provides the basis for reconstruction of their beliefs (Hill *et al.*, 1998). Ahmed (1992) comments that Islam has neither been secularised nor entered the post-modernist era. Also, in the critique presented by Hill and his colleagues (1998) it was claimed that the Arab perception of Islam includes God and Mohammad the Prophet but beyond that there is little agreement in terms of the interpretation of principles and ideas. On that basis Islam is neither monolithic nor unchanging.

In any event, it is difficult to separate the effect of Islam in making up the character of the Saudi society as a whole. In this respect Islamic laws and values have a huge impact on HRM practices in Saudi Arabia. The managers use the principles written in the Qur'an and the words of the prophet Muhammad widely as a guide in their business transactions albeit with slightly different interpretations. Eventually, the employment of women, management style and HRM practices are three areas in which one may see the impact of Islam.

5.7 Saudi National Culture

Authors acknowledge culture as the attributes shared with others as one society or group of people. Besides, people learn about their own culture through their education system, laws, family influence and religion. Nontrivial people will act according to the boundaries of this learned culture. Consequently, culture deems interactive in nature and is embedded in people's lives and work. There is, thus, a consensus between socialists that the main factors causing the differences between

national cultures usually involve their language, religion, education, social system, stage of development and behaviour.

Hill and his associates (1998) portray Arab culture with some prominent attributes such as fatalism and gender based segregation at workplaces. More so, Hill presumes that Arab culture is a changeable complex system packed with contradictions.

Ali, seemingly agreeing with the aforementioned features about Arab culture in the business field, adds, beside the Islamic influences, four factors, which are considered to influence the business area within Saudi culture. These factors include; the tribal and family tradition of obligations, the continuation of bureaucratic influence that was inherited from the colonial Ottoman Empire, the rule prevailing intervention and political constrains. Correspondingly, an increased contact with the West, especially after the Kingdom's accession to WTO, led to pragmatic management (Ali, 1990; Assad, 2002).

The Middle East can be categorised as a polychronic time-orientation. In this sense, time considered in the Arab world is loose with no ends. Therefore, they characterised Arab world as being past-present orientation rather to future. Punctuality is less valuable, and consequently, there is no actual responsibility for task deadline and schedules while flexibility and changes of activities are often diffused and expected. Besides, these nations are commonly sticking to traditional focus on relationship obligations. Moreover, hierarchy status is widely accepted and seniority method is deemed as the most popular approach for job promotions as a matter of respect for elders. Co-operation is preferred over competition in these societies (Kaufman-Scarborough, 2003).

Deresky (2006) presents a summary for cultural values and its effect on Saudi managerial behaviour as highlighted by Harris and Moran (1991) that, from the present research viewpoint, illustrates the Saudi workplace attitudes and behaviours. Understanding of these factors is essential in understanding how Saudi people approach implementation of HPWS. Hofstede (1997) includes Saudi Arabia in his study about culture values and managerial practices. Hofstede categorised Saudi society nature in implementing managerial techniques and activities as high power

distance, high uncertainty avoidance, collectivism and *feminism* on their performance.

However, the above attribution for Saudi social culture studies are found from the late eighties and nineties, things has changed to some extend after Saudi government joint WTO in 2005, private sector is now moving forward in market-orientation (Mellahi, 2007) which would follow synergistic managerial approach. So it is beneficial to point out that the characteristic of Saudi social-culture has gone through a lot of change since then.

5.8 HRM in Saudi Arabia

Traditionally Saudis are more attracted to government jobs due to job security reasons and due to excellent benefits that the public sector provides. Deregulation of some key sectors has, however, allowed entry of some well-known companies in Saudi Arabia attracting the young generation of Saudis who want to utilise their skills earned through foreign education. Still job security remains one of the key concerns embedded within the job choice of Saudis. In addition they seek aspects such as predefined career progression and certainty in earnings amongst others. In government sector jobs, career progression is often on the basis of experience but in the private sector it is more based on merit and skill (Mellahi, 2006). There is thus a conflict in the HRM policies adopted within the private and public sectors and it affects the career choice of many Saudis. This is also clear from the cultural dimensions of Saudi Arabia which are characterised by high power distance, uncertainty avoidance and reward recognition. Saudi employees exhibit collectivism within the in-group and individualism with the out-group (Bjerke and Al-Meer, 1993; Al-Gahtani, Hubona and Wang, 2007). Ramlall, Maimani and Diab (2011) linked the low-risk and low change-tolerant culture of Saudi Arabia with a preferred compensation system and found that most Saudi employees preferred to have high base salaries and the lower part of their compensation linked to performance. They also cite the need to have a transparent and effective system to evaluate performance to reduce the level of the perception of uncertainty. Ramlall, Al-Amri and Abdulghaffar (2012) also found that pay or performance is not a common aspect of

the compensation strategy adopted by Saudi firms. Furthermore they found that *culture and religion provide strong explanation and guide for many of the workforce practices* (Ramlall, Al-Amri and Abdulghaffar, 2012, p.1159).

According to Budhwar and Mellahi (2007) extensive changes to the HRM framework has led to increased employee participation in decision-making. Private sector firms are moving towards *Shura*, the Islamic principle of consultation based decision-making. While Budhwar and Debrah (2001) reported that Human Resource Development (HRD) is not widely practiced and in Saudi firms recent studies (example Budhwar and Mellahi, 2007) indicate that an increasing number of private sector firms are adopting HRD policies. HRD in Saudi firms is, however, mainly about skills development specific for the job.

The new HRM framework introduced by the Saudi government in the early 2000s has changed the hire and fire culture prevalent till the late 1990s. The pressure from international organisations such as the International Labour Organisation (ILO) and World Trade Organisation (WTO) has forced the Saudi government to alter its HRM framework to include international labour practices such as *social protection of workers, labor rights and work standards in the private sector* (Mellahi, 2007, p.86). Thus, institutional factors have led to a significant shift in the HRM policies of the Saudi private sector in the last decade.

The Saudi government was aware of the cultural constraints in any change and development process while creating its long-term plan for human capital development. The long-term plan is, therefore, to emphasise the need to gradually prepare a conservative social structure, which is creative and participative, while maintaining the country's religious and traditional values.

5.9 Saudi banking sector

Saudi retail banking is considered a new economic field in Saudi Arabia compared to other banks worldwide (Al Ruwaili, Bright, Alhameed, 2013). Although its presence does not exceed 60 years still there is witness to a progression of HR management in

this field contrary with other private industries in Saudi Arabia (Al Ruwaili, Bright, Alhameed, 2013). Afiouni, Karam and El-Hajj (2013) report the scarcity of academic evidence with regards to the Saudi banking sector and the HR field. In this manner the current study is limited in presenting enough evidence, which could demonstrate SHRM of HPWS in Saudi banks. Simultaneously, the dearth of research on HRM in Saudi Arabia supports the need for extra academic investigation in this region; a gap which this study aims to fill.

The Saudi banking sector is particularly relevant from a so called semi-monopoly market perspective because the Saudi banking market in general encompasses only 12 banks (Afiouni *et al.*, 2013). Those are divided into large and small competitors. In addition to that, Saudi banks are not disturbed by global competitors in the form of international banks (Saudi Arabia.SAMA, 2012). In cases where these are present, the opportunity for growth is still considered high. This is because the Saudi population is almost 27 million compared to the limited amount of banks available. Not like the case in the Emirates that has a small population compared to Saudi Arabia, but which is served by around 50 or more banks.

The centrality of these banks and their branches are mainly located in Riyadh the capital and the western region (Maka), where their percentage of the population goes above 22% in total of the other regions (Saudi Arabia.SAMA, 2012).

Saudi banks follow the rules of the Saudi Arabian Monetary Agency (SAMA) and are restricted by its regulations regarding HR issues such as recruiting, rewards and development (Aljazira Bank, 2012). This places HR activity standards in Saudi banks as ruled to some extent by external regulation of the local government. Saudi Arabia has witnessed great changes since the WTO 2005 as explained earlier on the above section. Although previous research attributes Saudi management with an autocratic style, still the banking sector is driven by global management traits (Al Ruwaili *et al.*, 2013). Al Ruwaili and his colleagues point out that Saudi banks are implementing talent management by hiring talent in the form of fresh employees and setting development plans in order to gain the best efforts from those people (Al Ruwaili *et al.*, 2013). In contrast, a cross-cultural study of the Middle East countries' banking sectors, a study of six Arab countries (including Saudi Arabia) were studied

with regards to HR professionalism and implementation of advanced HR. The study findings concluded with three major deductions that hinder HR professionalism and ideal HR implementation in Middle East countries (Afiuoni *et al.*, 2013). These included:

- 1) environment firmness, which includes culture and government regulation;
- 2) organisation firmness that encompasses a bureaucratic style of management, inflexible workplace that enforces rules and regulations to be followed strictly; and,
- 3) HR firmness such as low strategic focus. The study findings indicate the influence of these factors on three areas; shape of resources *flow*, performance *flow* and work *flow*.

As for resources *flow* shape for example, internal recruitment and promotion is the first choice for management, with a high focus on employees' training, development and retention. As for performance *flow* there is, however, a lack of mature tools of performance management that leads management of the banking sector in the region to struggle *in understanding the underlying logics of performance management*. These, therefore, generate a charismatic work *flow* of low employee involvement *empowerment*, short period planning and slow reaction of employees to business changing conditions.

5.10 Justification for choosing Saudi banking sector

Based on the above information, Saudi Arabia is perceived, for several reasons, as being an appropriate context for studying the institutional impact on managerial actors' interactions in the implementation of HPWS effectiveness. Firstly, most of the existing literature on studies regarding HPWS implementation was conducted in western countries where the culture and institutional factors are far removed compared with Saudi Arabia's culture, economic, social traits and values. Secondly, the dearth of research on HRM implementation in Arab countries such as Saudi Arabia motivated this study in order to address this gap. Thirdly, HPWS application in the Saudi Arabian banking sector is a good example because the banking sector

stands out as one of the most successful economic industries compared to others in Saudi Arabia and its HR management has been at the front in adopting SHRM (Al Ruwaili, *et al.*, 2013). There are, however, contradictory results within the rich argument of Afiuoni, *et al.* (2013) which speculates on several factors as being the reasons behind the deficiency of HPWS implementation; such as cultural and institutional factors. They argued that companies in Middle Eastern countries were not implementing HPWS correctly and this was preventing the outcomes from being successful. On this basis it was their recommendation that research was needed into the reasons for this lack. This, therefore, presents a case for allowing the current study to analyse and bridge the gap between managerial practicing of HPWS implementation and its contextual institutional factors.

5.11 Summary

This chapter has reviewed the context of the Saudi Arabia business environment in general and HRM and Saudi banking sector in particular. This, in order to shed light on the characteristics of environmental contextual factors in which the Saudi banks operate. The reviewed sections highlight the economic opportunities Saudi banks gain from a stable market and high revenue conditions. This sector is, however, restricted to inner political, social, industrial, and cultural factors which limit progression towards ideal HRM application (Afiuoni *et al.*, 2013). As for the factor of religion, the evidence indicates that Islamic principles are supportive factors in establishing SHRM of HPWS. The social culture, however, has more affect on Saudi people's attitudes and behaviour. As noted from the previous literature the concept of HPWS exists and is experienced in the banking sector, but with some deficiency. It is suggested that the Saudi banking sector needs to improve the application of HRM in particular HPWS (Afiuoni *et al.*, 2013). Finally, the aim of this chapter has been to provide justification of the study's empirical context.

Chapter 6: Analysis and discussion

6.0 Introduction

This chapter provides the findings for the study's empirical context, the concluded emergent findings according to the analysed data from semi-structured interviews, focus groups, observation notes during interviews and documents reviewed for the two case studies of Saudi banks (as discussed and justified in chapter 4). In order to provide the required deep insight into HPWS implementation an investigation was conducted into the interaction between HR and line managers and, ultimately, its consequences on employees' satisfaction. A discussion of each case is presented based on the determined themes illustrated previously in the preliminary conceptual framework presented in chapter three (see chapter three figure 3.0). The analysis is drawn from the transcripts done for all the data collection methods mentioned earlier and the data was categorised according to the primary themes and sub-themes and discussed within these themes. The researchers following objective was to draw out the findings based on a qualitative content analysis that involved an analytical deductive-thematic approach that allowed for organising, grouping, categorising and tabulating the qualitative text data. This, therefore, allowed the researcher to interpret the terms of the meaning informants presented based on their actual experience in HPWS practices and understanding the phenomenon of HPWS implementation with regards to HR and line manager interaction and institution factors. Also, an inductive approach was followed for any emergent themes, which arose from the empirical data to move with the analysed data to a conclusion. The data revealed some additional sub-themes in addition to the themes that were expected to appear in the interviews. The important sub-themes that emerged during the interviews were: HR role perception; HR department political position, managers' type of work (back offices and front offices

This chapter contains five sections. Section 6.1 provides a description of the case analysis structure (format) in analysing the data from the two case studies. Then, a general description of the respondents in both case studies is clarified in table 6.1.

The two cases are analysed according to HPWS practice; therefore, a discussion and interpretation are provided for the influential key themes within each of the HPWS practices. Section 6.2 provides a detailed analysis and description for the first case study (bank Alpha). Section 6.3 addresses a detailed analysis and description for the second case study (bank Beta). Section 6.4 presents the analysis and interpretation for employees' perceptions and satisfaction for the two cases. Section 6.5 presents a summary for this chapter. This was followed with the aim of revealing the significant issues in each case in order to revise and validate the proposed theoretical frame work in chapter three (figure 3.0).

6.1 Case studies analysis

This research followed a within-case analysis. According to Eisenhardt (1989), this approach *allows the unique patterns of each case to emerge before investigators push to generalise patterns across cases* (Eisenhardt, 1989, p.540). The analysis in this chapter is therefore followed by a discussion of each case. The researcher's objective in using this form of analysis is to keep the reader following up each theme within each case for an easier comparison between the two case studies.

The following table presents the format of the case study analysis stages that are followed by analysing the data for each case.

Table 6.0: Case analysis formats versus the research objectives

Stage	Details	Research objectives
1	<p>Case Background</p> <ul style="list-style-type: none"> - The context of each case - A review for the institutional factors' impact on the current structure of high performance work systems in each case. - A review of HR and line managers' interactions on the strategic structures of high performance work systems in each case. 	<p>Objective 1:</p> <p>To understand the nature of HPWS in the context of the Saudi banking sector.</p>
2	<p>HPWS practices implementation</p> <ul style="list-style-type: none"> - HR and line managers' interactions in recruitment and selection implementation. - The institutional factors which affect HR and line managers' interactions in recruiting and selection implementation. - HR and line managers' interactions on performance appraisal implementation. - Institutional factors which affect HR and line managers' interactions in the implementation of performance and appraisal. - HR and line managers' interactions on training and development. - Institution factors which affect HR and line managers' interactions in implementing training and selection. -HR and line managers' interactions on compensation system. - Institutional factors which impact on HR and line managers' interactions in implementing compensation system. 	<p>Objective 2:</p> <p>To determine the existing relationship status between HR managers and line managers in the implementation of HPWS practices in the Saudi banking sector.</p> <p>Objective 3:</p> <p>To identify the institutional reasons behind the structured interaction-relationship between HR managers and line manager in the implementation of HPWS practices</p>
3	<ul style="list-style-type: none"> - Employees' perceptions with regards to each HPWS practice implemented by HR and line managers. - Employees' satisfaction and their perceptions with regards to HPWS practices on lifting their involvement at work. 	<p>Objective 4:</p> <p>To investigate the impact of the relationship between HR and line managers on the implementation of HPWS effectiveness related to employees' satisfaction and involvement.</p>

Source: the researcher

In each case background, a description of the banks involved is presented with a

brief insight on HR department employees; this in order to capture the size of the HR division in each bank in the study. It also provides a brief description of the local institutional factors that impinged on each bank's strategy of HPWS. This is followed by a description of HR and line manager interaction on the current structure of HPWS in each bank. The second stage provides information on the implementation of HPWS practices. This section is divided to four subsections according to the core activities of HPWS. The key drivers in these subsections are HR and line manager interaction in the implementing of each HPWS practice. Also, on each of the HPWS practices there is a description provided for institutional factors that would affect the relationship between HR and line management in the implementation of each HPWS practice. The third section addresses how implementation of HPWS practices is perceived by employees' in terms of their satisfaction as well as their satisfaction about their level of involvement. The fourth section provides a brief summary of each case.

The discussion for each case provides in the beginning an evidence mapping. In this respect, each case has ten evidence mappings, one each for the nature context elements of each case, one for the implications of institutional factors and one for HR and line managers' interactions on the current HPWS implementation in each of the cases under investigation. Then four evidence mappings for the implementation of HPWS practices for HR and line management interaction in each of the HPWS practices (i.e., recruitment and selection, performance appraisal, training and development, and compensation). Also, in each HPWS practice, four evidence maps are presented for institutional factors and their impact on HR and line management interactions in the implementation. It is worthy to emphasis here that succession career plan and communication were two new themes, which were repeated frequently from interviewees. Appropriately, the researcher added the data regarding these two themes into the analysis. Following this, there are four evidence maps for employee' outcome dimensions. The presentation of these evidence maps provides the findings in brief. Its is worth repeating here that all the findings are based on the collected data from one to one interviews, employee focus groups, notes and memos during interviews, observations and bank documents which include archival documents, magazines and banks' annual reports. The argument in each case analysis is offered based on the formulated themes and sub-themes provided in the

theoretical research model in chapter three and the meaning provided from the informants, which in all are related to the research objectives and questions.

The following table presents the total sample of respondents, interviewees' titles/positions and years' of experience in the current position. Also, included is their general experience in the banking sector, for both banks. The researcher used pseudonyms to represent the two banks as bank Alpha and bank Beta. In doing so, the researcher aimed to keep the identities disguised (as much as possible) of the two banks under study.

Table 6.1: Details of bank Alpha and bank Beta respondents

Details of bank Alpha respondents					Details of bank Alpha respondents				
Title	Position Title	Specialisation	Years of experience	Current position duration	Title	Position Title	Specialisation	Years of experience	Current position duration
Mr.	Vice president, head of human resource management	HR Manager	24	4	Mr.	Senior vice president & head of human capital	HR manager	17	3
Mrs.	Assistant vice president head, people development	HR Manager	16	7	Mr.	Chief Human Capital officer	HR Manager	21	2
Mr.	HR business partner	HR Manager	12	3	Mr.	Chief Human Capital relationship manager	HR Manager	12	3
Mrs.	Performance management officer	HR Manager	4	1.5	Mr.	Recruitment Division Head	HR Manager	8	2
Mr.	Staff relation vice president	HR Manager	24	2	Mr.	Senior relationship Manager	HR Manager	8	2
Dr.	Vice president, head, people pay and policy	HR Manager	16	4	Mr.	Head Learning and development division	HR Manager	18	10
Mr.	Senior officer, people policies and job profiting	HR Manager	25	16	Mr.	Head of Information Technology	Manager	11	2

Title	Position Title	Specialisation	Years of experience	Current position duration	Title	Position Title	Specialisation	Years of experience	Current position duration
Mr.	HR manager western region	HR Manager	12	7	Mr.	VP corporate risk regional manager	Manager	12	5
Mr.	Manager, HR business intelligence	HR Manager	11	4	Dr.	Head of bank operation	Manager	11	2
Mr.	Vice president, head, general facilities management	Manager	14	2	Mrs.	General Manager-Head of specialised Finance Division	Manager	11	3
Mr.	Corporate operation maintenance manager	Manager	7	2	Mr.	Head of branch network	Manager	21	2
Mr.	Vice president, head, network operations center	Manager	18	10	Mrs.	Head Ladies Branches	Manager	22	1
Mr.	Assistant vice president, head, network operations center	Manager	9	2	Mrs.	Unit Manager	Manager	7	2
Mr.	Zone retail manager in Jeddah	Manager	9	2					

Retail branch manager =16 Line Managers

Years of experience

5	5	6	4	3	4	7	3	5	4	4	6	3	4	3	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Current position duration by years

4	3	3	2	4	3	5	3	3	2	1	2	3	2	2	2
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Retail Branch manager =12 Line Managers

Years of experience

7	6	6	8	5	6	6	7	4	5	4	6
---	---	---	---	---	---	---	---	---	---	---	---

Current position duration by years

5	6	6	7	4	3	2	3	5	2	2	3
---	---	---	---	---	---	---	---	---	---	---	---

Source: the researcher

According to the data in the above table regarding respondents' details, most of the interviewees' experience period is sufficient (e.g. 4 to 24 years) in answering the investigation questions (interview) and would lend credibility to the answers provided. It can be seen also that there are a lot of shifts in positions. For instance, the chief of the HR department in bank Beta has 21 years of experience and yet he has just been recruited to his current position where he has been for two years only. According to the informants' information the Saudi banking sector has recently gone through a lot of changes in order to cope with global market practices. Each bank is competing now to gain the best in the market with the aim of getting an interdisciplinary programme, allowing specialists from other finance institutions to pass on their experience and their expertise that serves well the changing management required at the moment.

The next section conducts a case analysis and a detail of each theme is discussed one by one in every case.

6.2 Background to bank Alpha

One of the most prominent and largest banks in Saudi Arabia is bankAlpha which has been the pioneer of several banking services in the Kingdom. Bank Alpha is a multinational bank which operates in several North African and European nations providing *Sharia* compliant banking services. It has one of the largest branch networks and largest customer bases in whole of the Saudi Arabia regions. The workforce is mainly comprised of Saudi nationals. The HR department contains 112 employees including senior managers and heads of departments. As the HR relationship with business divisions is concerned in this research, this division has 13 employees in the total department.

6.2.1 Context of bank Alpha

The financial crisis has hit the banking industry quite badly. Bank Alpha was also affected by the financial crisis, although not as badly, due to their limited exposure to the derivative market. Due to the interlinking of the banking sector, however, the profits and performance of bank Alpha were affected by the crisis. One of the

outcomes of the crisis has been the focus on goals. In the words of one of the respondents:

Whatever we do now we ask ourselves - how is the market.... why are we doing this initiative, where will we stand in the market after this initiative.

So the banking industry has started doing things which affect the bottom line - this means that the workforce is now more focused on their targets than before.

After years of dominance of the Saudi banking sector bank Alpha faced a significant difference in its competitive landscape with the arrival of several foreign banks as well as the introduction of several new banks. Some of the large banks also divested creating several small banks which are not only aggressive but also innovative. The overall impact has been a rise in competition in the local market. Yet bank Alpha benefits from a strong reputation in a market where reputation is the key success factor. Furthermore, bank Alpha's strong network and large scale makes it an ideal banking partner for public sector firms.

6.2.2 Bank strategy

The increased competition has forced bank Alpha to make alterations to its business model and become more innovative. In the past, bank Alpha focused mainly on the retail banking business but in last few years, it has started to grow its business by diversifying its attention to other banking sectors such as mortgages and loans. It has shed its traditional banking model and has started to adopt a more advanced and futuristic business model which involves launching new and popular products. Furthermore, it is also aggressively looking to adopt new technologies such as mobile banking as well as looking to provide a consistent and positive experience through its vast branch network.

In fact, bank Alpha is focusing on increasing its lending business which has not been very popular in the Kingdom in the past. Thus, in addition to mortgages, it is looking at other lending products such as credit cards, housing loans, personal finance. In addition, bank Alpha is looking to extend its corporate finance business. According to the respondents, bank Alpha's corporate finance side of business was never its strong point but with rapid economic growth, bank Alpha is looking to benefit from

both personal finance and corporate finance business. According to one of the respondents, bank Alpha is looking to:

...grow its corporate business dramatically over the next five years to give facilities to the big corporations, in the mid-sized and to the smaller size corporations.

The small and medium sized enterprises (SMEs) are the segment where bank Alpha is looking to grow. This particular sector has remained relatively unexplored and provides ample growth opportunities for a bank like bank Alpha which has formed its reputation *on the basis of client relationships*. Additionally, bank Alpha is looking to expand its money transfer service. With many Saudis working abroad as well as the rise in the number of foreigners visiting Saudi, there is a strong growth prediction for the money transfer business.

6.2.3 Information system

On the operations side the main focus is on information systems. Bank Alpha is looking to automate its functions and is seeking a major overhaul of its existing system. According to one of the respondents, bank Alpha realises that:

.... the better technical systems you have, the better chance you have of being better than the market is, the quicker your services are, the availability of your service to people, the better on line solutions you have, the better phone banking solutions you have.

All of these result in superior customer satisfaction. Bank Alpha has invested large sums of money into upgrading its technological infrastructure and by recruiting highly educated individuals. It is planning to drive the next wave of change across the organisation. According to one of the respondents:

In the last decade or so there has been a radical shift in the bank's strategy which is more futuristic than ever before. While in the past we were slightly slow in reacting to the market development. But things have changed significantly in the last 10 years. We are more forward looking and if you look at our workforce it is young dynamic individuals who have received their degrees from the best educational institutions in Europe and the US. We have a bright future as the new league of managers that we have hired, trained and developed implement their knowledge and skills.

Similarly, another respondent commented that:

if you would have asked someone several years back if we would be pioneers of new technology in banking in the Saudi region, people would have said no. Now our competitors look up to us to see which new technologies they can implement and our customers include a large proportion of young customers who are looking for new channels of delivery and cutting edge service.

6.2.4 Saudi culture effects

Organisational loyalty is a part of Saudi culture. This was confirmed by the HR manager at Bank Alpha:

General Population means the culture basically out there, so for us definitely it's an important piece of the puzzle. Our commercials and advertisements always focused on families on being one within the community, helping other communities and one another. And of course we have a huge CSR Department that also focuses on linking with the culture and with the country and ensures that we represent our organisation in the proper way to help people out, so yes there definitely is an influence from the culture regarding how we look at things.

As for the influence of culture on HRM practices; according to the HR head of development:

Saudis generally like to stay in one organisation as they do not like the uncertainty that comes with switching jobs. The trend of switching jobs, especially in the private sector, is quite recent but even then the employees tend to stick to one organisation as long as the organisation is able to meet their expectations.

Organisational loyalty is, however, one aspect that bank Alpha has struggled with as it suffers from a high employee churn rate.

The banking sector relies on providing the highest quality of service and to this effect the management acknowledged that: *taking care of our people and retaining our top talent going forward* are keys to the success of the organisation. This also shows that bank Alpha would benefit immensely from a comprehensive HPWS. Bank Alpha has stepped up investment in its human resources particularly in terms of training and development. Bank Alpha has a reputation for the best training programmes, especially for new employees. This is, however, a curse in disguise for the bank because several employees joined bank Alpha to get properly trained and then

switched to other banks where demand for individuals trained at bank Alpha is high. Thus, retention of employees is one of the biggest challenges for bank Alpha.

So far, despite the growing awareness of the importance of HPWS adaptation in the Saudi banking context, still there is an insufficiency with regards to the inner political, social factors limit, progression towards ideal HRM or so called HPWS application. The following two subsections highlight the effect of institutional factors on the current HPWS in bank Alpha.

6.2.5 A review of the impact of institutional factors on the current structure of HPWS in the Saudi Arabian banking sector: the case of Bank Alpha

Table 6.2 provides the interviewees comments on the institutional factors that affect the current HPWS structure in bank Alpha. The evidence shows that the management practices effect is the most influencing factor on the current HPWS. Besides this, the new factors which emerged are most likely related to management practices which are mid-mature of HPWS design functionality, mid-mature of HPWS design principles and insufficient communication. Also, front office centrality within the banking sector is a newly emergent factor steps from industry norms.

Table 6.2: Evidence mapping for institution factors theme impacting the current HPWS practices in Bank Alpha.

Key theme	Sub themes	First order evidence
Institutional factorsimplication	Professional norms Low Perception of HPWS concept	<i>We do not have all the components of HPWS but we have four key components; recruitment and selection, performance appraisal, payroll and training and development.</i>
	Industry norms- significance of teamwork	<i>I cannot envision my performance separately from that of my team - I achieve what my team achieves so it is my role to help them achieve greater things.</i>
	Industry norms objectivity oriented	<i>In the banking sector the primary source of earning is money and the margins that we play at. It is definitely about numbers and our business practices- IT, admin, HR and others are all based on numbers. So our HRM practices are more focused on providing financial compensation than anything else. It is about the culture of the banking sector and I think it is same wherever you go in the world.</i>

Key theme	Sub themes	First order evidence
	Industry influence- power distance centrality for line management over HR role	<i>Sales are the core of the banking sector. All other divisions empower sales to achieve the targets so all other are the input and the output is determined by the performance of the sales division. No matter what others do, unless sales people are able to convert it into profits everything is a waste.</i>
	Management influence- downsizing HR role	<i>HPWS is mainly an academic concept - in practice it is different.</i>
	Management practices: mid- mature of HPWS design functionality	<i>We are continuously trying to improve - we are improving our training facilities despite having the best in the industry and we are continuously revising our pay packages to ensure that our employees are paid competitively.</i>
	Management practices: mid-mature of HPWS design principles	<i>Employees are perfectly empowered to achieve their goal the way they want. Line manager can help when they need. Line managers also act as the link between the employees and the top management.</i>
	Management practices Insufficient communication	<i>I think we need more communication. I hope the new manager of HR strategy will activate the role of communication awareness about our role in the bank. May be it is well known on the management level and executives more than the lower level of employees. This is one of our weakness and we need to be proactive about our communication system</i>
	Culture effect	<i>We need to instill a performance culture, culture of succession, culture of teamwork and the people that play the game and will continue to survive with this, and people that don't, will eventually find themselves outside of the picture</i>

Most of the interviewees in bank Alpha acknowledged the importance of human resources. As one of the HR managers at bank Alpha commented:

Banks are all about their employees. In fact most of the banks provide same competitive products but what differentiates banks is their quality of service; for example, relationship management, ensuring complete customer satisfaction. This cannot be delivered without a high quality and customer orientated workforce.

A line manager who offered similar views commented that:

.... for me I cannot achieve anything without my team members. In fact my achievement is dependent on their achievement. All industries are dependent on their employees - some a bit less

some a bit more. I would say that banks are on the more dependent side.

It, thus, becomes obvious that banks should develop their human resources to achieve the best. Different industry sectors and even different organisations have different SHRM practices. Talking about HPWS, the line manager at bank Alpha suggested that:

We don't have something known as HPWS but if you look at the HR practices at our bank you will see that we have adopted several aspects of what you would theoretically know as HPWS.

Similarly, a line manager at bank Alpha commented that:

It is not common in the industry to have formal practices that are taught in business schools. Firstly, they are outdated and secondly they are theoretical and do not fit the organisation. You actually develop business practices using a combination of academic and real life business knowledge and in most cases it is balanced more in favour of real life business knowledge.

Not adopting HPWS formally means that some of the aspects of HPWS would be adopted and some may not be adopted.

The problem with this approach is that some of the critical aspects are left out. For example, one of the most significant aspects of HPWS is employee empowerment and this is missing from HRM practices in bank Alpha as it is clear from the comments of one of its line managers:

Employees are empowered to do their job the way they want. If the top management is going to listen to all the employees for strategic decisions there will be no direction. All individuals have different perspectives and preferences and obtaining consensus in such a large organisation is not possible.

He did, however, agree that:

Line managers can act as representatives of employees and convey their message higher up the hierarchy. The problem is that line managers are caught between duality of the role as employee representatives and as management representatives.

Talking about HPWS practices one of the HR managers suggested that:

We are starting to take a step forwards in implementing futuristic HR practices. We have recently introduced employee feedback survey in some of our branches. We will monitor the improvements that we can introduce as a result of these surveys and if successful we will implement it in the whole of the organisation. In addition, we are also looking to provide better compensation packages including benefits to the employees. And as you know we have the best training programmes which we are looking to further improve.

This shows that bank Alpha is looking to improve employee empowerment and compensation as well as training and development. All these are pillars of HPWS: considering this is a mid-mature HPWS design in comparison with the western HPWS. This conclusion was supported by what the head peopledevelopment manager stated:

To be honest, strategy function is new to this bank. Recently we added this function to our department. Usually our functions of HR aligned with the bank's strategy needs. We are following an HR model that is divided into operational and centre of excellences. The former is specialist on staff relation and services. The latter includes HRM main four activities, which is considered our system policy of HR.

6.2.6 A review of HR and line managers' interaction on the strategic structures of high performance work system in bank Alpha

Table 6.3 presents the evidence map for HR and line management interaction in bank Alpha. Interestingly, HR tactical role, perception of low consideration of HR role and line managers' centrality are emerged as new factors.

Table 6.3: Evidence mapping for HR and line management interaction theme in implementing HPWS practices in bank Alpha

Key theme	Sub themes	First order evidence
	Low HR strategic partner tactical more than strategic	<i>Corporate strategy into practice by co-operating with line managers and providing them with resources to achieve the operational goals.</i>
	Low perception - Low partnership	<i>We enable the line manager in achieving their targets</i>
	Co-ordination HR service role	<i>HR function is about providing us with resources for what we are supposed to do.</i>

Key theme	Sub themes	First order evidence
HR and line management interaction	Low co-ordination Line management centrality.	<i>Generally in the banking sector the line managers are given more focus. It's not about HR but also other support divisions such as IT, admin et cetera all play support roles to the line managers. But yes, I think HR can and should be given more responsibility.</i>
	Partnership Consultation-HR champion role	<i>HR is valued in certain industry sectors and also Saudis expect HR policies to be in favour of the employees.</i>
	Partnership. Operational level- Lack of HR influential role	<i>It is not easy for us to change overnight. We know about our weaknesses and we are changing but it will take time.</i>
	Low partnership and co-ordination- HR reactive role	<i>In the banking sector the primary source of earning is money and the margins that we play at. It is definitely about numbers and our business practices - IT, admin, HR and others are all based on numbers. So our HRM practices are more focused on providing financial compensation than anything else. It is about the culture of the banking sector and I think it is the same wherever you go in the world.</i>

In bank Alpha the role of the HR management is mainly to respond to business needs. HR plays more of a support function in bank Alpha. The head of HR in bank Alpha stated:

We are enablers for other departments in order to achieve the bank's goals.

The decision about the required training programmes is taken by the line managers.

A line manager at bank Alpha commented that:

HR function is about providing us with resources for what we are supposed to do. At the end of the day what the bank is concerned about is how much profit is generated and we are the ones who are going to achieve this goal.

Thus, the HR division has quite a passive role in bank Alpha and there is a lack of *par* co-operation and co-ordination among the line managers and HR managers.

In bank Alpha, the chief of the HR division sits in the boardroom but his role is mainly to ensure that he understands what the corporate strategy is and to ensure that it is implemented in the intended manner. Thus, in bank Alpha HR strategy is guided by the corporate strategy and the former plays a passive role in shaping the latter. Furthermore, the HR division has no independent strategy of its own in bank Alpha. One of the respondents from bank Alpha suggested:

To be honest, strategy functions are quite new to the HR division. We have mainly played the role of enabler and have limited our contribution to providing resources to the line managers for implementing the corporate strategy.

Such a passive approach is the main hurdle which prevents HR functions from providing the desired outcomes. Also, HR managers themselves face significant hurdles in implementing the policies that have been conveyed to them.

But, HR managers believe that they can make meaningful contributions to the business. As one of the respondents suggested:

HR can contribute quite a lot more than we are currently doing but I cannot point to one reason why this is happening. For example, you can blame the culture within the banking sector which focuses on front line more than anything else. Then you can also blame the business environment... or it may be some other factor. However; I will not disagree...that HR can play much more active and positive role.

Then why is it that HR is not contributing to its full potential? The HR manager at bank Alpha commented that:

HR has so much more to contribute but the significance is lost in the quest for generating numbers. Part of it could be because of the organisational culture but mostly it is because this is how this industry works. It is not HR function only all back end divisions including IT, administrative staff, and even research division receive lesser recognition. But then there is always greater emphasis on the sales division because they are the ones who affect the bottom line the most. We can come up with best products and services but it requires great salesmen to convert it into tangible benefits.

Hence, in most cases, the focus is on front line employees and on front line managers who work with these employees. HR and other support functions tend to play a more passive role.

The problem with the banking sector is the excessive focus on objectivity. As one of the HR managers from bank Alpha commented:

It is the same the world over, even in the US, if you go to any financial services firm, you would find that they are all about numbers. Their HRM systems are also focused on numbers and would be biased towards financial compensation more than any other forms of compensation.

The focus on objectivity is perfectly summarised by one of the respondents who suggested that:

Most Saudi organisations have a heavy focus on HR probably because of the national culture which values social relationships. HR managers play a very vital role especially in the public sector firms and in sectors which focus heavily on marketing. For example, in Saudi airlines you will find a very active HR strategy. The banking sector is all about the front line and hitting numbers and HR managers do not produce numbers.

This indicates that objectivity is the professional norm in the case of the banking sector. Talking about the excessive focus of line managers on numbers one line manager at bank Alpha commented:

The role of line managers in employee motivation is quite significant because we interact with the employees more than anyone else in the organisation. However, line managers themselves are under enormous pressure to meet the targets given to them and hence often the approach becomes transactional even though it is not preferred. I think it is the same in the banking sector – hard targets, well paid.

The lack of the HR managers' role is also evident in organisational behaviour of employees. Many employees complained that some of their colleagues have poor organisational behaviour such as a lack of team working skills. One employee suggested that:

The excessive focus on technical skills during the selection process gives an impression to us that the job is extremely task orientated. Thus, when we started working our main focus was on meeting our goals and maximising our chances of success. Team working is not stressed upon - it is more of a give factor but most individuals are focused on meeting their own targets. In fact there can be a certain level of competition between the employees at times.

Similarly, another employee suggested that:

During the interviews it was made clear that our performance would be monitored and analysed on the basis of the targets. Nothing was mentioned about the organisational citizenship and career path. All I knew is that I will have targets to meet.

Another employee suggested that:

I have been working so hard to meet the targets that I never thought of getting to know the other employees apart from my team members. I would have loved to but there is hardly any time or opportunity.

All employees agreed that knowing the team members across the organisation would make them feel more settled in the organisation. For example, one employee from bank Alpha suggested that:

Knowing the people in the organisation will be a huge motivation for me to stay. Who would want to leave their long established friends circle for a little bit of money?

One of the employees suggested:

People working in the public sector are more satisfied because they know their team members for so long. My father worked with the same team members for over 30 years and they were like our family members - we knew them all. If you ask my friend to join any other company, he will not do it for any amount of money.

Developing and managing a skilled workforce is a key challenge for HR in any industry. For example, one respondent from bank Alpha suggested that:

We often find that the brightest of the talent wants to switch jobs in order to maintain their growth path. We find it extremely challenging to replace him with an equally talented individual.

According to the respondents from bank Alpha, they have exit interviews but the extent to which these exit interviews feed the strategy is not known.

One of the HR managers clarified:

We are a large and very old bank with established business practices. The changes of proactive HR that you see in the market today are relatively new and it will take time for us to change and adapt. We know that it is essential and we are working on this but being such a large organisation we cannot radically change something overnight. We are using a pilot approach where we implement new policy in certain divisions and evaluate the results before we launch it across the whole organisation. This pilot process needs time. Many things that you would see in western banks are being implemented here but probably they are in the pilot phase.

Another line manager commented:

It is true that these business practices seem good in context of western nations which have a different cultural orientation as compared to us. So for us to implement anything we have to test and if required modify it before we implement it. One size fits all approach is quite risky and we want to avoid this approach.

This indicates that bank Alpha's management is aware of the inherent issues and may be trying to resolve it in a structured manner rather than merely adopting any model which may have worked well in other organisations. Indeed, some degree of localisation of even the most popular global business practices is essential especially if there is a cultural disparity between the country where it was developed and the country where it is being implemented.

In respect of the HR and line management interaction when implementing the current HRMS, the findings show that there seems to be a general consensus from the interviews that a lack of co-ordination between HR and line management is likely to be related to the way HR view their role in the first place and the way line management evaluates their experience with HR in the application of HPWS practices. The mechanism through which HR contributes to firm performance is limited to reviewer and enabler (e.g., tactical rather than strategic role).

6.2.7 HR-line manager interaction in implementing HPWS recruitment and selection: insights from bank Alpha

Table 6.4 shows that the most significant factor which affects the relation between HR and line management in recruitment and selection is HR's lack of knowledge as regards other business units and the technical skills they require from applicants. This ultimately provides line management with centrality in implementing recruitment and selection activity and leaving HR as a co-ordinator. Besides, the HR role is limited to an advisory/service role responsible for employee orientation in coping with organisation culture.

Table 6.4: Evidence mapping for HR and line management interaction theme in implementing recruitment and selection in bank Alpha

Key theme	Sub themes	First order evidence
HR-line managers interaction	Limited partnership and co-ordination Lack HR knowledgeability of technical skills	<i>HR manager has a passive role in recruitment. He does not know much about technical skills so he cannot really comment on recruitment.</i>
	Limited co-ordination Line management centrality, HR coordinator	<i>In all the banks the focus is on technical skills. Also for the soft skills the line manager is capable enough of testing whether the person will fit in the team or not. After all when someone has been recruited he will anyway blend into the team.</i>
	Lack of partnership- HR passive role	<i>We take the bank strategy as a whole then we cascade their goals and needs, then we work according to the businesses' demands and needs, but in the end we have always an infrastructure as a basis for our plans and movements.</i>
	Co-ordination- HR advisory role	<i>As for every grade there is a request from our businesses units explaining the needs based on the job description. According to those specifications, we as HR hired those people who can fit to these specifications.</i>
	Coordination Service/orientation role for HR	<i>We look at acclimatising the employee, making sure he is happy and aware of everything that he needs to put in his best efforts for the company and for himself.</i>
	Low partnership Lack of HR strategic role in recruitment and selection	<i>Attracting employees can be either from sourcing C.Vs gathered from business departments' data, and from online network (job applications). Or we deal with inner companies and also outside companies.</i>

Technically speaking HR managers in Saudi banking sector do participate in the recruitment and selection process. Their role is quite limited, however, in the case of bank Alpha; HR division takes the requirements and provides line managers with details of the applicants after which the line manager shortlists the candidates that are suitable for the role.

But, despite the advisory role played by the HR managers, the role of HR manager in the selection process is not that of decision-maker. According to one of the respondents from bank Alpha,

The HR manager's role is limited even in selection because at the end of the day the line manager is responsible for his performance so he has to have the final say.

The HR manager sits in on the interview to check the soft skills of the applicant but the final word is mainly that of the line manager. According to the employees, they are tested both for their technical and soft skills during the interviews and, in some cases, the technical skills test is waived if the applicant has a proven track record. Regarding the testing of soft skills, one of the respondents from bank Alpha's HR department commented:

We tend not to refuse applicants after the line manager has approved them. In soft skills also the line manager would have the final say because he is more aware of the work culture within his team and what he is looking for. Our job is more of a facilitator who ensures that everything is in place and to ensure that the employee's absorption into the organisation is smooth and fast.

In the case of bank Alpha, there is a lack of co-operation and co-ordination in the recruitment and selection process – while the HR manager engages in the process, line managers are the ultimate decision-makers. HR managers did express concerns about excessive focus on technical aspect and less focus on soft skills, which are resulting in a high churn rate. In the words of one of the respondents from bank Alpha:

Technical skills can be taught to capable applicants but personality traits are something which is a part of a person's persona. It cannot be taught.

Hence, looking at personality traits, which make them suitable or unsuitable to work for the organisation at the time of recruitment, is essential. In the words of another respondent:

I would rather select a not so bright person who will contribute to the organisation than a very bright individual who will not contribute to the organisation. If the employee leaves within 1-2 years, it is an overall loss to the organisation because we would have spent so much on his training and salary without getting much out of him.

When asked if HR managers can contribute to the selection process, the respondents agreed that HR managers could indeed play a vital role in the selection of the individual especially in recruitment of fresh graduate employees who have little technical skills. The non-technical aspect is, however, ruled out by the line managers when it comes to recruitment and technical aspect is where most emphasis is. HR managers suggested that they could provide valuable feedback on the soft skills, which may not relate to the performance at work but in terms of overall organisational citizenship.

The role of HR accordingly has been limited to an advisory and service role by providing line management with applicants' reports, but the decision is totally with line management. This, in turn caused some negative impression among employees. While some employees expressed satisfaction with the overall recruitment process and indicated that the process is rigorous and aimed at selecting the best, some employees expressed dissatisfaction over the roles offered to them because the level of responsibilities is significantly more than their previous roles. For example, one employee complained that:

The job that we have to do is sometimes completely different from the job description.

Another employee commented that:

The employers should not overburden the employees' right from the beginning and should allow them some time to get used to the culture of the organisation because they face dual pressure.

An HR manager at bankAlpha did not agree with this statement and suggested that most banks, including bank_Alpha, begin with a rigorous training which provides the employee with ample opportunity to improve his skills and acclimatise with the culture.

When asked if providing greater participation to HR managers could improve the organisational outcomes - one HR manager commented:

If you ask me, I would like to have some more rigorous selection process especially including test of organisational fit. We have this problem that we get the best guys but then many leave us. I think we need to focus more on organisational fit to make sure that the amount of money we invest in them is going to provide long-term benefits.

This indicates that a greater role given to HR managers in the selection process is likely to be beneficial. As for the data selected to examine the implications of institution factors in shaping the relationship between HR and line management, the findings reveal that the demonstrating factor in this relationship is the industry norms, as can be seen in table 6.5.

Table 6.5: Evidence mapping for institution factorstheme influencing the relationship between HR and line managers in the implementation of recruitment and selection in bank Alpha

Key theme	Sub-themes	First order evidence
Institution factors implication	Industry norms	<i>Our job is to attract capable resources. In an environment that has most of those in the Saudi capital city (Reyadh) because 80% of the financial institutions are located there. So attracting these capabilities is a challenge</i>
	Culture influence	<i>We are one of the highest organisations that has a high percentage of its population are Saudis</i>
	Industry norms influence	<i>Business units are the ones who do theinterviews because they are the people who know whether this person fits the job or not.</i>
	Industry norms influence - line management centrality	<i>In soft skills also the line manager would have the final say because he is more aware of the work culture within his team and what he is looking for</i>

6.2.8 HR-line manager interaction in implementing HPWS performance appraisal: insights from bank Alpha

Evidence from the interviewees showed that the cross functional mobility between HR and line manager in implementing performance appraisal are in its peak during both mid-year and annual review. Apart from that their interaction is considered fragile as can be seen in table 6.6.

Table 6.6: Evidence mapping for HR and line manager interaction theme in implementing performance appraisal PA in Bank Alpha

Key theme	Sub- themes	First order evidence
HR and line Managers interaction	High co-ordination	<i>We cover the middle review which if the case is that the employee is below target, the six month plan should be provided between the manager and the employee to be able to achieve the target at least.</i>
	High co-ordination-Automisation	<i>This automation helps us know who landed goals to his employees, when, and how they are achieving their goals</i>
	Coordination Disagreement over scale measurement clarity	<i>Sometimes my performance is average and I get some bonus and sometimes my performance is excellent but I get no bonus</i>
	Low co-ordination Line management transactional approach	<i>We are an objectively based performance culture, it is considered as a section of performance management</i>
	Low partnership HR advisory role	<i>I think from an HR perspective, our role as HR business partner is an advisory role, this one of our main roles, so whenever they need advice for people agenda! They come to us.</i>
	Passive partnership	<i>RM partner are there whenever business units need us. We don't attend each of their entire meetings but when the situation requires us to be there we are always available for HR issues.</i>

All the respondents interviewed in bank Alpha exhibited a sound knowledge of the performance appraisal process and indicated that it is one of the most important aspects of the banking sector as far as employee compensation is concerned. Goal setting is one important pillar of the performance appraisal process and enough emphasis is provided to this aspect in bank Alpha. Employee participation is essential in goal setting as the employees and the line managers together set and

agree with the goals. If the employee disagrees with the performance appraisal this set goal agreement is used as the main point of argument over the appraised performance.

Both bank Alpha and bank Beta have annual and mid-year performance reviews whereby the performance of the employees is evaluated against the set targets. Although the managers suggested that they use mid-year performance reviews to monitor the performance of the employees, none of the employees surveyed in bank Alpha confirmed whether they had received any feedback as a result of this survey. This raises questions about the usefulness of the mid-year review exercise.

The performance of the individual is rewarded with bonuses; bonuses are distributed to the line managers proportionately according to the performance of the team and they then distribute it among the team members in proportion to their efforts. An HR reviews performance appraisal is done in the middle of the year in order to make sure that individual performance is smoothly done and there are no conflicts.

Very recently, bank Alpha implemented an automated system, which tracks the performance of the employees. Describing this system, one line manager said:

This automation helps us know who landed goals to his employees, when, how they are achieving their goals and on the other hand it also lets us know how efficient is the evaluation and proactive for people agenda....the performance of the individuals are tracked.

Performance appraisal at bank Alpha is automated and automation allows managers to fast track the targets. It allows the line managers to check the progress at an individual level. A balanced scorecard approach is adopted to evaluate the performance of the employees. There are, however, several shortcomings of the banking sector approach. Firstly, some line managers seemed to disagree with the categorisation of the performance of the employees as under performance, exceeded and average. Balanced scorecard approach at these banks allows only 20% to be in the top performer category and 20% in under performer category. Managers suggested, however, that these limits are too strict and they sometimes find it unjustified to leave out some high performing individuals from top performer

category because they are only allowed to enter 20% of the employees in the exceed category.

Employees also expressed dissatisfaction with the bonus estimation process. For example one of the employees from bank Alpha suggested:

Sometimes my performance is average and I get some bonus and sometimes my performance is excellent but I get no bonus. I don't know if I need to work hard to get bonus or does that depend on other factors.

This lack of clarity does affect the morale of the individuals as one HR manager at bank Alpha reported:

Most of the individuals who leave us do so after bonuses are paid.

In bank Alpha line managers are very task orientated and use transactional approach towards leadership as it is seen in the banking sector itself (around the world). Generally, in the banking sector, employees are given quantitative targets, which they have to get, by acting within the professional boundaries of the organisation. As one of the line managers commented:

We are an objective based performance culture, it is considered as a section of performance management.

This preference for objectivity is also evident in the comments of one of the senior managers of retail branches who noted:

HR hasn't any relations with performance details issues. They are interested in business and how the March process is proceeding in order to insure the bank profits.

At bank Alpha employees who have consistently underperformed are punished by reducing their training opportunities. Bank Alpha's HR managers were asked if punishing the employees is the right approach - it is the transactional approach, which may not be suited to industries such as the banking sector where people are self-motivated to do well. HR managers agreed that a transformational approach would be more suitable, but also blamed the problem on cultural issues. According to them, the senior managers provide monetary rewards and other support but are harsh with individuals who continue to underperform and one of the biggest penalties is

that the underperformers are not allowed to undertake more training (till they improve) and this puts a break on their growth. Training is one of the biggest incentives as it is directly linked with the quality of job and compensation. According to one line manager:

When I joined the company I was at level 3 and I was told that if I wanted to achieve level 7 I would have to undergo a particular set of training. If I underperform I will not go for training and hence I cannot get promotion.

Thus performance appraisal is one factor, which the employees are extremely concerned about.

Although bank Alpha has a dispute resolution service this service is limited to resolving disputes about performance evaluation and not about bonuses. In the case of bank Alpha the HR business partner steps in when the employee raises a dispute over his performance appraisal.

Bank Alpha has a performance appraisal dispute resolution system whereby the employees who are unhappy with their performance appraisal can go to the HR business partner and raise a dispute. Then a panel is launched to evaluate the case. This includes the HR business partner, head senior manager of the dispute business unit, and law department presenter. The panel listens to the employee and the line manager and then makes a decision. HR partners have the power to reevaluate the performance appraisal; generally this is done when the HR partner could establish that the employee was not clear about his goals or there were other factors (beyond his control) that affected his performance. This system is generally biased towards the employees and most of the cases are decided in the favour of the employees. If there are too many cases of poor performance appraisal by the same manager, the HR manager can propose action against the line manager. Also, employees who continue to underperform are likely to face penalties such as lack of training support and even firing from the job.

When asked about co-operation and co-ordination for performance appraisal among HR managers and line managers, the respondents suggested that there is no direct co-ordination between the two. It is only when a dispute is raised that HR manager (or

partner) get engaged. The line manager takes the sole responsibility of the performance appraisal both for the hard and soft skills. According to one HR manager, ideally he would like to monitor the performance of the employees and would like to take preventive measures rather than waiting for the annual review. He also suggested that providing employees with more support is likely to result in better outcomes for the organisation. Most respondents suggested that they give plenty of chances to the employees to improve their performance before any radical action is taken against him/her. No respondent could, however, provide an example of how these underperforming employees are assisted and motivated to improve their performance. Hence, the approach is transactional and not transformational.

When asked whether they only evaluate the performance or manage the performance of the employee as well, the line managers indicated that they do manage the technical performance of the employee but managing the non-technical performance is outside the scope of their job. The line manager suggested that managing performance is considered more of an HR function and the pressure of work in the banking sector is so intense that line managers have to remain focused on targets. As noted by one line manager:

At the end of the day we are sellers, my concern is the amount and quantity my staff and me have achieved.

Lack of an HR presence in performance management and evaluation is indeed having a negative impact on the bottom line. According to one HR manager at bank Alpha:

Being fast growing and retaining the human resources is quite useful. Every time we recruit someone new we incur costs in searching recruiting, training et cetera. Also the person who leaves takes away valuable tacit information which would be quite beneficial for bank Alpha. So it would be nice if we could retain most of the employees.

He suggested, however, that instead of focusing on firing the employees the selection and recruitment process should be made more rigorous:

So we know for sure that the employee we have hired should be retained at all possible costs. In such case the money spent on performance management will be worth it.

One HR manager suggested that:

If HR managers play a significant role in recruitment and with some additional tests such as personality tests, organisation test et cetera we can know with greater certainty whether the employee will be a high performer or low performer. The problem occurs when a person who has been employed for a long time suddenly starts to underperform. We know from his track record that he is capable of good performance but has been underperforming for some reason.

In terms of employee outcomes, performance evaluation does not seem to play as critical a role in employee motivation as expected. One employee suggested:

I am not sure whether we are appraised on the basis of the given indicators. Last two years, I think I worked exceptionally well against the given targets yet, I was put in average category. I think I should have been put in exceptional category and should have received much higher bonus.

Another employee commented:

There could be some problem in the department or something, which the employee cannot talk to the line manager about. However, employees do not have a point of contact in the HR or HR does not contact the employee directly for investigating his/her underperformance.

This lack of direct communication affects the overall morale of the workforce. The task oriented approach of line managers means that there is no HR support for the employees except for standard procedures.

The following table 6.7 shows evidence mapping for institution pressures on the performance appraisal implementation.

Table 6.7: Evidence mapping for institution factors theme influencing the relationship between HR and line managers in implementing performance appraisal in Bank Alpha

Key theme	Sub themes	First order evidence
	Cultural influence - Uncertainty avoidance	<i>We need to have more clarity on bonus estimation because the employees think that it is like a lottery - they get bonus or not but they are always surprised by the outcome.</i>
	Cultural influence - Uncertainty avoidance	<i>As a manager I accept that bonuses are definitely a key issue in employee satisfaction. High employee turnover after bonuses. This indicates that employees are generally not happy with bonus estimation but we cannot give bonus to everyone.</i>
	Industry influence- Objectivity	<i>I cannot look at the subjective performance because that may bring bias into my evaluation. To</i>

Key theme	Sub themes	First order evidence
Institutional factor implication		<i>ensure that there is no managerial bias the objective approach is adopted otherwise it is difficult to compare the performance of individuals.</i>
	Management practices: HPWs design lack of clarity	<i>I know that employees are dissatisfied with the performance appraisal process because it affects their training and development opportunities as well. We have to find a way to keep employees motivated despite poor performance appraisal. At the moment, the time they see a poor performance appraisal report they start planning to quit</i>
	Industry norms influence - Objectivity	<i>Banking is about money and about numbers. We need to sell and the only way we can analyse sales is by looking at the numbers generated.</i>
	Industry norm influence Numbers-oriented	<i>Evaluation for front line employees is quantitative based on numbers such as KPI. On the contrary, back offices are evaluated qualitatively.</i>
	Management influence Mid- mature HPWS design	<i>In some cases we have seen some excellent performers underperforming and I think we need to investigate it rather than punish them because we know for sure that they are capable of performing well.</i>
	Culture influence - Feminism	<i>Our culture is very emotional. We don't have that culture of seating with each other and communicate bad news. I think we arise with, we have respect for everybody and what HR is trying to do is to encourage objectivity and professionalism. Thus, this is the challenge that we in HR are facing.</i>

The findings show that industry norms are the factor that demonstrates the behaviour of HR and line management in performance appraisal implementation. Culture in the same vein is considered from the influential factors especially in the characteristics of uncertainty avoidance and feminism. Also the findings make it possible to identify issues related management influences embedded in HR's reactive role and lack of clear communicated instructions, regardless of the intensive number of meeting held by the two parties in reviewing the annual review for employees' performance.

6.2.9 HR-line manager interaction in implementing HPWS- training and development: insights from bank Alpha

According to the interviewees' comments with regards to the interaction between HR and line managers in the implementation of HPWS training and development practice, some emergent views are that building co-ordination have been identified,

such as the HR tactical role, lack of HR knowledge with back office specialties and line management centrality as factors, as shown in table 6.8.

Table 6.8: Evidence mapping for HR and line managers' interaction theme in the implementation of training and development in bank Alpha.

Key theme	Sub themes	First order evidence
HR-Line manager interaction	Partnership HR Proactive role	<i>We wish to expand and need the best talent to take us forward. We recognise the best institutions for our employees to train at and we spend a lot of money for them to travel and train. But it is essential - if we do not have the best we rather not have them.</i>
	High co-ordination-middle management	<i>At the end of the year we prepare plans for next year. This involves developing plans for training and development of the employees. It normally depends on what the key operational goals are for next year and what skills would be required to achieve those.</i>
	High coordination-tactical role of HR	<i>The approach is to understand the corporate strategy and break it down in the tactical goals. Then we further translate it into operational goals. The whole human resources network works on these operational goals.</i>
	Co-ordination - HR constructive role	<i>Our main focus is to recruit internally as much as possible and we know that it is only possible if we maintain high standards within our workforce.</i>
	High Co-ordination HR consultation role	<i>It is essential to have a cordial relationship between the managers and the employees with both groups understanding each other's expectations and preferences. For employees, the line manager is responsible for providing them with resources and support that they need to achieve their targets.</i>
	Low co-ordination and partnership HR knowledgeable shortage on back offices' functional needs	<i>HR partners who look after the training processes lack the knowledge of the functions of the department.</i>
	Line management centrality	<i>I select the employees on the basis of feedback given by their immediate managers. There is no other criterion apart from performance appraisal and manager feedback.</i>

The survey highlighted that bank Alpha's training programmes are the best according to the perception of the industry participants. Despite the high standard of training, however, provided by bank Alpha, several employees of bank Alpha expressed dissatisfaction with the training provided.

Bank Alpha is looking to implement industry best practices. Executives are sent to globally known institutions such as J P Morgan and Goldman Sachs for training to ensure that bank Alpha has the global best practice qualities in its organisation. This not only helps bank Alpha in building new knowledge but also helps maintain its globalised focus. Bank Alpha does not want to stay away from the developments outside the Kingdom and by this cross-organisational training at the world's best known organisations, it aims to achieve this. Additionally, executives are also sent for leadership training programmes at well-known business schools such as Insead and the London Business School. This soft skills training is vital for leadership development and bank Alpha is investing significant amounts of money in developing its workforce.

Bank Alpha is well known in the Saudi market for the quality of its training. In fact, most of the employees that leave bank Alpha manage to find work quite quickly and at good pay packages as the industry acknowledges the quality of training provided at bank Alpha. This is probably the reason why it is considered as one of the best banks to start a career with. Present focus is on planning for:

Strategic jobs in the organisation... Bank [Alpha] is looking to build internal capabilities ...over the years, have plans for people internally to take on those jobs.

One of the problems that bank Alpha has faced in the past is a high churn rate of employees. Due to the high standard of its training, individuals find jobs with its competitors quite easily. The stagnant growth of the organisation and slightly bureaucratic structure has forced many young individuals to get trained at bank Alpha and then quit. The present management is looking hard to resolve this problem by providing employees with several growth options within the organisation. As one line manager explained:

Technical specific jobs...that's where the Kingdom suffers and we have to look to expats for these skills ... what we are trying to do is we are trying to build the capabilities in house, that in three, four or five years now, we have our own head of IT and head of Risks, that we developed internally. So definitely there is a trend towards this strategic and technical jobs developing internally.

The role of line manager in the development of the workforce is quite critical as suggested by one of the HR managers:

I think what is limiting us a little bit from getting advanced, is that most of the managers don't do their people management right. And they do refer it to HR to let them deal with it. We need to reach to the level where the manager understands that he is responsible for his staff and he should be in charge of making sure that they get the right resources, developing them and getting appraised clearly.

While HR and line managers make decisions on training programmes, there is little input for the employees as to what additional skills they need to perform their task adequately. This is evident in the response of one of the employee who suggested that the training and development programme is inadequately planned. According to him:

The HR partners who look after the training processes lack the knowledge of the functions of the department. The department has no inventory of skills of the employees so whenever there is a new demand they start looking for new employees with new skills.

This *ad hoc* approach is demoralising for some employees.

Line managers are in control of the training needs assessment because they are the ones who control the organisational outcomes. One of the line managers clarified:

by the end of the year we gather all business units' requirements has to be approved from senior management for the next year plan and needs. Then from there we put down the year plan for training sessions for employees.

Further to this plan, line managers do instruct the HR managers on which new training programmes are to be included but that often happens very late - almost close to the point of demand which means that in most cases, new employees with new skills are to be recruited.

Table 6.9: Evidence mapping for institution factors theme influencing the relationship between HR and line managers in the implementation of training and development in bank Alpha.

Key theme	Sub themes	First order evidence
Institutional factors simplification	Culture effect - feminism	<i>I think we are evolving. Before people do not share information, do not develop people under them do not look into the future to sort of guide their strategy going forward and are stuck in the past, these people are slowly being forced out in many organisations in the Kingdom</i>

Key theme	Sub themes	First order evidence
	Culture effect - feminism	<i>Feminist is part of the stigma of the culture here and the only way you can come away with that is, by results. We educate first management to understand so they can go ahead and do their job.</i>
	Management influence	<i>HR Strategy formulation, I would still have to say that it's not very mature yet and why I say that still HR is supportive factor enabler, it's not become a strategic force, yet, going forward as far as setting the people agenda.</i>
	Culture effect -power distance	<i>So if we want to make sure HR is doing a good job, it is mostly from the feedback of the different businesses. So, If we sit down with the corporate head, the retail head , or with the consumer finance head, they are the ones that tell us how good a job we are doing , whether we are helping them to achieve their goals and targets, so we constantly seek feedback from the business, constantly and trying to see which areas we can help them with, so we take it from there, and that a lot of times guides the right direction of HR</i>
	Management influence - tactical role	<i>Even whereas years before, we used to have a training budget for every area, this is your training budget if you want training, now all our budgets are centralised.</i>

The finding shows that when it comes to training and development, HR and line management interaction behaviour is driven by culture values as being estimated as the highest. Culture characteristics of feminism and power distance have proven that the act of HR with line management is normally with the head officers than the front line management. This particular concern came as a result of the autocratic style of Saudi management. The HR head of strategy stressed this point of view and highlighted:

I think there is one issue we need to improve on as managers. Managers taking advantage of employees, not being fair to them, treating them in a bad way, we have lot of people that lead organisations in bad way; that is bad management.

Also the analysis indicates that because of the management influence of HR tactical role, there is a gap between their direction and the back offices needs, As one of the line management comments:

It's always reactive, it needs to be proactive, HR could be used to set the people agenda for the organisation and strategy can support that as well, so it does not only come as an enabler but also as a vision for the organisation. But that comes with time.

It seems that the interaction of HR and line management cross-functional mobility in the implementation of training and development is considered a fair relationship and it is done in an ordinary manner and not in a strategic base for HR.

6.2.10 HR–Line manager interaction in implementing HPWS compensation: insights from bank Alpha

Based on the data analysis, all of the participants agree that HR and top management control the compensation system. In fact, the interaction between the two parties is usually pre-compensation decision being made and actually through the performance evaluation period. Table 6.10 shows some evidence from interviewees’ responses regarding this perspective. Next, a discussion is provided in order to highlight the current the way HPWS compensation practice is taking place within bank Alpha.

Table 6.10: Evidence mapping for HR and line management interaction theme in the HPWS compensation implementation in bank Alpha

Key theme	Sub themes	First order evidence
HR and line managers interaction	Low co-ordination HR control	<i>HR is 100 isolated but 100% dependant without having an influence from other entities.</i>
	Low co-ordination HR control - centralisation	<i>let’s talk about raises .. or the salary cycle ..I think the salary cycle should be linked somehow with specific criteria they limit the management decisions</i>
	Lack of co-ordination Passive voice for line management	<i>I think we have issues with regards to bonuses. For example, one of my employees has 1% less than the other in terms of performance but we fight for him more for a case and for a reason..this draw for me a question why he is not high performance rated.</i>

In bank Alpha, according to one of the HR manager respondents from bank Alpha:

We know that the employees make money for us and we share this money with them so we provide them with the best monetary compensation.

He also agreed, however, that:

Most of the employees who leave the organisation do it for higher compensation packages, whether they admit it or not.

Thus, a compensation war among companies is leading to poor organisational citizenship behaviour among the employees. For example, several employees in bank Alpha and bank Beta suggested that salary was one significant factor in their decision to working for a particular bank. Often banks provide better compensation packages in order to attract employees leading to a virtual wage war. This indicates that salary alone is not sufficient for retention of employees. Consequently banks are increasing the proportion of non-monetary compensation.

When asked about how the bank decides which non-monetary compensations are to be provided an HR manager from bank Alpha suggested that:

It is generally top management's decision, often taken with suggestions from other senior managers. There is little input from lower level managers unless there is some brilliant idea.

About the fringe benefits, the respondents suggested that fringe benefits are still uncommon in the Saudi banking sector but that some banks are thinking about it. Bank Alpha also has had some rounds of discussions on this but these have not yet concluded in anything actionable.

Bank Alpha's respondents suggested that non-monetary compensation is being provided to the employees not only to add value to the company-employee relationship but also to keep the employees stress free. Personal stress of the individuals does affect their performance and the management does not want that to happen. But when asked about the co-ordination between HR management and line management about compensation, the respondents suggested that they only had control over the monetary compensation. Non-monetary compensation is provided equally to all and this includes the services, which all employees are entitled to use- of course, senior management get more non-monetary benefits as compared to the lower level employees but at the same management level the access remains the same.

In bank Alpha HR managers play a small role from the compensation aspect; all employees get is their standard salary and the bonus that they receive depends on several factors. Firstly the top management decides on the overall level of bonus to be provided depending on the performance of the bank. This bonus package is then

distributed to different departments based on their performance and contribution. This then goes down to the line management level in proportion to the contribution of their teams and line managers then distributes the bonus among the employees on the basis of their performance (as decided under the performance appraisal). There is, however, a problem with the monetary compensation policies of the banking sector. Some employees from the back office divisions (such as IT) of bank Alpha complained that they do not receive the bonuses in proportion to their efforts. Other Managers agreed to these disagreements and suggested that this is because of the fact that performance of the banks is almost and always a translation of the efforts put in by the front line employees. This is because front line employees have the most significant bearing on the profits; their compensation is also significantly higher than the back office workers. When argued, however, that the front office cannot work efficiently without the support of the back office, the respondents agreed that this is an issue. In response to this they raised two points - firstly, the back office employees received industry standard salaries so it is not a problem with bank Alpha but with the banking sector in general. Secondly, the performance of the back office workers is often qualitative and difficult to evaluate even using the balanced scorecard. This makes the compensation process too difficult. In the words of one of the respondents:

If the bank's compensation policies for the back office staff are wrong then we would have witnessed high churn rate in those divisions but in reality the employee churn rate in those divisions is not even half of that experienced in the front line staff. I would say this means that the employees are getting a competitive salary.

Table 6.11: Evidence mapping for institution factors theme influencing the relationship between HR and line managers in the implementation of compensation practices in bank Alpha

Key theme	Sub themes	First order evidence
Institutional factors implication	Cultural influence - power distance	<i>Top management takes the decision and others are simply informed. Top management may require the senior managers to give their inputs in order to gather information but the decision is taken solely by the top management. Too many decision makers would make it extremely difficult to take decisions so this sounds a good approach.</i>
	Industry influence- standardisation compensation	<i>The back office side has a very high employee retention rate as compared to the front office. I would presume that is because the back office employees are satisfied.</i>

Key theme	Sub themes	First order evidence
	Cultural influence - reward recognition	<i>Employees are generally lured by higher compensation. In fact we also do that - if we want to attract a bright talented individual we will offer him a better package than his current employer. I think this is the same in the whole of the world.</i>
	Cultural influence- Reward recognition	<i>Most of the employees who leave the organisation do it for higher compensation packages, whether they admit it or not.</i>
	Industry norms- front office employees preference	<i>Employees do not receive bonus according to their efforts. Front line always gets much more than the back office even if the back office employees work harder.</i>

6.2.11 HR-line manager interaction in implementing HPWS succession planning: insights from bank Alpha

This activity emerged consistently throughout the interviews which required an investigation from the researcher to understand. Succession planning is one of the weakest points of bank Alpha. In fact it has no succession-planning programme as of yet and the respondents suggested that it is not common in the banking industry. When there is a vacancy, the HR manager and the line manager follow a pecking order in which they first look to recruit internally and if no internal employee is suitable for the role they will look to recruit externally. One of the respondents from bank Alpha suggested:

In the banking sector we do not have a succession plan for lower level employees. They are compensated for their efforts and when there is some job opening we do consider our employees for succession.

There is thus no planned strategy to move people up the ladder.

Career progression at bank Alpha does not only depend on the performance of the employees. Management considers the financial compensation provided is sufficient reward for their efforts.

In bank Alpha there is little evidence of support and assistance for low performers except for the managers who need to acquire additional soft skills. Although one of the HR manager respondents suggested that:

Even if an employee's performance is unsatisfactory we still stand with him and support his rejection simply because he has not got a good direction and goals to achieve.

None of the respondents could, however, explain their strategy about assisting underperformers in improving their performance.

When asked if HR managers or line managers guide the employees on what they need to do in order to succeed in the organisation, respondents from bank Alpha suggested that no such mentoring is provided to the employees. One line manager from bank Alpha suggested:

We do not have a planned career chart for employees because we do not know what positions will become available and when. But I agree with you that with a proper career progression planning it would be helpful to retain talented employees and ensure longer-term relationships between the employees and the bank. Probably it will help in reducing the extent of monetary compensation paid as well because right now we rely mainly on monetary compensation to retain employees.

Indeed progression planning helps in offsetting the need of excessive financial compensation for employee retention.

Since progression planning is limited in bank Alpha there is no question of co-operation and co-ordination among the HR managers and line managers. As regards the nine-box grid, however, the main responsibility lies with the line manager. He/she is required to fill in the nine-box grid and hand it over to the senior manager. The role of the HR managers is, however, again overlooked.

Table 6.12: Evidence mapping for institutional factors theme affecting success planning practices in bank Alpha.

Key theme	Sub themes	First order evidence
	Cultural influence - Uncertainty avoidance	<i>There is no definite career progression plan because we are not sure of the positions that will be available. Of course we do not know</i>

Institutional factorsimplication	Industry influence - technical skills-oriented	<i>when any employee will leave.</i> <i>Promotion is mainly done on the basis of the performance appraisals in the past. Some employees criticise it because it is mainly technical and does not look at managerial skills such as interpersonal skills but this is the best and accepted method.</i>
	Management influence Lack of Low- HPWS design	<i>Employee skill development towards career growth is something we are looking to implement. We are planning to increase the rate of internal career growth more than external recruitment so if we have to recruit a new employee it better be at entry level position while managers could be internally promoted.</i>

6.2.12 HR-line manager communication in implementing HPWS activities: insights from bank Alpha

Communication is an important aspect of HPWS. Bank Alpha has traditionally been an organisation with a strong hierarchy. It could be seen as influenced by Saudi culture which is characterised by high power distance. In last 5 years, however, things have started to change as the new managers look to adopt an international organisational model with fewer hierarchies. In the words of one of the HR managers:

We are trying to remove as many layers between people as much as possible in order to create a direct connection between the big boss and all the way down to staff in the branches. It's not an easy thing, communication is a very tough thing in an organisation such as ours, but we are trying to do as much as we can to make sure there is a flow of information that goes all the way down.

The sheer size of bank Alpha does, however, make it extremely difficult to restructure the bank and hence the process is quite slow. This is clear from the comments of another HR manager:

I think we need more communication. I hope the new manager of HR strategy will activate the role of communication awareness about our role in the bank. Maybe it is well known at the management level and executives more than the lower level of employees. This is one of our weaknesses and we need to be proactive about our communication system.

In bank Alpha the communication flow is mostly from other departments, i.e., line managers to the HR managers *via* senior managers and partners. The chain of communication is generally from line manager to the head of division who then communicates to the business partner. For the queries regarding rules and regulations the business partners can resolve most of the queries, but for issues which require decision-making, partners refer the matter to the senior HR manager who then does what is needed. The chain of communication is a bit complicated because there is evidence of both formal and informal communication. As one partnership manager indicated:

RM partners are there whenever business units need us. We don't attend their each and entire meeting but when the situation requires us to be there we are always available for HR issues.

Communication in the Saudi banking sector seems to be shaped by cultural factors. For example, one HR manager commented:

Our culture is very emotional. And what HR is trying to do is to encourage objectivity and professionalism with the way that we do things. So this is the challenge that we in HR are facing.

The influence of challenge is also evident in the comments of another HR manager who said that:

We don't know how to communicate bad news. We don't have that culture of sitting with each other and criticising each other face-to-face. We don't have this. This is something that I think we are raised with, we have respect for everybody and we do think good things of people. So this is one of the main challenges in the culture.

Table 6.13: Evidence mapping for institutional factors theme affecting communication in bank Alpha.

Key theme	Sub themes	First order evidence
Institutional factorsimplication	Cultural influence - feminism	<i>Communication is one of our weaknesses especially because of the cultural values which restrict our communication in several ways.</i>
	Cultural influence - feminist	<i>Our communication is less professional and more social as compared to the western world. We find it difficult to convey bad things and sometimes it is really necessary. If I don't tell someone the truth how will he learn the truth but we are born in a society where we can't talk about things like that.</i>

Cultural influence - feminism	<i>I think we need to improve informal communication within organisations both horizontally and vertically. At the moment communication across ranks and divisions occurs on an ad hoc basis but we need to work more closely because the final objective is the same and it is important to know how we and others fit into the whole equation.</i>
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6.3 Overview of case study of Bank-Beta

Bank Beta is a relatively new bank as compared to its competitors. It has been in the market for almost thirty years. It is fast growing and has expanded quite recently in the last five years. Bank Beta was a pure brokerage bank specialising in stock trading. But after the stock market crash and the consequent losses bank Beta underwent dramatic changes in 2006. All Bank Beta's products are Islamic, nevertheless all organisational parts are affected by global practices. The HR department has 36 employees which include the head manager and senior managers. HR relationship managers with business units are 13 in total of the HR department.

Prior to the crisis, bank Beta suffered quite significantly as its profits declined and workforce issues led to a considerable decline in employee morale. After the crash, however, the management decided to expand its service portfolio from being a pure brokerage bank to a fully-fledged Islamic bank with diverse products. Bank Beta management was aware of how to carry out this transition from the infrastructure point of view. It faced huge challenges, especially in HR, as the new shape required people with new and different skill sets as well as the culture of workplace having to be changed. Things started to change, however, with the arrival of new management. Bank Beta's new management focused on employee issues – the role of HR has been redefined and HR now Weilds more power and participates actively in decision-making. Three major milestones that bank Beta put in place were the HR department: to transfer this organisation; install a grading system, PDR system, so people started to become familiar with the practices and language of a performance based organisation, and infrastructure with ORCAI system software for transactions and monitoring. As a result employee issues were emphasised.

6.3.1 Context of bank Beta strategy

Bank Beta, like bank Alpha, is following a growth strategy although bank Beta is much more aggressive in its expansion objectives. It is looking to expand its branch network quite extensively; they serve around 95 branches including male and female branches. In 2012 alone the bank opened 30 new branches across the Kingdom. Also, bank Beta is known as one of the most innovative banks in Saudi Arabia. Apart from redefining its HR strategy, bank Beta is also focusing on an innovative and updated marketing strategy. It has adopted an aggressive marketing strategy.

As per the words of one of the line managers

We are growing and we know that to compete against our bigger rivals we need to have a very forward-looking strategy. We have what you can say are our strategic, tactical and operational goals.

Bank Beta has a 10 year strategy for becoming one of the key players in the Saudi banking industry. To achieve this it has tactical plans for adding new product lines and opening new branches. According to an HR manager at bank Beta:

What separates us from other banks is that we have a tactical plan for HR as well. According to this plan we are building and developing a workforce, which is not only intelligent and flexible, but also skilled in multiple skills. For this we are planning to increase cross-functional expertise in our employees through job rotation.

This is not yet implemented but bank Beta is planning to launch this job rotation policy very soon and it is likely to help the firm in building a multi-skilled workforce. In operational planning bank Beta is providing greater autonomy to the line managers. When it comes to HR issues, the HR managers have greater autonomy for deciding how they plan to achieve the goals set for them. Thus, the level of interaction on HR issues at different levels is as follows:

- strategic HR issues: head of HR division and top management;
- tactical HR management: head of HR division and HR middle management;
- and,
- operational HR management: HR middle managers, HR business partners.

According to one of the HR managers:

Breaking down the plans into strategic, tactical and operational levels helps in clearly defining roles and responsibilities.

The problem is, however, the co-ordination amongst the cross functional teams in implementing a strategy. This is one part that is lacking in most cases. For example, one line manager suggested that:

There are clearly defined roles and responsibilities and individuals are responsible for their own goals. My evaluation will be done on the basis of what I achieve and so I am more concerned about meeting my targets. The HR manager is expected to do his part and he will be evaluated for that.

Bank Beta realises that for it to be able to compete in the long run it will have to increase both its branch network and product offerings. As *per* one of the line managers:

There are several benefits of being large in the banking sector - you get preferential treatment from your partners and the government. Customers tend to rely more on you and this has a positive impact on the business.

Bank Beta is still a small-scale player in the Saudi banking sector where some of the large banks benefit from both economies of scale and scope.

One of the issues facing bank Beta is that a large proportion of its customers maintain accounts in more than one bank (including bank Beta). This means that bank Beta is not able to capture the whole business of many of its customers. For example, some customers maintain their personal accounts with bank Beta while they maintain their corporate accounts with other banks. One of the reasons for this is that several large banks have a vast branch network (even cross border) making it easier for them to carry out transactions using other banks. Although bank Beta is not targeting overseas expansion it aims to increase its branch network within the Kingdom.

According to one of the respondents:

Ideally speaking bank Beta would like to be like a one stop solution for all the banking and financing needs of its customers. But we know that we need to

do a lot of work to assure our customers that we can deliver the quality of service that they expect.

6.3.2 Information system

A solid technological infrastructure is the basis for banking sector successfulness strategically and operationally. So both banks are competing in having the best quality technology services for both client satisfaction and for employees doing their work to the best standard – actively and efficiently.

Accordingly an HR manager commented:

Our strategy I would say is around lending; it's about growing the core business, expanding our branches and growing forwards in our IT infrastructure. This includes, of course, taking care of our people, retaining our top talent going forwards and making sure that we have the right succession planning.

This is similar to another manager who stated:

One of the things we have been implementing is a full HR system (ORECAL based) that automated all of our HR transactions, so an employee can enter the system and apply for his vacation, or a loan, and look at the time attendance. Also, managers can enter the system and see what people underneath him are doing, so that was fully automated and was delivered and it has really improved the efficiency of the workforce, so employees are more focused on doing their business not doing administrative work.

Thus, bank Beta is aggressively expanding its branch network, automated system and product offerings. According to one of the line managers at bank Beta:

[Bank Beta is] planning to have branches across the whole of Saudi Arabia and some MENA nations and to offer all banking and financial service products by the end of 2017.

At the moment bank Beta is on course to achieve this target.

6.3.3 Culture influence

The analysis of the data reveals that culture has its impact on HPWS. Based on the words of the chief HR manager:

Social culture without any doubt is a factor. For instance, we are regulated by (SAMA) Saudi Arabia Monetary Agency. It is critical to be aware of the market and the regulatory influence.

Similarly, an HR recruitment manager stated:

There are some rules and regulations that I have to be aware of when I am hiring people or promoting them. For example, in terms of regulatory conditions, there are specific jobs in the bank that when I need to hire people I need approval from SAMA in order to do this. If they say No I can't hire that person, I have to find somebody else. This is what I consider a constraint in the recruiting area and it does cause conflict between some division managers and us.

The same goes applies to the reward system. According to a pay roll manager:

I have to know what the market pay rate is; what are the general types of benefits, which any employee entering the financial sector would expect to find. So, I need to be aware about what the rest of our competitors are doing.

Meanwhile, the head of network retail branches comments:

Our culture here arises from the CEO himself when he stands up in front of all his staff and point out to what we did during the pervious year and what we didn't and why. This, from my point of view, is a strategy on its own: a strategy that aims at building trust and a bridge of direct communication for any question or uncertainty.

In the same vein the line manager of risk management suggested:

I think inner culture is the most influential factor in our sector. Our concern is always; what shareholders want to do and what they expect and what is the vision of the CEO.

When a question was put about the effect of culture on the HR department with their relationships with other counterpart business units, an HR relationship business manager commented:

Our culture equires us to contact directly with senior officials with respect to plans and strategies. For example, we have our annual operational plan before the year starts, we sit with the businesses head and HRM and RM staff and myself and we sit together with finance to see what is the budget and the deliverables that are needed for the next year. Line managers are informed later.

In the light of the foregoing, in spite of the difficulties bank Beta experienced, the most influential factor for adopting advanced HRM is related to the new management as a vocal factor for bank Beta's environmental pressures. In accordance with the participants' information, top management (i.e., the CEO) has played a very supportive role for the HR department. Secondly, the interviewee agrees that because of the HR department people's awareness and qualification

things have change a lot in bank Beta such as the reputation market ratio, according to the treasury department manager

When I joined this bank we struggled a lot to attract highly experienced people to this bank; because the labour market reputation for this bank was not so, people hesitate to accept our offers. But now the case has changed and now they are willing to work here, because the reputation has changed and the environment is friendlier and more motivated than before.

6.3.4 A review of the impact of institutional factors on the current structure of the High Performance Work System (HPWS) in the Saudi Arabian banking sector: the case of bank Beta

All of the interviewees agreed that institutional pressure has several influential factors on the HPWS current structure. The evidence regarding this dimension is presented in table 6.14 below.

Table 6.14: Evidence mapping for institutional theme affects the current HPWSpractices in bank Beta

Key theme	Sub themes	First order evidence
Institutional factorsimplication	Management practices: HR proactive	<i>Internally we have been developing from being reactive to being more proactive.</i>
	Management practice: Tactical role- High HR middle managers role	<i>First you have to know there is a big difference between executing the strategy of the business unit and influencing the strategy of the business unit. Now this is the real work of the RM manager.</i>
	Management practices: HR partnership proactive role	<i>The RM's, responsibilities is to build co-operation inside the business in order to make sure that the business works together in a better sense, to make sure that the team level is high and there are no personal issues between managers inside so that people can complement each other to achieve the targets of the actual organisation and the actual group</i>
	Management Low perception	<i>We do not call it explicitly HPWS but yes our HR approach is the same as what you would call HPWS. We don't have something known as HPWS.</i>
	Cultural - Power distance	<i>Strategy at the business level is for the top management only. If everyone is going to jump in it will lead to chaos. Line managers are aware of the operational targets and I believe that this is all that they need to know. They know about the strategy but translation into operational goals is not their task.</i>
	Industry influence -	<i>HR has little to contribute to strategic decision-making. I understand that they contribute to putting it</i>

Key theme	Sub themes	First order evidence
	HR tactical role	<i>into practice but deciding corporate strategy, especially in the banking sector, I doubt it.</i>
	Industry objectivity oriented	<i>The hard-core objectivity in the banking system puts excessive psychological pressure on us and employees.</i>
	Industrial influence	<i>In the banking sector employees only know about their own role - it is so vast and diverse that knowing about anything else is not possible. So it will not be wise to allow them to suggest anything beyond their own roles.</i>
	Limiting employees involvement	<i>It can do more harm than good.</i>

The concept of advanced HRM is considered highly in bank Beta. Bank Beta's HR manager commented on the significance of human resources in the banking sector:

The banking sector most specifically depends on intellectual properties; on minds; it depends on individuals or human resources. That why we call it here HR capital, and we consider it as the most expensive resource we have, and what we spend most of our money and time on.

The findings show through interviewees' comments that HR are trying very hard to be proactive in doing their role, as the HR recruitment manager noted:

We internally were developing to be less reactive and more proactive.

HR people in bank Beta do understand what their responsibilities are, especially in delivering HR polices to the other business units. According to the chief relationship business maanger:

[Partnership manager] That person is our focal point of contact for every thing belonging to HR. Specialists, who are behind the screen, will support him to be able to deliver whatever HR initiative or projects and dimensions that should be implemented by business.

Similar views were presented by one of the line managers at bank Beta:

Acquiring and retaining the best human resources is the core of our business because the quality of our service will depend on the quality of our human resources. Everything else is imitable but what brings us the competitive advantage is the quality of our human resources.

But acquisition of talent is one thing and to utilising it is another. For example, HR manager at bank Beta suggested that

.... acquisition of best talent is not sufficient; we must manage this talent as well. Thus, we have to have correct practices for employing, allocating tasks, developing and motivating them.

But the problem is the fact of industry norms acquired from every business unit to focus on achieving its own hard targets, as one of the line managers commented:

The hard-core objectivity in the banking system puts excessive psychological pressure on employees and us.

Like bank Alpha, bank Beta also does not have a comprehensive HPWS system. This was confirmed by the HR manager at bank Beta who suggested that:

we do not call it HPWS explicitly but yes our HR approach is the same as what you would call HPWS. HPWS is mainly a theoretical model which is used in the academic field but not in the real world. In real organisations they follow some or all of its principles but call it something else.

This means that HPWS may not be practiced ideally. For example, one line manager at bank Beta commented:

Employee empowerment is quite limited in most organisations. In the banking sector employee empowerment is generally limited to individual goal setting because employees do not have the knowledge of the business beyond their role - in fact even line managers do not have the knowledge of the business at a strategic level. All they know is the operational level and hence this is what they can contribute to.

But this could lead to problems, as it is clear from the example given by one of the line manager at one of the banks¹:

In 2009 we were implementing a new IT system which would allow better information exchange. The strategic plan was to have a consistent platform for information exchange across the whole organisation. However, the mortgage department had several issues with such harmonisation as their new system was not only difficult to use but also had several entry problems. Their whole database had to be redesigned and the entries in the system were entered in a very complex manner. This system had to be rolled back after 2 months as the complaints from the mortgage section rose. It cost the bank an estimated \$3.5 million and significant business losses in terms of man hours wasted.

In this case, if the line managers who were to operationalise the system were consulted at the beginning, they could have highlighted the potential challenges and

¹(name of bank hidden at the request of the respondent)

the system could have been better planned keeping their concerns in mind. These line managers were, however, involved in the system only at the operational level. Line managers can act as representatives of the employees who put strategy into practice and hence their involvement in strategic decision-making becomes essential.

There is a significant difference between the manner in which HPWS practices are implemented across different industry sectors and even among different firms within the same industry sector. As the line manager at bank Beta suggested:

HR practices are only somewhat consistent across the sector - all firms have their own HR practices because they may have a different strategy - but still there is a partial overlap such as in wages and compensation system while some other principles such as empowerment of employees may vary.

One of the factors that could affect employee participation and empowerment is the organisation size. Larger organisations tend to have lower levels of employee participation in decision-making and smaller organisations have higher levels of employee participation. As a line manager in bank Beta suggested:

Banks are large organisations and have a vast number of employees working in a number of branches performing a large number of different functions. It is extremely difficult to get everyone to participate in central decision-making even at branch level. Companies where there are a very few number of offices, bringing together the employees is feasible but not in the banking sector.

However, the chief manager of HR in bank Beta comments,

We are trying to change it. Can I say have we succeeded let me say 60% yes, but still we need to establish credibility. And I think we did because we told them this is what we are going to do; we motivate them with the housing programme to insure how important they are to us. We took their point of view about the bank by employees' engagement survey and we shared the results with them and showed them what we did. So employees have to visual your promises and attempts to build credibility of what we are doing.

Hence, it can be concluded that institutional factors do affect the current HPWS in both banks. Obviously, management practices and industry norms have major effects greater than those influenced by cultural pressure. Besides, the HR department as an inner institution factor plays a vital role in the current HPWS structure implementation. HR people, by understudying their role and by building their credibility with other business departments became able to open a channel for a

process of reciprocity that eased their role in conveying HR policies of HPWS practices to line management. On the other hand, the Saudi banking industry norms still hindering HR full engagement (a further discussion is provided regarding industry norms influencing each of the HPWS practices in the case analysis). The culture effect can be seen mainly in the power distance application in keeping decision-making in charge of top management and senior officers (this also will be discuss in more detail on every HPWS practice in the coming sections).

6.3.5 A review of HR and line managers interactions on the strategic structures of HPWS in bank Beta

The extent of the interaction between HR and line management in the strategic structure of HPWS in bank Beta is illustrated in table 6.15 followed by a detailed discussion.

Table 6.15: Evidence mapping for HR and line management interaction theme in implementing HPWS practices in bankBeta

Key theme	Sub themes	First order evidence
HR-line manager interaction	HR partnership proactive role	<i>Our management emphasises that we should partner with the business to enable them to achieve success. We anticipate their needs and try to come up with programmes, initiatives and procedures that organise for them the tools of success.</i>
	Proactive coordination regular basis communication	<i>Relationship managers participate in the meetings on a regular basis and act as a link between line managers and HR department.</i>
	professional role HR Middle manager proactive partnership role	<i>We are part of the decision-making and we are part of the input to that particular thing from the capacity point of view of whether we can do it or not.</i>
	Professional norms High partnership coordination mutual dependency	<i>Liaising between HR and line management is not easy. We have to make sure that we link the two well so when I speak to HR I bring up the issues which line managers are facing and when I am talking to the line manager I am raising HR issues. Our job is to make sure both are aware of issues at the other end.</i>
	co-ordination resolve conflicts	<i>RMs, responsibilities are to build co-operation inside the business in order to make sure that the business works together in a better sense, to make sure that the team level is high and there are no personal issues</i>
	Partnership- co-ordination HR advisory role	<i>But once we treat them as clients we do give the advice part also that comes with the territory</i>

The findings show that the level of participation for the HR manager in bank Beta is much better than in bank Alpha. HR managers in bank Beta assert that HR managers participate in the bank's business strategy as long as it has a human resource agenda. For instance, the HR manager pointed out:

HR theories for the five years had been implemented in Saudi; however, some sectors are more advanced than others by implementing talent management as a strategy. Talent management is about how can I acquire the best talent; how can I employ them; in what jobs can I allocate them; how I develop them; how do I motivate them, and how I can retain them. By doing so we are retaining the bank development.

Similar to that, the HR partnership manager commented:

Our management emphasises that we should partner with the business units to enable them to achieve success. This is our message; how can I enable businesses to achieve success - not to wait and hear what they want. We anticipate their needs and try to come up with programmes, initiatives and procedures that can organise for them the tools of success. To make sure that their staff is motivated and qualified, that they have the tools and training which prepares them to do the jobs they asked for - this is our role.

In bank Beta, HR relationship managers treat business units as clients and give suggestions which, although business units are under no obligation to follow, are generally accepted by the business units. The management at bank Beta has started taking proactive steps which will increase the level of overall participation from all divisions including HR. Under the new system, the HR division will be able to make suggestions which the management will consider. According to the Relationship Manager at bank Beta:

RM partners live with day by day things. For anything related to HR, the RM is accountable, so he is always available in department meetings. You can see him in business's inner meetings; he is a member of that meeting. In the meetings, the RM discusses business status, challenges, and opportunities. So they live in the business units day-in and day-out to make sure whatever HR needs is first met and the complaints against HR practices are resolved.

Bank Beta's HR division also boasts an employee care subdivision. The role of this subdivision is to ensure that the needs of the employees are met; for example, employees' vacations, their contracts, their medical care, their life and property

insurance, their travel tickets and hotels, to mention a few. This division handles all HR logistics and HR operation processes.

In contrast to bank Alpha, bank Beta's HR manager makes suggestions on (and even influences) the corporate strategy. For example, the HR manager can comment on whether any of the set goals is realisable or not - the goals which are not realisable due to human resource constraints are mostly revised. As head HR manager in bank Beta commented:

Our annual operating plan covers everything from business numbers to HR needs. We are a part of the decision-making and we are a part of the input to that particular thing from either the capacity point of view of whether we can do it or not. Or from an advisory point of view of whether we see this is fit or not.

In the same vein, the head of relationship management noted:

First you have to know there is a big difference between executing the strategy of the business unit and influencing the strategy of the business unit. Now this is the real work of the RM manager.

This view was confirmed by one of line management in the finance department who commented:

Since the new management came, we began to recognise a big change in management and progress. Lot of things seems clearer now.

Under the new management, bank Beta has started making changes to its overall strategic process and top management is trying to develop a system which will incorporate the best suggestions from across the organisation. In bank Beta, the HR division plays a more proactive role by anticipating the future business requirements and keeping human resources ready to meet those requirements. Commenting on how HR managers can contribute to corporate strategy, bank Beta's relationships manager commented that:

I as the relationship manager am solely responsible to ensure that the HR needs of the divisions are met. I have to wear two hats - when I am in HR I wear the business hat and when I am in the business division I wear the HR hat. It is my responsibility to ensure that the HR strategy is aligned with the business strategy. For example, I have to ensure that the business has sufficient skilled human resources to meet future requirements. Or to ensure that all the workers within the team are working optimally and weaknesses, if any, are eliminated.

Both bank Alpha and bank Beta have relationship managers who are responsible for HR issues related to different divisions. While bank Alpha has 13 relationship managers for over 300 branches, bank Beta has the same number of relationship managers for just around 90 branches indicating a much better ratio of relationship managers to branches in bank Beta. This high ratio allows relationship managers to focus more effectively on improving HR performance while in bank Alpha relationship managers tend to play a supportive role only.

Relationship managers play the role of intermediary between the HR and business divisions. Thus, in principle, the role of relationship manager is to ensure that the business needs are fulfilled and that HR policies are implemented as desired. To ensure this, relationship managers in bank Beta have monthly and quarterly reviews whereby the line managers and HR managers give their feedback on how the relationship manager is performing – as well as he/she can or to improve further. Relationship managers at bank Beta are now required to meet the business heads more regularly (in most cases weekly) and discuss the progress of the set goals. The relationship managers at bankBeta go as far as discussing the annual budget and annual operating plan with the business heads. Furthermore, they get directly involved in monitoring the progress of the respective business divisions to ensure that the divisions are on track to meet their annual plan.

The issue of objectivity is visible in bank Beta. Highlighting the issue of objectivity, one of the line managers at bank Beta commented:

The hard-core objectivity in the banking system puts excessive psychological pressure on the employees. There are situations, especially when the market is not doing well, when everyone is just chasing numbers. But this is not because of one individual; it is like a chain where every senior is putting pressure on the one below him/her.

Like bank Alpha, Bank Beta's HR manager also highlighted that it is a constant struggle to find and retain the brightest. Like one HR manager commented:

There is no shortage of people who want to work in the banking sector due to high salaries but bright and skilled individuals are like rare gems which every bank will try to retain at all possible cost. In fact, this is the challenge that while one bank will try to retain its best human resource assets other banks will try

everything possible to attract them. This leads to a price war and the impact of this can be seen in the sky-high wages being paid.

One example of proactive HR strategy at bank Beta is the Graduate Development Programme initiated by the HR to prepare future business managers. Under this initiative the HR department selected a group of qualified people and trained them for six months, so in the future, they could be ready for any needs or requests by business units and branches of the bank. Although these individuals have not yet been introduced to the line managers this initiative highlights how HR actively participates in implementing the corporate strategy proactively.

HR managers at bank Beta anticipate the business requirements and work towards fulfilling the requirements of business divisions. The challenge for the HR division is to anticipate future business requirements and fulfill them without causing much disruption to the business. Internal business data is obtained over the years which are analysed to calculate the employee churn rate by every department/branch. Other data regarding date of joining, age, income, biography and demography, *et cetera*, are also fed into a complex system which is then used to estimate the future vacancies in each and every branch/division. Following this, the HR managers hire and train new individuals. Such anticipation is quite essential because hiring and training a new individual can take anything between 3 to 6 months. If there is no ready pool of employees to fill in for the employees leaving, the work will get disrupted and the respective branch/division will miss its targets.

Compared to bank Alpha, bank Beta adopts a different approach to the development of managers. Instead of putting fresh graduates straight into a job, fresh graduates undergo rigorous training. Most Saudi banks adopt the on-the-job training approach while bank Beta:

.... believes in bringing in people with specific standards and graduating them with also specific standards, so they are developed from a long term perspective.

Bank Beta is looking to hire individuals with potential and train them to be partners in mutual growth for themselves and the business. It is essential that HR managers and line managers co-operate for recruiting such high caliber individuals and so, in

bank Beta, both line managers and HR managers share responsibility for recruiting the right individuals.

To conclude, in bank Beta the role of HR as a management institution pressure has played an essential role in bring the interaction with line management to the fore and making it visible. The HR department by understanding their strategic, partnership and advisory role has managed to reach, to some extent, its credibility which is the base for positive reciprocity between the two parties.

6.3.6 HR-line manager interaction in implementing HPWS recruitment and selection: insights from bank Beta

Table 6.16 presents the evidence map for HR and line management interaction on the implementation of HPWS recruitment and selection practice in bank Beta. The interviews show that the interaction is an important factor for implementing the practice of recruitment and selection, but interestingly the case is the same as in bank Alpha. The evidence from back offices findings show that the case is different in their division due to their skills technicality requirement and the fact that HR managers are usually not fully knowledgeable with this type of skill.

Table 6.16: Evidence mapping for HR and line managers interaction theme in implementing recruitment and selection in bank Beta.

Key theme	Sub themes	First order evidence
HR-Line managers interaction	Partnership-co-ordination - advisory	<i>HR department advises and provides me with its own analysis and own statistics on possibilities and predictions....it is not easy for me to do it without the help of HR department.</i>
	Back office low perception on HR knowledgability	<i>For every position we need to make sure that there is technical fit between the employee and the requirement of the job, which required us as a division takes the selection- decision.</i>
	Partnership-coordination Reciprocity - engagement	<i>HR involves with our strategy day by day. So I have a minimum stander of recruitment. Also, Recruitment is being by cities and zones. So it is not easy for me to do it with out HR department.</i>
	Partnership-Co-ordination – HR consultation role	<i>Our job is to attract capable resource. In an environment that has most of those in the Saudi Capital city (Reyadh) because 80% of the financial institutions are located there. So attracting these capabilities is a challenge</i>

Key theme	Sub themes	First order evidence
	Front office High perception on HR knowledgeability	<i>The best thing would be to select the right person for the organisations. A person who is willing to learn and grow with the company and become better in performance with time and requirements.</i>

In bank Beta, during the recruitment process, the HR manager provides suggestions to the line manager who can then make a decision based on the information provided by the HR manager. But in the case of both bank Alpha and bank Beta, HR managers have rarely turned down an applicant after the line manager has approved him/her. This indicates that the HR manager is not one of the decision-makers in the process.

HR management does, however, participate in the tactical decision-making. According to one of the line managers at bank Beta:

HR department advises and provides me with its own analysis and own statistics on possibilities and predictions. For example, if our plan is to expand and I want to establish 3 branches, and I anticipate a need for 18 new employees, HR department can tell me, based on their analysis, that I would need more or less that number of employees. Although I do not have to abide by their suggestions, in most cases I will listen to their suggestions and work accordingly. We are growing and recruitment is carried out according to cities and zones. So it is not easy for me to do it without the help of the HR department.

Bank Beta takes extreme care in selecting the right individuals; the HR manager of bank Beta gave an example:

The employee care department acts as the back office for Relationship Managers. For Relationship Managers we hire people with very strong interpersonal skills, who know how to deal with people; they are courteous and skilled at venting out people's anger. On the other hand, in the employee care division we look for people who can handle working for long hours, dealing with paper work and computers all the time. Thus, for every role we look for individuals who are fit for that particular role.

HR managers at bank Beta have started taking a long-term perspective when hiring individuals. Although the focus is on numbers managers also look at it from a different dimension such as development of staff and their long-term vision. According to the relationship manager at bank Beta:

If I take a very simple case, I have a vacancy for a teller, so I have a teller job vacant whether I get that person from the business side

it is the same. I have a person who was hired to train and develop to fulfill that particular role, but we look at it from a long-term perspective. That means we look at that teller; is that teller trainable to be something more in the branch. Is that teller capable to be a branch manager in a future time or not? Is that teller capable of doing something else? What if tomorrow I decided to automate all my teller positions? I won't need any more people in that position. What will I do with this course? Would I send them out on the street? This is not fair, it is not their fault, and the technology has improved. But again I should be able from the start to choose the right people for the organisation who can grow.

This indicates that the HR managers at bank Beta take a long term and strategic view of human resources by focusing on their capabilities rather than on knowledge and skills. The case is different with the front offices rather than the back office managers. The IT manager in bank Beta commented:

Often businesses units are the ones who do the interviewing, because they are the most likely people to know whether this person fits the job or not. It's based on candidate's qualifications, skills, and personality. But, on some occasions HR sends a person's CV who they feel could fit the job.

Similar to this the finance manager noted:

To some extent [HR] provides us with resumés and biographies. Hence, most of the jobs we are the ones who do things. If we see there is a need for specialists in a specific area we are the ones to follow up, attract, do interviews, select and when we find him appropriate then we let HR intervene in the hiring process.

By analysing the data from interviewees at different levels of management and different positions within bank Beta, the information collected points out that there are some agreements and gaps regarding HR interference in recruitment and selection. For example, the harmony between HR members and senior managers in recruitment and the selection process, is caused by the fact that the interaction between them is considered high; especially since the annual plan for future hiring is decided by these two parties. On the other hand, however, the case with line managers and managers from the back offices are not the same. For instance, the majority of the managers from back offices claimed that they are the ones who are in charge in the recruitment practice and HR intervention is limited to a service role for the hiring process. With respect to HR and line manager interaction in recruitment practices it did depend on the decided plan approved by the CEO, so HR takes the

advisory role and has to provide resumés to the departments with the need for hiring to fill vacancies after receiving the developed specifications of the vacancy and the necessary qualifications from the executive directors. Eventually, the decision of selecting the suitable applicants is taken by the line manager or the senior manager of that department. According to one line manager words:

The culture of the banks is almost the same in all Saudi banks so there is not much to check on an individual's soft skills except that he is presentable. The line manager checks whether he is capable and would he fit into the team.

In order to wrap up this discussion, it seems that the interaction between HR and line management in HPWS recruitment and selection implementation takes two directions. On the one hand, the interaction between HR and front offices managers in recruitment and selection took a respectable reciprocity relationship of interdependency, despite the fact that on some occasions it shows HR to have only an advisory role. This, however, does not prevent HR on other events from practicing a consultation or even a strategic role. On the other hand, it was found that back office officers have a different story with regards to HR interference on recruitment and selection. Back offices are usually encompassing; IT, finance and risk management, based mostly on technical specialists. It seems that they don't trust HR's knowledgeability on selecting the right candidate for a vacancy. In this case their beliefs direct their behaviour away from a relationship of reciprocity with HR people and minimise HR's involvement in recruitment and selection in their departments to be just service and/or an advisory role.

Institutional factors play a role on the shape of the HR and line management relationship. The following table illustrates evidence extrapolated from interviewees' information with regards to institutional factor dimensions implications for the interaction between HR and line management on the implementation of recruitment and selection.

Table 6.17: Evidence mapping for institution factors theme influencing the relationship between HR and line managers in the implementation of recruitment and selection

Key theme	Sub themes	First order evidence
Institution factorsimplication	Industry norms- Partnership-coordination proactive information system	<i>I need always to be aware of numbers because numbers have a significance and meaning. For manpower I need monthly a report about how many we hired; how many left the bank; how many in every department.</i>
	Management influence- Partnership-coordination Professional norms-high HR partnership role	<i>Because this organisation has to continue, I as HR manager have to take a very active role... By having five plans of getting people to the bank every year through various programs.... As long I am watching the number closely</i>
	Management influence- Partnership-coordination- HR partnership role	<i>But our job is how to prepare people equipped to be ready to take over their jobs successfully without any interruption in the operational process.</i>
	Management influence- Partnership-coordination-HR consultant role	<i>We are consultants to the business. Here we don't treat the business as a customer we treat them as the client. This is the area where HR watches business to make sure that the people dimension is actually strong in terms of skills matter or development or certain flag in certain behaviour inside the business.</i>
	Management influence- Partnership-coordination- Industry norms - front offices centrality	<i>Our role is to be sure that the business is successful. We can only deal with retail branches because they are our internal biggest customers. Our job can only be limited to their needs of vacancy.</i>
	Industry norms- Low partnership-coordination- back offices- low perception on HR knowledgeable	<i>Often businesses units are the ones who do the interviews, because they are the people who know mostly whether this person fits the job or not.</i>
	Industry norms- Partnership-coordination- professional norms HR advisory role	<i>This part is related to HR business partner, whenever there is an external hired request we go to discuss and suggest with the unit for the possibility of having one of our inner resources who we see are capable to fit that specific job. Sometimes the business are convinced and sometimes they would say No</i>

Key theme	Sub themes	First order evidence
	Culture onfluence- Power distancePartnership- coordination-	<i>Generally speaking, all HR policies and programmes are shared with senior managers only. They might exchange suggestions and opinions, andsharewiththemthesepolicies and programs.</i>
	External institution- Partnership- coordination- Culture influence	<i>We are regulated by (SAMA) the Saudi Arabian Monitory Agency. There are, therefore some rules and regulations that I have to be aware of when I am hiring people</i>

With regards to institution factors implications for HR and line management interactions in the implementation of recruiting and selection, the majority of the interviewees pointed out that management influences and industry norms are the main factors that have an influence on shaping the relationship between them (HR and line management). This indicated that the formation of a co-ordination and interdependency relationship is based solidly on management influence. That, in this case, relates to HR competency of being able to do their job in the partnership, to consult and advise in a credible manner. It has also been found that the automated system played a role in backing HR with the knowledge needed about what is going on in business in order to provide them with what they need and also anticipate future requirements. Hence, the findings show that an effective interaction situation emerged between HR and front office managers. This because of the fact that the front offices managers there have perceived the HR role with quite fair reciprocity, which in turn has produced a quite good cross functional mobility between the two parties. On the other hand, the evidence from the back office managers shows that some aspects of this equation are missing and limit their interaction with HR in recruiting and selection. The majority of back office managers refer to HR's lack of knowledge on the technical skills required for the available vacancy in their department. Additionally, they refer to corporate culture in giving priority to front office centrality. Consequently, the interaction between them and HR is limited. Culture does have some influence, especially from the power distance dimension and regularity of hiring (this dimension is discuss in more details in the cross-case analysis)

6.3.7 HR-Line manager interaction in implementing HPWS performance appraisal: insights from bank Beta

Table 6.18 shows a number of emergent subthemes with regards to the HR and line managers dimension in the implementation of performance appraisal. According to the interviewees' information, the emergent factors highlighted that there is differentiation in the interaction between HR and line management according to managers' locality (front offices and back offices). Besides this, the existence of an automated system facilitates the monitoring-process and reduces the intensity of meeting regarding performance follow up.

Table 6.18: Evidence mapping for HR and line manager interaction theme in implementing performance appraisal practice in bank Beta.

Key theme	Sub themes	First order evidence
HR and line managers interaction	High cross functional mobility-coordination high	<i>At the beginning of the year objectives are set. Then the mid-year review is set up by both HR/line managers to see how we progress against those objectives. Finally at the end of the year there is the rating correspondent to the objectives' achievements</i>
	Low cross functional mobility-coordination low	<i>We are not utilising the performance appraisal to its fullest. We are using it for rewards and compensation but not for performance management and employee development. We need to look at the bigger picture and utilise this tool for our benefit.</i>
	Back offices Lack of shared meaning	
	Automated monitor	<i>We follow a daily reviewed system about employees' performance. It is an automated system that facilitates our oversight and guidance job in the event of any monthly failure in achieving sales targets.</i>
	High coordination Front office process quality measurement	<i>Card system performance, as we call it, shows the existing products and everything employees have to know. For example, it describes all conditions of achieving certain products sales, concerning the amount of rewards he/ she can get. This runs by scores or grades. Therefore, the intelligent of employee's play a role</i>
	Co-ordination monitoring high	<i>RMs stay with the businesses in a weekly bases give status reports on monthly bases to me in what's happening and now we are starting to share this with the businesses.</i>
High partnership role and co-ordination	<i>we've regular review where manager and employees set together and on each specific objectives they tend to analyse whether the</i>	

Key theme	Sub themes	First order evidence
		employee is on, below, or above target.
	Co-ordination - interdependency	<i>We insure that objectives are mentioned in the performance development review document at the beginning of the year so the employees are well aware of what they have agreed to. It is written and known to all those concerned.</i>
	Co-ordination constructive appraisal-form	<i>We have a competency, core competencies in the appraisal that covers the major dimensions of working whether communications, developing other, integrity, attendance teamwork, changes management et cetera. Employee are appraised on these core competencies at the end of the year. Employees are aware of these core competencies and we try to help them improve in these.</i>
	High coordination Mangers high perception on HR instructive role	<i>For branches there is a balance scorecard. For supportive offices their appraisal based on their goals agreements. And for senior staff there are some objectives with certain qualities and certain competences which are key for their roles such as teamwork, communication skills, interpersonal skills and even judgment.</i>

Performance appraisal is quite significant in the case of bank Beta and bank Alpha. One of the line managers at bankBeta clarified the usefulness of performance appraisal:

The main aim of performance appraisal is development. My message as HR for performance appraisal is performance development review. PDR is simply development; for individuals, the organisation and, at the same time, managers. Those are the three main beneficiaries for PDR.

A balance scorecard is the most commonly used performance appraisal tool in the Saudi banking sector. Commenting on the suitability of a balance scorecard for performance appraisal, one line manager from bank Beta argued:

When the bell curve indicates that the bank is doing great, I would presume that most of the employees are doing great. But when HR people tell me that I can put only 20% in the target exceeded category I find it slightly illogical even though it is an internationally known measurement. There may be a department with 5 people, all of them doing an exceptional job. But the bell curve allows us to award only one person for target exceeding while one person will have to be put in the 'needs improvement' category even if all of them are performing at par. You need some level of discretion to apply common sense and logic.

Line managers in both bank Alpha and bank Beta consult their employees while setting goals. According to a line manager at bank Beta:

Every year there is a process whereby we develop the objectives in something we call PDR so the object result written down at the beginning of the year, is signed by the employee himself and his direct manager and his manager's manager.

Similarly, another line manager from bank Beta clarified:

At the beginning of the year objectives are set. Then the mid-year review is set up by both HR/line managers to see how we progress against those objectives. Finally at the end of the year there is the rating correspondent to the objectives' achievements. So if the employee, for example, achieves a certain level of the objectives he gets rated based on the common five ratings on the organisation. Of course that will impact his future compensation as for salary increases and end of year bonus and so on.

Personal development review is a part of the performance appraisal process at bank Beta. A line manager at bank Beta clarifies that the personal development review at bank Beta consists of three areas:

The first one is the objectives part, where the manger and employee agree on the objective at the beginning of the year. And of course each objective for the employee should be linked to the objectives of the managers and it does show in an actual form. So the employee himself will know that his objective is linked to his manager's objective number X... so the link is actually there. Then we have regular reviews where manager and employees sit together and on each specific objective they tend to analyse whether the employee is on, below, or above target. If he is below the target, the six month plan should be provided between the manager and the employee to be able to achieve the target at least. We have a competency, core competencies in the appraisal that cover the major dimensions of working whether communications, developing other, integrity, attendance, teamwork, changes management, et cetera. Employees are appraised on these core competencies at the end of the year. This is in level two. Level three is the top management in which they basically adopt a balanced core card model where each manager has a customer segment, a customer part, a financial part, an internal part and so on. So based on that the objectives are being cascaded down, this is in a high level in our management system. All objectives are related to the actual position of the people and all our appraisals are linked to bonus.

Like bank Alpha, bank Beta also has mid-year reviews. A line manager at bank Beta clarified that:

These mid-year reviews are mainly for internal assessment of employees' performance and we inform the employee if we think that a radical step up in performance is required for him to meet his annual targets.

Mid-year review is taken quite seriously in bank Beta. The performance middle review involves managers and employees sitting down together and discussing the progress on each and every single annual objective. Following this the managers and the employees agree on a six month plan to the end of the year.

Unlike in bank Alpha, an HR partner only intervenes in the case of disputes over performance appraisal. In the case of bank Beta, HR managers are more proactive and would step in whenever they feel the CPI set for the employee are not appropriate.

Unlike in bank Alpha where employees are uncertain about bonuses, in bank Beta, employees are aware at the beginning of the year what they need to achieve to get into the bonus zone. According to one of the respondents from bank Beta:

Each branch has its CPI seasonally and according to the market zone. And each branch manager knows what he has to achieve monthly to reach the annual goals required from him. And the minimum he has to achieve to enter the bonus zone. So the employees and managers are aware right from the beginning of the year how they will be evaluated.

This clarity allows the line managers to plan accordingly and even the employees are aware of what they need to do in order to get to certain levels of bonus. There is, however, some lack of clarity on evaluation of soft aspects of managerial performance. Bank Beta is trying to resolve this through questionnaire surveys and employee claim analysis. One more aspect is evident from a line manager's statement that the line managers are given hard targets to achieve. As another line manager from bank Beta clarified:

The industry has become very competitive and we are under a lot of pressure to perform. The excessive industry pressure means that we have to focus excessively on the hard targets - meeting the

numbers is the rule of the game and we hardly get time to focus on the soft skills.

Another manager confirmed:

Ninety percent of appraisal evaluation relies on the personal achievement of sales. The main evaluation focuses on how much of the bank's products can the employee sell.

This clarifies that industry factors play an important role in determining the performance appraisal system of any bank.

Bank Beta has different levels of performance measurement, depending on the division and the role of the employee. The HR manager of bank Beta elaborated on the different levels of performance measurement:

One is annual performance appraisal which is based on an agreed set of goals for each employee. For branches there is a balance scorecard. For supportive offices their appraisal are based on their goals agreements. And for senior staff there are some objectives with certain qualities and certain competences, which are key for their roles such as teamwork, communication skills, interpersonal skills and even judgment. Besides, there are also specific markers or targets and initiatives, which are considered extra than his previous performance.

Unlike bank Alpha which mainly focuses on objective aspects, bank Beta instead takes both, objectivity and subjectivity, into consideration depending on the job profile. For example, one line manager from bank Beta suggested:

Performance evaluation is comprised of both subjective and objective elements and the extent of subjectivity and objectivity depends on the job. If an individual is in the retail/sales department the performance evaluation is mainly objective while for back office employees such as IT the performance evaluation will be largely subjective.

Bank Beta performance evaluation is designed at the time of job designing in consultation with the line manager. The performance evaluation itself is, however, carried out by the line manager. Also the respondent could not provide much detail of the subjective aspect of the performance appraisal. Similarly, one employee from bank Beta suggested that:

Our managers told us that we will be appraised on the basis of both subjective and objective performance but when I received my

bonus I was shocked as they had not taken my subjective performance into consideration.

Employees follow a card system at bank Beta. One line manager at bank Beta clarified:

The card system shows the existing products and everything employees have to know. For example, it describes all conditions of achieving certain products sales, concerning the amount of rewards he/she can get. This runs by scores or grades. Therefore, the intelligence of employees plays a role here as each product has a weight and the employee is supposed to choose products with the highest weight to be interested in selling it more than others. Simultaneously, it relates to branch manager skills on clarifying and explaining all these things accurately to his staff.

There is, however, a significant issue with this system. Firstly, it only looks at the hard targets in terms of the targets set by the line manager. Also, this system is rolled out only for the front line employees, that is, the sales team.

In light of the above, as HR and line management interaction is concerned in this study, all the evidence reveals that performance appraisal practice is the main key that connects HR people with the other business units. The findings show that the shape of their interaction takes several forms; cross-functional mobility, coordination of interdependency and partnership. All of the interviewees have agreed that there is a close interaction between HR and line management especially at the stage of setting goals for business units. Many of the participants explain that because of the fact that the performance system is based on a constructive appraisal forms for all management levels and the instructive role by HR, therefore, the interactions were highly appreciated. They also commend HR efforts on developing such clear evaluation forms. Another key finding is the automated system of monitoring that facilitated the work operational-process. This has been seen obviously with both front office managers and back office officers. Moreover, the results show that HR interconnects with business in the beginning of the year, and in the Mid-year review with very clear rules and regulations regarding evaluation and eventually in the annual review.

The following table shows the evidence mapping for the institutional factor influences on performance appraisal and consequently explains the form of HR-line manager relationship interaction where performance appraisals are taken into account.

Table 6.19: Evidence mapping for institution factors theme influencing the relationship between HR and line managers in implementing performance appraisal in bank Beta.

Key theme	Sub themes	First order evidence
Institutional factor implication	Industry norms	<i>Appraisal is the most vital component of bonus and career progression. So even one poor performance appraisal can affect an individual's career.</i>
	Industry norms: standardisation disagreement	<i>When the bell curve indicates that the bank is doing great, I would presume that most of the employees are doing great. But when HR people tell me that I can put only 20% in target-exceeded category I find it slightly illogical. I want to recognise the efforts of my team and not individuals.</i>
	Industry norms- Employee empowerment	<i>Objectives are mentioned in the performance development review document at the beginning of the year so the employees are well aware of what they have agreed to. It is written and known to all those concerned.</i>
	Management influence - subjectivity	<i>We have a competency, core competencies in the appraisal that covers the major dimensions of working whether communications, developing other, integrity, attendance teamwork, changes management et cetera. Employees are appraised on these core competencies at the end of the year. Employees are aware of these core competencies and we try to help them improve in these.</i>
	Management influence - clarity in the form of appraisal	<i>For branches there is a balance scorecard. For supportive offices their appraisal based on their goals agreements. And for senior staff there are some objectives with certain qualities and certain competences which are key for their roles such as teamwork, communication skills, interpersonal skills and even judgment.</i>
	Management practice sufficiency	<i>Objectives are set by the line manager after discussing and agreeing with the employee. Thus the employee is aware and in control of his targets.</i>
	Industry influence - objectivity	<i>Hard targets are the key focus of the banking sector. We need everything to be precise and clear so there is no confusion. It is not about our bank only but the whole industry. We are judged at each level – from the most basic to even the company and sector level by the numbers. No one is concerned about how you achieve but it is all about what you achieve.</i>
	Industry norms Objectivity oriented	<i>Employees are appraised not only on how much they sell but also on what they sell. Certain products carry higher credits and selling one of those will have a m significant impact on employee performance as compared to selling one with lesser credit. Employees are aware of the credit</i>

Key theme	Sub themes	First order evidence
		<i>allocation to each item so they can manage their performance. Also line managers need to remind the employees on how they can improve their performance.</i>
	Culture influence	<i>We know that our culture some times hinder us from asking. Because of our culture some people have fear from giving their opinion or even asking. Encouraging people to give their opinion and to ask.</i>

The findings show that HR and line managers when implementing performance appraisal industry norms are aware of its impact on forming their behaviour. The findings also point out that national culture has some negative influences on managers' emotional evaluation. There is no evidence how HR in bank Beta deals with such consequences unless there is complaint raised by the aggrieved person. Hence, to conclude management practices consider the main driver that guides the interaction between HR and line management which requires from both sides an insurance that a clear goals setting is there, an agreement between managers and employees with regards to the goals set for him/her to achieve, *via* the mid-year review for following up and annual reviewing where both line management and HR share responsibilities (cross- functional mobility). It is important to highlight here that the case of HR engagement in performance appraisal with front management is quite smooth as well as the case with managers from the back offices.

6.3.8 HR-line manager interaction in implementing HPWS training and development: insights from bank Beta

The following table presents the evidence mapping for the interaction between the two parties in the implementation of training and development.

Table 6.20: Evidence mapping for HR and line managers' interaction theme in the implementation of training and development in bank Beta.

Key theme	Sub themes	First order evidence
HR-line manager interaction	Partnership-co-ordination HR proactive role high interdependency	<i>We analyse the performance of the employees and check if any employee is underperforming. If yes, we look at the gap - is it knowledge, skill or motivation. Once the gap is identified we try to fill that gap. We try our best to support the employee in maintaining his position.</i>
	Partnership-co-ordination	<i>Employee feedback is critical for us. We need to know if our programmes are generating the benefits that we intend to generate through those programmes and it is only possible through employee feedback.</i>
	HR instructive role	
	HR partnership- co-ordination –	<i>HR are fully engaged; they design training programmes and development programmes and they engage us with them.</i>
	Back offices lack of co-ordination	<i>We have very specialised jobs and HR has limited knowledge of what we need. So HR is limited only to paperwork.</i>
	Co-ordination-interdependency	<i>At the end of the year each employee has a meeting with his boss to analyse and to discuss his performance. There are certain recommendations that usually come from the direct manager in the training and development part. So I use that output, as a tool of training needs identification.</i>
Co-ordination	<i>We provide HR with our plans regarding training and HR then acts on those plans by arranging everything.</i>	

In an internal survey conducted by bank Beta, training was highlighted as one of the three worst aspects of working at bank Beta. HR managers agreed that bank Beta needs to improve on its training but disagreed that bank Beta's training programmes are inferior to those of any of its competitors.

Following the internal survey bank Beta's management ordered a complete overhaul of the training system. Bank Beta's management is working to intensify training sessions. Each manager is required to send each employee on at least two training sessions within every six months. Also managers were asked not to hold back

employees from training sessions and plan resources accordingly so that the work is not disrupted when some employees go on training.

Bank Beta is more focused on acquiring fresh graduates because the young graduates are more adaptable. Like every organisation, bank Beta has its own culture and cultural adaptability is essential for any employee to settle into his role. Thus, bank Beta is focusing on acquiring new talent and developing them. Recruitment is, thus, followed by orientation and absorption of the employee which involves educating the new employee about the bank, its culture and practices, its customers and resources, amongst others. This programme seems to be generating positive results as noted by one line manager:

I believe that HR are fully engaged; they design training programmes and development programmes and they engage us with them, especially they design a pre-employed programme. It is a wonderful programme; they structured this programme by telling what kind of programme pre-employees have to take first, and how we can benefit from those employees' 'feedback'.

This programme improves the tacit knowledge of the employees which is quite beneficial for the organisation. The focus is on training the individuals and on developing a very competitive workforce. Furthermore, since promotion is directly linked with training sending employees on training provides employees with another incentive to stay with bank Beta.

In both bank Alpha and bank Beta there is a close relationship between the HR manager and line manager as far as employee training is considered. At bank Alpha there is a pre-set training programme, which every employee has to go through and every employee has to attend at least two training programs every six months. Line managers are made aware of the upcoming training programmes for specific employees and line managers have to ensure that the employee is released for that specific duration for the purpose of training. HR managers and line managers for the sake of employee development arrange additional training. The case with back office training is that the initiatives are drawn out by the line manager and the HR manager plays the role of enabler by actually putting the line manager's plan into action.

In the case of bank Beta, the training programmes are mainly designed by the HR manager. The HR manager looks at the nine-box grid for each and every employee to identify internal candidates, which can be promoted. It also identifies individuals who can be trained further to be promoted to a managerial level. The line managers can and do, however, provide recommendations on specific training programmes to be delivered to specific employees. One respondent gave an example of such a case:

One of the managers saw that the CPI for one of his employees was over his capabilities. He asked the HR manager if this guy needed certain programmes of training and together they (the HR manager and the line manager) drew up a training plan specifically for that employee.

This shared approach towards training and development of employees has helped bank Beta's line manager in meeting high levels of performance. The approach does, however, differ for front and back offices. When it comes to training programmes for back offices, one risk manager explained:

From the beginning of the year HR is proactive in constructing some sort of training plan for the department. So they ask us what training we need this year and we have to convey to them our exact needs whether it is generic or specific to our functions. In general generic training is under the HR department while specific training is under our responsibility.

This indicates that HR in bank Beta are proactive when training programmes relate to front offices, while back offices take care of setting their own needs of training specialty.

Management factor as an institution factor was identified as an important factor that shaped the relationship between HR and line management when it came to training and development. The following table illustrates some evidence from interviewees of HR and line management, which also includes both front and back officers.

Table 6.21: Evidence mapping for institution factors theme influencing the relationship between HR and line managers in the implementation of training and development in bank Beta

Key theme	Sub themes	First order evidence
Institutional factorsimplication	Management influence- HR knowledge	<i>We analyse core competences of any job. Usually core competences are divided into three parts; knowledge, skills, attitudes. In training we are mainly focusing on skills and knowledge because these are two parts that training can do something with.</i>
	Management influence- co-ordination	<i>Whenever we have any performance gap, we analyse what are the reasons for this performance gap... is it lack of knowledge and skills, if it is so we try to close the gap</i>
	Management influence- interdependency	<i>I use the output of performance appraisal as a tool to identify the training needs</i>
	Management influence- partnership	<i>Training budget ... it is not just a number to give, it is the result of the discussion between business units and us to identify their training needs, so we allocate a certain amount of centralised budget for each business group. We allocate x amount from training budget for retail to meet their training needs etc, so each business, each group, knows what their budget is for this year and the next.</i>
	Management influence- HR proactive role	<i>This is our message how I can enable businesses to achieve success not to wait and hear what they want, no, we anticipate their needs and try to come up with programmes, initiatives and procedures that organise for them the tools of success. Besides, to make sure that their staff is the most motivated and qualified those have the tools and training, which make them ready to do the jobs they are asked for. This is our role</i>
	Industry norm influence - power distance	<i>We have one training center in Jeddah and we are planning to open one in Ryaad city this year and in the following two years we will be opening one in the East region. This is because 50% to 60% of our staff is in the west region. 30 to 35% is in the Middle region and 10 to 15% are in the East region. The priority is, therefore, given where the highest population of staff is.</i>
	Industry norms- Back offices specialty – HR lack of knowledge	<i>They ask us what training we need this year and we have to convey to them our exact needs whether it is generic or specific to our functions. In general generic training is under the HR department while specific training is under our responsibility</i>
	Culture influence	<i>Managers do not confront their employees on bad news or in the areas that they need to develop. This is mainly related to the culture that we have in the Middle East, which revolves around avoiding criticism of others and can see instead an awareness of their faults rather eulogising in their contacts.</i>

As mentioned earlier, there are a number of management influences in the relation between HR and line management in the implementation of training and development. The influences are mainly seen from the way line management perceives HR in their application of training and management. On other words, the way they evaluate HR as being instructive and helpful to them in achieving their goals. Most of the participants in front office management acknowledged the importance of having beneficial training programmes held in house by the HR department training center. Usually, the interaction between the two parties takes a formal approach that is visible in the end quarter of the year by sitting with head managers of departments to discuss the needs for next year. The data analysis reveals that the interaction takes the shape of interdependency and partnership co-ordination. The former can be seen from the outcome of the line manager in an employee's performance sheet and the input of the HR training center. As for the latter it depends on the professionalism of the HR training center in analysing every job in order to determine the competency that an employee's needs for either further promotion or to strengthen his ability in certain area.

As for back offices as a new emerging factor, it seems that HR knowledgability of back offices' specialty of needs has some shortage, which puts line management of those departments to be in charge of determining their needs, and do the searching and HR proceed as administrative support in this event or take an advisory role which eventually lowers the level of reciprocity between the two parties (HR and back office managers).

As far as culture is concerned, the data analysis shows that the impact of culture is limited with regards to HR and line management interaction in training and development unless for those in the remote areas (i.e., power distance).

6.3.9 HR-line manager interaction in implementing HPWS compensation: insights from bank Beta

According to the interviewees with regards to the interaction between HR and line management in the implementation of HPWS compensation practice, all of the participants recognised that compensation is a centralised practice and controlled by the HR department and that line management does not get involved in this practice. It is between HR and top management. The following evidence mapping in table 6.22 illustrates this point of view.

Table 6.22: Evidence mapping for HR and line managers interaction theme in the implementation of HPWS compensation practice

Key theme	Sub themes	First order evidence
HR and line management interaction	HR proactive role	<i>To distinguish between them we have to build a performance culture by doing performance management system.</i>
	HR control	<i>The bonuses here are different from other banks. It is not in the manager hands, we control the bonus. The only thing that the head can control is the rating that he/she gives to the employee regarding the appraisal</i>
	Indirect relation	<i>To ensure things are not subjective, bonuses in the bank [Beta] are totally linked to performance.</i>
	Restrictive relation	<i>I think what we have is separated activities. For instance, we have the BELL carve, but we don't use it as a reward system.</i>

The following is an analysis of the data collected from interviewees and explains the compensation system process in bank Beta.

The case in bank Beta was almost the same as bank Alpha. An internal questionnaire survey conducted at bank Beta revealed salary as the worst aspect of working at bank Beta. This is quite surprising because according to the HR manager at bank Beta, it provides the most competitive salary packages and continuously revises its salary packages to ensure that it meets the industry standard.

Bank Beta's HR manager agreed that in the banking sector there is an excessive focus on the sales force with the largest proportion of compensation going to them. He also drew attention, however, towards competitiveness of compensation packages according to the job profile just like in the case of bank Alpha. To improve the salary

system, bank Beta has adopted a grading system for determining the salaries of the individuals. This grading system means that the employees are provided with competitive salaries according to the market and each job is graded meaning that the salary of individuals depends not only on the position and performance but also on the division. According to a senior manager at bank Beta:

The organisation of workforce into grades has resulted in psychological stability, clarity on career path and increased feelings of security.

One of bank Beta's HR managers suggested that:

After the grading system was implemented we could ensure that the salary is competency based on the market profile of the job. If anyone else will pay more than us for a particular employee, we strive hard to match it if not beat it.

He did agree, however, that monetary compensation alone is leading to a mad rush in the banking sector and other forms of compensation which are more relational can be quite helpful in employee retention. This view was presented by one of the HR managers who commented that:

I am shocked by the kind of salaries being paid to front line banking professionals nowadays. The problem is that their expectations have grown even bigger than the actual growth and this often leads to dissatisfaction with pay packages even if it is the most competitive in the industry. But we are partly to blame because the HR managers in the banking sector often offer higher salaries to poach away useful employees from other banks. It is not good but that's the way it is.

When asked if he had a solution, the HR manager commented:

There are solutions but not a magic solution. I think the industry should think about putting some balance in monetary and non-monetary compensation.

One line manager at bank Beta clarified why banks focus so much on monetary compensation:

We want the employees to link everything to money - not only the money they earn but also how it will help the bank earn money. Monetary aspect of banking sector is no secret. Most of the banks try to provide the best compensation in order to attract the best talent. If we don't provide the best compensation we can all but forget about getting the best. But the focus on money is more because money is the culture of the banks.

Banks have, however, started to realise that money alone will not get the best individuals so they have started to provide other non-monetary compensation (such as in house services, legal services, health insurance for the whole family *et cetera*) so that the employees are less stressed and able to work at their best. The problem is that these non-monetary compensation packages are also being standardised across the industry meaning the firms have to develop new methods to retain employees. .

In bank Beta HR management plays a vital role in deciding the compensation packages both monetary and non-monetary aspects of the compensation and benefits packages. HR managers determine the grades and corresponding pay packages. The pay packages are based on the data collected from the industry. Bank Beta allows employees to borrow four times their monthly salary commission free. Bank Beta has also introduced another programme for providing commission free mortgages to its employees. In addition, the employees can avail themselves of all the bank's financial products/services such as credit cards, auto loan *et cetera* free of commission. All these benefits have been introduced by the HR division. Hence, the HR division has a significant control over the pay packages at bank Beta.

One of the issues with the compensation in the banking sector is that performance is evaluated individually meaning there is a lack of focus on soft skills such as team work. A line manager at bank Beta clarified:

It is important in the banking industry to focus on number and reward individual performance because it is a norm in the industry. This is how every bank does it and this is how every employee expects it.

Employees did, however, indicate otherwise. As one employee suggested:

It would be nice to be evaluated on the basis of how we perform individually and as a team. Even if one person has contributed something more and one something less but the person who has contributed comparatively less should not be ignored completely. Evaluating only personal performance leads to a sort of competition and often leads to feelings like jealousy.

This shows the negative impact of individualised performance evaluation on employees. In the same vein one back office manger (IT) suggested:

I see some negative impact especially when you have a rule that assumes one size fits all then it becomes very restrictive in doing your business. For example, if there were generic and very strict rules with regards to compensation and salaries then it would be difficult to say no to specific rare skills. This should compensate differently, because we cannot find a lot of talented individuals under this process.

Line managers are extremely transparent in clarifying the transactional aspect of the employee organisation relationship. For example, one line manager at bank Beta suggested:

Card system performance, as we call it, shows the existing products and everything employees have to know. For example, it describes all conditions of achieving certain products sales, concerning the amount of rewards he/ she can get.

This indicates that a transactional approach is being used. This may explain the reason for having the compensation system controlled by HR. Besides, it should be borne in mind that the interaction between the two (HR and line management) is in the performance appraisal evaluation. The HR payroll department does, however, control salary and bonus distribution. The following table shows the institutional reasons behind such behaviour. The emerging factor is back office disagreement.

Table 6.23: Evidence mapping for institution factors theme influencing the relationship between HR and line managers in the implementation of compensation practices in bank Beta.

Key theme	Sub themes	First order evidence
Institutional factorsimplication	Industry norms influence	<i>We always link people's performance to this area and the performance of the area to the performance of the bank. This is how it is done in the banking industry.</i>
	Industry influence-Objectivity	<i>Our performance is appraised on both hard and soft skills but bonuses are paid only on hard targets.</i>
	Cultural influence - uncertainty	<i>We have tried to standardise our compensation to make it clear for the employees.</i>
	Industry norms	<i>I don't know why HR people are demonstrating those numbers. I think it is a subjective number, although it is internationally known as measurement.</i>
	Industry influence-back offices	<i>Standardised compensation will work in most cases but not all. For example, some of the skills are extremely difficult to find and hence salaries for them, even at the same position (as others not with that skill) are extremely high. So the standardised</i>

Key theme	Sub themes	First order evidence
		<i>compensation scheme will not work with highly specialised jobs.</i>
	Management influence – HR knowledgeability	<i>We have developed in house projects that will improve our performance measurement which depends on the area of performance. We call it (incurve). According to this technique we can recognise the distribution of people performance based on their area performance scale.</i>
	Cultural influence-power distance	<i>The whole compensation system including bonuses is standard irrespective of the department. The only difference is with retail and treasury because they have a specific scheme related to sales.</i>
	Management influence HR proactive role	<i>Bonuses here are controlled by HR and not line managers. Line managers only control the performance appraisal and we then take that into account while estimating the bonuses. But yes, it still works very similar to other banks because the most significant weight is given to line manager's feedback.</i>
	Industry influence - Back office disagreement	<i>I see some negative impact especially when you have a rule that assumes one size fits all and then it becomes very restrictive in doing your business.</i>

It seems clear that industry norms apply the main pressure on the implementation of compensation HPWS practice; almost all the interviewees shared this perspective. This in turn provides HR with a control role in implementing the payroll in a centralised manner. The findings also reveal that the cause of such behaviour is likely to be related to the local culture of power-distance characteristic.

6.3.10 HR-line manager interaction in implementing HPWS succession planning: insights from bank Beta

According to the data, this practice emerged repeatedly from participants, during the interviews, especially with the questions related to recruitment and selection as well as compensation. As a consequence, this necessitated the researcher to ask interviewees further additional questions regarding this HPWS practice. By doing so, this allowed the researcher to add another angle to HPWS implementation in bank Beta. The following presents the interpretation for the collected data regarding succession planning.

In the case of bank Beta, there is a clear strategy for people to be moved up. As bank Beta's HR partner commented:

We do not want people to remain in the same position for too long because then these individuals will get bored and will leave.

For this reason bank Beta looks at the growth potential of individuals while recruiting them. But at the same time it does not promote individuals in a structured fashion because every individual may not fit every role. According to the HR partner of bank Beta:

Just because I have an excellent branch manager doesn't mean he should be promoted to an area manager because he was good in selling. So it's not only the technical capabilities, or the technical achievements that satisfies the need for promoting a person to a managerial job. We will lose a very strong branch manager to get a very weak area manager. So progression of individuals depends on their skills and capabilities and whoever has the capabilities will not be held back.

While one of the managers in the line officers stated:

I think what we have is separated activities. For instance, we have the BELL curve, but we don't use it as a reward system, to some extent it can be used for talent management, in terms of who the second line staff in regions or who on the top can be a future branch manager.

If individuals lack some skills they are sent for training courses. Bank Beta follows three levels of management training which individuals have to go through in order to reach the management level; level one is *managing people concepts*, level two is *managing people practice* and level three is *managing people strategies*.

Very recently, bank Beta rolled out its talent in a management programme, which is based on the same 9-box grid model as that of bank Alpha (please refer to the figure below for an example of a nine-box grid talent management model). While in bank Alpha there is little evidence of support and assistance for low performers except for the managers who need to acquire additional soft skills, in bank Beta relationship managers and line managers use performance evaluations to analyse how the performance of each and every individual can be improved.

Figure 6.0: Example of nine-box grid talent management model

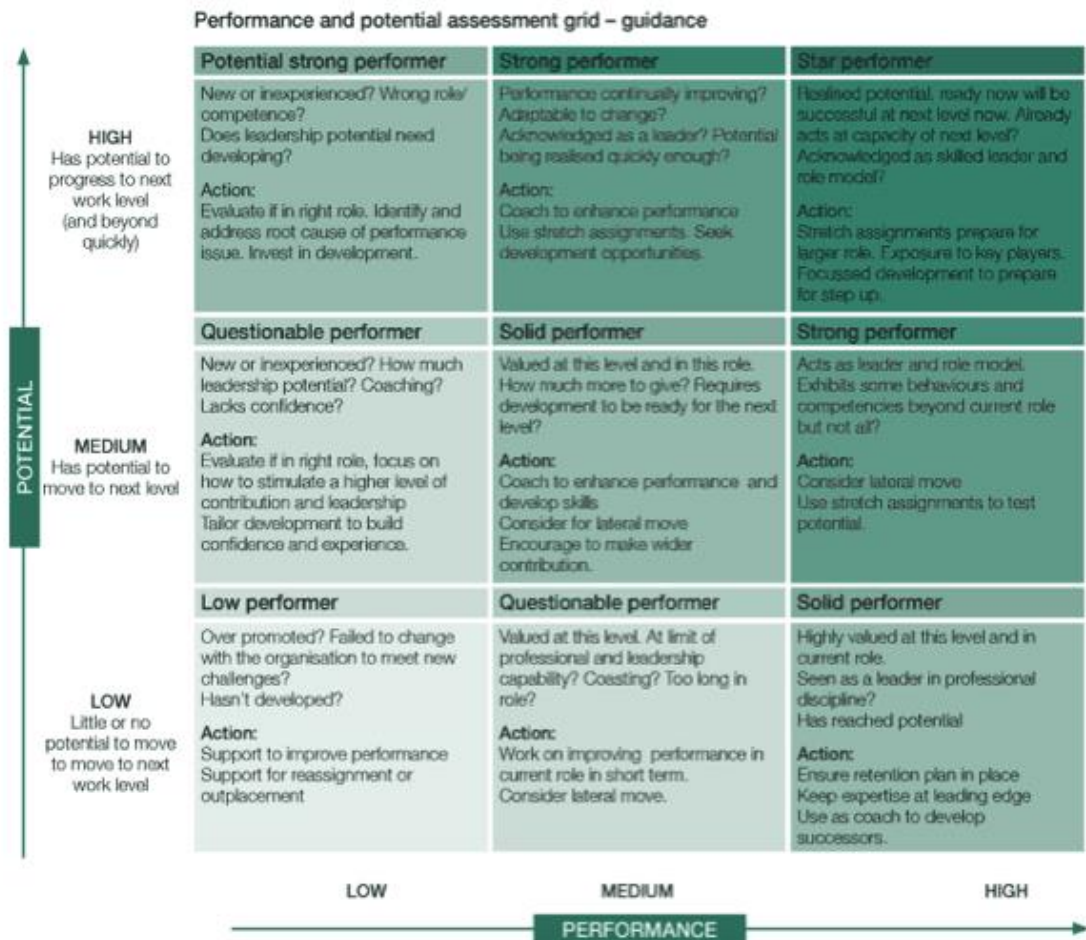


Fig 1 An example of the Nine-Box Grid

Source: Ward and Jacobsen (2011).

If a candidate fills some boxes but not all the desired boxes, he can either be moved up in a different manner or can be sent for training to hone his/her skills. According to the HR partner at bank Beta, the bank is looking to recruit high caliber individuals and gradually move them up the corporate ladder. Bank Beta can do it because it is growing rapidly and has a high demand for skilled individuals with tacit knowledge of the bank's operations. Since the individuals are moved from bottom to top, these individuals have a thorough knowledge of the bank's system by the time they reach managerial level.

Bank Beta has a useful talent management system but its implementation is questionable because currently there is only one talent manager for the whole of bank Beta. The HR manager at bank Beta agrees that one person is too little considering the enormous job of talent management but argues that the current talent manager is quite an experienced executive with over 25 years of HR experience. Although the talent manager interacts with all HR departments, still the picture of talent management is not clear for other managers in different departments and businesses within the bank, as is evident from the interviews conducted with the line manager who commented:

HR strategy is general and known; there are things that are clear to me but talent management is not clear to me because it is new. So I am not aware of it. But meanwhile I am aware of their recruitment and compensation system strategy.

In bank Beta, individuals are guided by the HR partners and line managers and in most cases, they organise the required training for deserving candidates. Thus, talent management in bank Beta is a responsibility shared by the HR and line manager.

Table 6.24: Evidence mapping for institutional factors theme affecting success planning practices in bank Beta.

Key theme	Sub themes	First order evidence
Institutional factorsimplication	Industry influence: focus on technical skills	<i>We look at managerial skills separately from technical skills but yes; technical skills form the core of decisions regarding promotions. After all a competent manager should be a competent employee first.</i>
	Management influence: internal promotion	<i>We select the employees in the first place with an aim to internally promote them. Employees know that if they work hard they will be promoted and so they don't have to switch in order to get promotion.</i>
	Management influence: feedback system	<i>The feedback system that we have is useful because it also helps employees to learn what would be expected of them if they become managers. So the whole employment process is a learning process where individuals slowly and definitely develop into good managers. There is no shortcut here.</i>

6.3.11 HR-line manager communication in implementing HPWS activities: insights from Bank Beta

The case of communication in Bank Beta was evaluated as weak. In an internal survey conducted by bank Beta, poor communication was highlighted as the third worst aspect of working at bank Beta. After the results of the survey were released, bank Beta's management restructured the communication system across three regions. There are now three communication forums at bank Beta, one each for the western region, the middle region and the *Sharqiya* (east) region. In the communication system the management clearly stated which goals had been achieved and which goals had not been achieved. In addition, they provided clear reasons on why certain goals could not be achieved. The future plans for the organisation are clearly laid out to all the employees and most of the employees are now aware of the organisational goals as envisioned by the top management. Bank Beta is trying to reduce the perceived power-distance.

Bank Beta's management is quite proactive in taking positive steps towards improving HR performance. Bank Beta is the first Saudi bank to carry out internal surveys to identify areas for improvement. In order to ensure that the survey was conducted in an unbiased manner and results are reported accurately the task of carrying out internal surveys was handed over to an external firm. In this respect it is empowering its employees to have a say in corporate HR policies. By taking verifiable action on the basis of surveys, the management was able to change the employee perception of questionnaire surveys. According to a senior manager from bank Beta:

In the past there was a lack of interest from employees in filling the questionnaire surveys and giving their opinions because they found this of little significance. The lack of action on surveys led to the perception that questionnaire surveys were just a gimmick and will not be read or taken into account by management. However, since the management has started taking action on the questionnaire surveys the response rate from the employees has gone up from 28% to 69%.

This is a clear indicator that employees view these internal surveys as a way of expressing their opinions and as a way of communicating their interests to the management. This communication is, however, between the front line employees

and top management but there is no evidence of such effective communication between the middle level managers (that is, the line managers and HR managers) at bank Beta.

Bank Beta is looking to use more formalised channels of communication. By using formalised channels, bank Beta is looking to achieve uniformity in its level of communication across the whole of the organisation. This uniformity helps build trust and confidence. As a recruitment manager notes:

Our bridge with bank units and businesses runs through three bridges that includes; Intranet network communication, road shows and off-sites. Road shows are where we convey our strategies to our people. The off-sites are for senior team level where we share directions, plans, strategies and what we have accomplished and what is in the pipeline. The third approach is confidential about personal development plan, personal retention plan or a certain agreement, only this person and his boss would know about.

It is obvious that bank Beta to improve communication has started organising road shows whereby all the employees can ask questions of the CEO and heads of divisions without the fear of repercussions. The issues raised during such road shows and actions taken on the issues raised are communicated through the bank's website. Bank Beta has also launched its internal magazine, which is published in two languages. This magazine is circulated to each and every employee and informs them of the developments within the bank.

According to a senior manager IT:

Our culture here appears from the CEO himself when he stands up in front of all his staff and points out what we did for the previous year and what we didn't and why. This is from my point of view is a strategy by its own - a strategy that aims at building trust and a bridge of direct communication for any question or uncertainty.

This has a positive impact on the employees as one line manager noted:

When the CEO shows his commitment then I will also need to show my commitment in delivering my level of services on time and with quality.

Another HR manager supported this view and commented:

To me it really brings me joy to be part of this kind of culture where it encourages you to think out of the box. Our chairman is supportive; our CEO is supportive of such creative ideas that could really add a value to our people.

This indicates the criticalness of management factors in improving communication and motivation across the organisation.

In term of connection and information exchange, rules and regulation with business units, one of the relationship managers clarifies:

Business relationship partner is a person whose function works closely with the bank's units. Our responsibility is to deal with other business knowledge matters. The connection usually takes place by visiting the sites. This can be weekly and monthly and spot visits to uncover if there are any difficulties or conflicts at business units.

In bank Beta, HR relationship managers have constant contact with the line managers. As the head relationship manager states:

RM partners live with day-to-day things. For anything related to HR, RM is accountable, so he is always available in department meetings. You can see him in business's inner meetings; he is a member of that meeting. Our message is we will always be available for you to ask.

Confirming this view the head of female retail branches stated:

Recently, we had a weekly visit from an HR partnership manager who comes and stays at the unit for the whole day, her job is to report how smoothly the work is done and to answer any questions employees raise to them.

With all this effort from HR department in connecting with the other business units, still there are some insufficiency in the communication system, as one of the retail managers comments,

Each employee especially in the retail department does not know what each department strategy is. What he knows is the bank general strategy; we presume that he should know it, because it has been presented. But is it enforced; is it exercised; do you see it on screen web pages like the bank strategy and vision. I don't think so, that why we have to communicate that more.

Table 6.25: Evidence mapping for institutional factors theme affecting communication in bank Beta.

Key theme	Sub themes	First order evidence
Institutional factorsimplication	Management influence – employee feedback	<i>Now we have communication from all across the organisation. Employee feedback is a way of communicating with the employees.</i>
	Management influence – communication	<i>The top management has developed a strategy of communicating directly with the front line employees. It is essential to cut out the middle managers at least once a year so that the employees and the top management get to know each other. Also when the top management says something it seems more authentic to the employees.</i>
	Management influence – HR partnership	<i>Relationship managers act as the communication link between HR and line managers. The problem is that they are more HR focused and thus, there is a gap between the line managers and relationship mangers because the line managers see relationship managers the same as HR managers.</i>
	Culture influence power distance	<i>All business heads and support heads including the HR department we exchange our strategy by presenting it in front of the CEOs board</i>

The case of bank Beta is similar to the case of bank Alpha in terms of the relation with line manager especially with the case of the back offices. HR is, however, more proactive in manner than the front offices. HR policies and practices are much clearer. But the key distinction between the two cases is that all staff working at bank Beta is feeling the change in their bank because of the CEO. Accordingly we can say, because of the management factors which involve the proactive behaviour of the CEO it has a positive impact in setting policies and trying to build trust in both the employer-employee and employer-employee relationships. The impact of national culture cannot, however, be ignored.

6.4 Employee perception and satisfaction

This study investigates two streams of data in order to understand the context of HPWS implementation and its effect on producing an effective HPWS implementation. This chapter, therefore, begins by interpreting the data regarding HR and line management interaction in the implementation of HPWS practices and how the institutional factors impact their relationship. Thus, in order to capture the

effectiveness of HPWS implementation, the following sections analyse the data regarding employees' perceptions and satisfaction on the HPWS implemented by HR and line management.

6.4.1 Employee perceptions on HR role: insights from banks Alpha and Beta

The analysed data shows that the employees' perception of the HR role is behind the expectation particularly with employees from bank Alpha. The situation with employees of bank Beta was, however, slightly better. The following table illustrates some of the interviewees' points of view in this respect.

Table 6.26: Evidence mapping for employees' perceptions on the current HR role in HPWS practices

Key themes	Sub themes	First order themes
Employees' perceptions	HR Role executive	<i>I call them executives, so far I see HR as a performer of the board of directors' policies</i>
	HR Role reviewer	<i>HR manager is basically the manager who would ensure that the employees do the work as expected by the top management</i>
	HR Role monitor	<i>HR manager is just like other managers who monitor the performance of the employees</i>
	Skeptical view on HR role of champion	<i>HR manager's job is to work with the employees and make sure that the employees are happy to do their work</i>
	Lack of communication	<i>I have never met the HR manager except for in the occasional annual meetings with my (line) manager</i>

When asked how employees see HR in their organisation, one employee from bank Alpha commented:

I call them executives, so far I see HR as a performer of the board of directors' policies. Or probably as a chaser of production of a product or something like that, But I do not know what HR's role is when a particular employee complains his salary did not increase or he did not get promoted, and I do not mean with my words within this organisation in particular, but in general.

Another employee of bank Alpha supported this view and commented:

The HR manager is basically the manager who would ensure that the employees do the work as expected by the top management.

This indicates that some employees may view HR managers as the agents of the management and not as human resource managers. In such cases, the level of trust between the HR manager and employees will go down, which is not in the best interests of the organisation. The views of employees in bank Beta were slightly different. When asked about their views of the HR management, one of the employees commented:

HR management basically involves looking after the employees so that they can produce the desired results.

Another employee commented:

HR manager's job is to work with the employees and make sure that the employees are happy to do their work.

Views of another employee were somewhat contradictory:

HR manager is just like other managers who monitor the performance of the employees so as to reward the well performing employees and punish the poor performing ones.

These views indicate two things - firstly, that there is no consensual view of the HR management probably because they play different kinds of roles for different divisions; for example, HR management has comparatively more proactive and attractive policies for front office employees than for back office employees. Secondly, the most common (although not unanimous) view is that the management's role is to ensure that the employees perform as expected. This is actually the role of the line manager indicating that employees do not have a clear idea of the function of HR management, probably because of limited direct interaction between the employees and the HR manager. This was clear from the comments of one of the employees from bank Alpha who commented:

I have never met the HR manager except for in the occasional annual meetings with my (line) manager.

Interestingly, that is with all the efforts of the HR department providing for the organisation's employees' wellbeing. What was missing, however, from the puzzle was their direct contact with their premier clients (i.e., poor communication). This left the employees with the perception of an underestimation of the HR role.

6.4.2 Employee satisfaction perceptions on the current HPWS; insight from banks Alpha and Beta

The second issue concerning HPWS effectiveness is to understand employees' perceptions on the HPWS implemented within their organisation. The findings show that the main concern of the employees is empowerment and the motivation system. The analysis reveals that it is questionable, especially from the back office employees. Some evidence from the interviewees is illustrated in table 6.27 below.

Table 6.27: Evidence mapping for employees' satisfaction themes of current HPWS strategy

Key theme	Sub themes	First order evidence
Employees' satisfaction	HPWS design - compensation	<i>Money covers a lot of things but personal life has aspects which are not covered by money such as quality time with family. I have the money but not the time to go on holidays with my family</i>
	HPWS design - Compensation	<i>Money definitely buys a lot of things and keeps people happy</i>
	HPWS -unclear compensation design	<i>My employer rewards me adequately for what I do but I want to achieve more. I want to develop my skills and get a better position and if possible higher rewards. My job does not give me enough time to do this but I think my employer should train me to become better - it will be only good for my organisation.</i>
	Cultural factor - feminism	<i>For me money does not replace the time that I cannot spend with the family. I would prefer more holidays.</i>
	HPWS design - compensation	<i>I would prefer a better work-life balance. I think they need to find a way to manage our work so that we can be happy both at work and at home.</i>
	Industry influence	<i>if the banks carried out a survey on customer satisfaction a large percentage of customers would express dissatisfaction with their services because the banks do not tell the whole truth</i>
	Industry influence	<i>I am not sure what the management wants - they say sell ethically but then expect the results which are not possible by selling ethically. If other banks are selling unethically how you can beat them by selling ethically?</i>

When employees were asked about their opinion on the current HPWS in their organisation, the answers mostly pointed to the compensation system. When the

researcher added a question about whether they knew of any employee empowerment and motivation policies adopted by their organisation, the employees provided different views. One of the employees (bank Alpha) commented:

They provide us with good salaries and for me that is one of the main motivators.

Another employee from the same focus group commented:

Money is the biggest motivator for everyone - we can buy what we want with the money.

Money was in fact named by most employees as a key motivator enforcing the view that monetary rewards are preferred not only by management but also by the employees. Money may not, however, be the best motivator because organisations can only pay certain amounts of money. As one of the employees in bank Beta noted:

Money is important but it is not everything. I am happy as long as the employer pays me a competitive salary according to my skills and contributions. I keep an eye on the advertisements to see what kinds of salaries are paid for people with additional skills and I try to acquire those skills. It would be nice if the organisation could train me on additional skills so I can earn more.

Similarly, one employee from bank Alpha commented:

I would be more motivated if the organisation invests in me rather than in investing just in getting more work out of me. At the moment I feel that I am only rewarded for what I do for the organisation but as an individual I want to develop myself, my skills and knowledge but it is not possible. We have no time and because there are few career opportunities it is not useful to invest in learning new skills on my own.

Other employees provided other comments and preferences. Another employee (bank Alpha) noted:

Management should provide more personalised benefits. I have a family and I would like to spend some time with my family. But it is difficult to get any time off. For me money does not cover for the time that I cannot spend with the family. I would prefer more holidays

Another respondent (bank Beta) commented:

If they can find a way to manage the workload, that would be the biggest motivator for us. Everyone thinks that we get paid well and we have dream jobs but in fact only employees in the banking

sector know how difficult it is to work in this industry. I work extra long hours just to meet my targets; forget about exceeding them.

These comments indicate that employees have different circumstances and, accordingly, different preferences. This is the main problem that organisations face - there is no consistency in the preferences of different individuals and HPWS policies may motivate some employees but not all.

This indicates that current HPWS practices in the banking industry are mainly focused on short term outcomes which often lead to poor long term outcomes such as lack of focus on relationship building. As commented on by one of the bank Alpha employees:

If the banks carried out a survey on customer satisfaction a large percentage of customers would express dissatisfaction with their services because the banks do not tell the whole truth. It is not the managers or the management but the employees who conceal some of the facts but why blame the employees when the management wants them to sell.

Another employee agreed and said that:

We are evaluated on the basis of the sale and employees are given full control of how they wish to achieve their targets. Some employees miss-sell and are able to consistently outperform the employees who are selling ethically.

There is, thus, a certain degree of confusion of quality over quantity. If the employees miss-sell they will generate a higher quantity but poor quality (in terms of customer satisfaction and relationships) while the employees which sell ethically and without the pressure of meeting numbers, the quality will be superior while the quantity may be inferior. If, however, we view the issue in the long-term, high quality will result in high quantity while poor quality will lead to a decline in quantity.

The Saudi banking sector is still evolving and there is a level of consistency in the banking practices across the whole of the industry sector which means that none of the banks have managed to take the lead on the basis of ethics and CSR. Any bank, however, willing to invest in the long term and willing to forego short term gains would be more sustainable and will generate higher returns. Employees also

expressed that they would like to sell ethically and focus on building trust and relationships with the customer but are forced not to do so because they are under pressure to meet targets. Also, because it is becoming an industry practice, it is unlikely that the customer will believe that they are selling ethically because the general perception is that the banking sector is like vultures who are only interested in selling but not at all in ethics. One of the respondents from bank Beta commented that:

This has to come from the top management. Lower level employees will always do what they are supposed to do. If the top management focuses on selling ethically we will sell ethically - this may not generate good returns in the short term but slowly when people realise that we are actually ethical and different from the rest, they will come. But who is willing to invest in the long term.

Overall, the employee outcomes due to excessive focus on objectives originating from the preferences of top management and enforced by line management leads to negative employee outcomes. Employees feel pressured to perform irrespective of their personal preferences and this often leads to an internal conflict which could lead to feelings of absencing and quitting, amongst others. HR managers can be a useful addition in this regard as they could look at emotional issues as well other personal issues which are often ignored by the line managers. Line managers could not be blamed because they also are under pressure to put the operational and tactical plans into practice and they are evaluated on the basis of objective outcomes.

6.4.3 Employee perceptions on HPWS - recruitment and selection: insights from banks Alpha and Beta

In all, the findings indicate that employees perceptions of HR and line management interactions in recruiting and selection is shared commonly between the two, albeit all the pluses comes from the front line officers, while back office employees were more conservative. Table 6.28 illustrates the evidence mapping regarding this perspective.

Table 6.28: Evidence mapping for employee perceptions of satisfaction on HPWS - recruitment and selection banks Alpha and Beta

Key theme	Sub themes	First order evidence
Employees' satisfaction	HR-line manager interaction - line management certainty	<i>In my interview the focus was on line manager. He asked me questions about my technical skills and HR manager only asked me about my expected salary. The rest was all technical and frankly speaking this is what I expected.</i>
	HR-line manager interaction - HR passive voice	<i>I expected the HR manager to ask me a lot of questions because as far as I know there are two interviews - one technical and one HR. But I was surprised that the HR manager did not ask me many questions. For me it seemed like there is little practical relevance of HR.</i>
	HR-line manager interaction - HR passive voice	<i>HR manager had no follow up questions to put forward when line manager was taking the interview. It was as if he did not know or did not want to interfere. In the end he asked me some basic questions and my interview was over. Initially I thought that they have rejected me but I was surprised to receive a call.</i>
	Line management centrality Technical skills oriented	<i>The focus during the recruitment was definitely on technical skills. But I expected that because in all the three interviews I have given to date, the focus has always been in technical skills.</i>
	HR-line manager interaction - HR focuses on soft skills	<i>I was delighted to face questions about my soft skills such as team working, leadership, scenario response et cetera. I had a lot of positive feelings about the company after my interview that they are willing to look at the capabilities of the individuals. I was sure that the company would have a lot of nice and bright individuals.</i>
	Industry influence - technical skills-oriented	<i>The interviewer was just keen to know about my technical skills and whether I can do the job properly or not. After the interview I was just praying that I will get the job.</i>
	Management Influence HR passive-voice	<i>I was extremely happy with the interview. I wanted to join the company which is so concerned about the interpersonal skills and development of individuals. I too felt more positive about the company after the interview than before.</i>

When employees were asked for their opinion on the process of recruitment and selection and how they see HR and line managers acting within this activity, an employee in bank Alpha commented:

I was interviewed first by the line manager and then by the HR manager. HR manager did not ask me many questions. It was more like formalities. The main interview was conducted with the line manager. I did not see any interaction - it may have happened but not in front of me.

Another respondent from bank Alpha noted:

I was interviewed by the line and HR managers, but the HR manager did not ask me much. In fact, he was in and out of the interview and I am not sure how much he participated. In fact in my 2 years at the job I have met the HR manager only twice. In my previous job I met the HR manager once every 6 months but here our main point of contact is the line manager.

This indicates that HR managers have limited participation in recruitment and selection at bank Alpha. When asked how they felt about the recruitment process, especially the participation of the HR manager, one of the employees commented:

I got an impression that the line manager would be the main decision maker and for everything he would be my first point of contact. HR management seemed like a formal function which had little practical relevance, at least at that time.

Similarly, another employee of bank Alpha commented:

For me it was clear that my job would be defined by my immediate manager. In fact that is what I was expecting because in my previous role also I had little interaction with the HR manager. It is somewhat annoying because two of my friends who work for other banks have very good HR divisions which look after them. But I am still happy with my job because I get a good salary.

On the contrary, one of the employees from bank Beta noted:

I had both HR and line managers in the meeting. They both asked me questions and the questions were mixed. In fact I was surprised because I was expecting two interviews - technical and personal but what I saw was completely different. But I must say that it was not as stressful.

Asked about the consequences, one of the employees (bank Beta) commented:

It gave an impression that HR division and line manager are both equally important which to me meant that this organisation cares about results but also about the employees.

Another employee of bank Beta noted:

I was happy to see that they have a human focus. I have attended few interviews and I was happy to face questions about team working, future ambitions and what plans I have for my future growth. In most of my previous interviews it seemed that the interviewer was just keen to know about my technical skills and whether I can do the job properly or not. After the interview I was just praying that I would get the job.

Similar views were presented by another employee of bank Beta who commented that:

In the interview they asked a lot of questions about how I will behave in different circumstances, what I would like to be in five years and how do I think I can further improve myself. It was an interesting interview and I felt it was a lot different from other interviews that I faced - there were some technical questions but not too many. There were three interviewers and they all asked me questions but the questions were not intimidating. I was definitely happy and relaxed after the interview. I also was more determined to join this bank after the interview than I was before.

These responses indicate the engagement of HR and line managers in the recruitment and selection process improves the effectiveness of the selection process.

6.4.4 Employee perceptions on HPWS – performance appraisal: insights from banks Alpha and Beta

With regards to finding concerns about employees' satisfaction with performance appraisal, the analysis reveals that there are some pros and cons with respect to this activity. For the former all the focus was on the unclear measurement-scale link with bonuses. As for the latter, employees were satisfied with the process of performance appraisal, albeit mostly from the front office employees. The following evidence in table 6.29 shows this point of view followed with a discussion.

Table 6.29: Evidence mapping for employee satisfaction on HPWS - performance appraisal by employees of banks Alpha and Beta

Key themes	Sub themes	First order themes
Employees' satisfaction	Dissatisfaction uncertainty avoidance	<i>I am very dissatisfied with the lack of knowledge about bonus estimation and career progression. I don't know what to do to make sure I stay in the top category.</i>
	Dissatisfaction bonuses grade	<i>I would like to know the formula for performance appraisal measurement regarding my bonuses. I have tried everything but it does not work. I need to know so I can manage my performance.</i>
	HR absence	<i>But in terms of promotions and grades direct manager is the one who must send and track and fight for his employees, this is if the director's conscience is high. But, if he is Bad!! Of course you will see frustration among the staff.</i>
	Front-line employees agreement objectivity	<i>Objectivity is the norm in the banking industry. Everything has to be clear numeric and verifiable. This is good for the employees because they know precisely what to achieve. But the problem is that the job is not only about hitting numbers but also about other aspects such as team management, organisational skills et cetera. My first performance appraisal really surprised me because it was all about numbers and what targets I achieved. I have learnt my lesson and now I only focus on my work and not much on interaction with other team members.</i>
	Back offices dissatisfaction subjectivity	<i>We, in the back office, do not have numeric targets. When I prepare a piece of software I cannot say I have done 3 units of work in this month. For us it is only 100 percent - till it is done 100 percent it is not done. So it is difficult for anyone to judge our performance unless some work can be completed and implemented.</i>
	HPWS design - performance appraisal	<i>Performance appraisal is about both individual and team performance. I do not control the performance of the team so if the team doesn't do well it affects my performance appraisal as well. However, when I contribute to the success of the team, I am not rewarded for my teamwork. This is conflicting.</i>
	HPWS design - performance appraisal	<i>Mid-year review is very useful. It helps us track and monitor our progress and we know whether we are ahead or behind our target.</i>

When asked about their satisfaction with performance appraisal, one of the groups mentioned the marker review system. According to one of the group members of bank Alpha:

When they started the marker review system, things began to improve such as increases in salaries are well organised now, more than before, because in this system employees' salary increases even if the manager had not nominated him. In a sense this system does not depend on the nomination of the director. But in terms of promotions and grades direct manager is the one who must send and track and fight for his employees, this is if the director's conscience is high. But, if he is bad!! Of course you will see frustrations affecting his staff. Staff frustration comes from bad managers, or manager who does not care about his employees' interests or he is a bad dealing director.

This indicates that employees' views of the manager depend on how justified they feel he has been.

Employee outcomes can be mainly categorised as behavioural outcomes and performance outcomes. Performance outcomes of employees are strongly interlinked with the organisational outcomes such as the financial performance of the company, profitability, and others. The HPWS system is mainly controlled by the line managers and hence it is strongly linked with organisational outcomes. The performance appraisal, rewards system, training and development are aligned with organisational outcomes. For example, one of the employees of bank Beta Commented:

The focus is on hard targets. We have concrete targets to meet and unless we meet the targets we are under pressure. There is hardly any time to focus on anything else."

This is a norm in the banking industry as another bank Alpha employee noted:

I have worked with three banks and it is the same everywhere. We work like machines and ensure that we give the proper output. At the end of the day our performance is evaluated on the basis of our ability to meet the targets and hence employees are always motivated to meet their financial targets.

These are primarily the responses from the front line employees. The back office employees were a little bit dissatisfied with the performance evaluation. According to one of them at bank Beta who commented

We do not have hard targets like the front line and we are always unsure of how we are doing. Even if we, according to ourselves, may be doing well but I have been surprised by my performance appraisal on the last two occasions. Now I do not know whether I

am doing good or bad. This is a bit demoralising but this is the same with everyone.

In bank Beta, there is slightly more reliability in performance appraisal because the managers conduct the mid-year review with the attendance of the HR relationship business manager. According to one of the employees:

The mid-year review is slightly helpful in knowing whether we are doing good or bad. Even if we do not agree we at least know that the managers expect more of us.

Performance outcomes of employees can be regulated by adjusting rewards but what is more concerning is the behavioural outcomes aspect of employee outcomes. The purpose of HPWS is to motivate the employees and if employee motivation remains low then it can be assumed that HR has failed to meet its objectives. According to the employees surveyed, HPWS practices in the Saudi banking industry have a very limited impact on the employee outcomes. As mentioned by one of the employees (bank Alpha):

Most of the employees feel no willingness to do more than what is expected because there are simply no rewards for putting in extra work. I mean there is no recognition and no career progression. I have never known how they decide the bonus.

When another employee of bank Alpha clarified that rewards are decided first on the basis of organisational performance, then on divisional performance and then on employee performance, the employee responded that:

That means that even if I work hard and others do not I will suffer because the team overall has not done well. How do I control my performance and rewards then? I should be judged on the basis of how I perform.

This indicates that there is a degree of individualism among employees as well. It is worth mentioning Douglas McGregor's X-Y theory here. It seems that Saudi banks are operating as what McGregor termed X organisations while the Y model is clearly more beneficial. Theory X organisations work on a *carrot and stick* basis; for example, performance appraisal is used by these organisations as a mechanism of control and remuneration.

There is clearly an authoritative leadership style in these organisations. The Saudi banking sector also operates on strict command and control as the employees are evaluated against hard targets. What is particularly worrying is that even the back office employees which generate subjective outputs are evaluated against objective measures. As suggested by one of the back office employees (bank Alpha):

I sometimes do not understand how they evaluate us. One time we were supposed to install a new system and the project got delayed because the testing team found some bugs which the vendor had to address. The vendor took time and the project got delayed but we were evaluated against the number of days to implementation. How we are responsible for any bugs in the vendor supplied software? There was some dissatisfaction with the testing team and the rest of the implementation team felt that the project got delayed because they highlighted the errors. Of course they cannot allow the implementation of a flawed system. It is their job.

This example clearly indicates that the banking sector's performance appraisal system is somewhat under-developed and based more on objective outcomes while ignoring the subjective outcomes. For example, the subjective outcome on the aforementioned example would have been the quality of the system and how effectively it met the requirements of the organisation. The goals were, however, set at the strategic level and performance appraisal is done on the basis of cascading of strategic level goals only, and tactical level decisions do not have a major impact on the performance. The problem with this approach is that the employees are always caught up between quality and quantity aspects. This was clarified by one of the bank Alpha employees who commented that:

We are supposed to sell. As shown in the subprime crisis there is a thin line between selling and miss-selling. I know that miss-selling of financial products is quite common in the banking industry. This means that whatever we learnt about ethics in our management courses was just rubbish.

It seems that there are dissimilarities in employees' points of view with regards to performance appraisal from different angles, on which it can be concluded, that performance measurement-scale and its linkage with bonuses is particularly relevant to front office employees; while the back offices complain about subjectivity

regarding their evaluation. According to the memos and notes taken during the interviews the researcher recognised that there is more appreciation from bank Beta employees about the HR role during the mid-year review and annual review with their direct manager. Besides, they are satisfied with the process of performance appraisal in monitoring goal-setting from the beginning of the year.

6.4.5 Employees’ perception on HPWS – training and development: insights from banks Alpha and Beta

The findings with regards to training and development were unexpected from both banks’ employees. This is because of the fact that both bank Alpha and Beta are investing a lot in their employees, but the staff’s ambition was higher than expected especially on the type of training with which they were provided. Their satisfaction, therefore, came out as low to some extent. Table 6.30 shows the evidence mapping for employees’ satisfaction on training and development.

Table 6.30: Evidence mapping for employee satisfaction in HPWS - training and development: insights from banks Alpha and Beta

Key themes	Sub themes	First order themes
Employees’ satisfaction	Dissatisfaction HPWS design - training and development	<i>We do not have the kind of skills that will be required in the near future. Our training programmes are good for 10 years back but for tomorrow we are not prepared. I think those who organise this know little about our profession. Also I think that a lot of employees will have to be replaced simply because they have not been trained for the future.</i>
	Satisfaction	<i>It is compulsory in our organisation that a person has to attend at least two training programmes yearly.</i>
	Dissatisfaction HPWS design - training and development	<i>We need training on both hard and soft skills. Leadership, team working, interpersonal skills are a common requirement for almost any high level job today. I would like to have a more holistic development of my skills and personality rather than focusing solely on technical skills.</i>

When asking employees about their satisfaction on the training programmes provided by their bank, one front office employee from bank Alpha noted:

Our whole career depends on the training that we have undertaken and certificates that we have gained. I have always tried to improve my knowledge and skills and in fact the reason why I got this job was because of all the knowledge and skills I had. But after coming here I am not really happy with my development. I am sent on training on those skills which I already have and not on those which are going to be in demand soon.

Another employee from the bank Alpha front offices supported this view:

Our bank seems to be relying on outdated skills. There are so many new technologies and programmes that we can train on but we have standardised training which is good but not the best.

Training is also necessary for inter-organisational promotion. As one of the employees from bank Alpha noted:

I know that without training I will not get promotion so I have a choice of learning through company training programmes or get trained at my own expense. I don't mind paying but I don't have the time to go off work and get trained. Training is an important motivator for me for sure.

About the type of training programmes; one of the employees at bank Alpha commented:

Most training programmes are technical and it is understandable because the bank will only train us for what they need.

This technical focus of training programs at Bank Alpha indicates heavy line manager influence on training and development programs.

Back office employees in bank Beta had similar views about training and development. One of the employees suggested:

I have always looked at investing in my development. I have undertaken several training programmes myself and I am very happy with the different training programmes that are undertaken here. What is even more interesting is the kind of training programmes that I have undertaken - they are a mix of hard and soft skills programmes so I am developing both my technical and interpersonal skills.

This indicates that the focus of bank Beta's training programmes is on holistic development of individuals. This also indicates that there is adequate participation of

line managers and HR managers in preparing training and development programmes for employees.

To conclude, the findings show that although bank Alpha is well known on providing their employees with intensive training programmes; however, employees are not satisfied with the type of programmes with which they are provided, and even some who are keen about their progression do self-development. Surprisingly the case with bank Beta’s employees was better.

6.4.6 Employee perceptions in implementation of HPWS – compensation: insights from banks Alpha and Beta

Table 6.31 illustrates the evidence mapping for employees’ satisfaction regarding the compensation system.

Table 6.31: Evidence mapping for employees’ satisfaction on HPWS - compensation practices: insights from banks Alpha and Beta

Key theme	Sub themes	First order evidence
Employees’ satisfaction	Dissatisfaction Management issue	<i>We need some work life balance but line managers are too focused on meeting the targets. I think we need better workload management starting from setting achievable targets for the line managers themselves.</i>
	Dissatisfaction Cultural influence - collectivism	<i>I get the money but I’m not happy with money alone. I can buy things but have no time to buy and enjoy those things so what’s the point.</i>
	Dissatisfaction Industry influence	<i>I would rather be in a position where I am paid a bit less but have more time. I don’t know how long I can continue to work this hard especially because promotions are difficult to get.</i>

The finding show that there is a kind of satisfaction from employees with regards to the salaries they are paid. This is because of the fact that banks pay high salaries compared to other fields of industry. Their complaints were, however, on the workload compared to their salaries. For example, one of the employees in bank Alpha commented:

Salaries are good no doubt. The problem is that the workload is too high and pressure is too much. Money cannot compensate for our health and personal life.

This indicates that providing good salaries alone is not sufficient and compensation is best when used in conjunction with other HPWS tools. This is clearly evident from another employee (bank Alpha) who commented:

I would have loved to switch my job which pays a little bit less but has good growth opportunities and the work-life is more balanced. I have been working in the same position for two and a half years with satisfactory pay rise but still I am not happy. I want my results to provide me more than just bonuses and pay rises.

In bank Beta also the employees complained about the high workload:

The workload is too much. Salary and other facilities are good but I feel sad to be away from my family for this long. It is not comfortable emotionally. Every day when I reach home my kids have already gone to sleep. I would prefer a better work schedule.

Similarly another employee from bank Beta commented:

When I joined the industry I was very excited that I would make a lot of money. Six years on, money has lost its charm. It is merely a source of fulfilling my needs and my personal life has become more important.

Compensation is highlighted by most of the employees as the key determinant of their role, satisfaction and motivation. Most employees, however, reported that they are satisfied with their salaries. In fact, banks provide competitive salaries which are dependent on the prevalent salaries in the industry. Some of the back office employees did, however, complain that the salaries provided to them are too low as compared to their contribution but this is true for the whole industry and not for a particular bank.

6.4.7 Employees' perceptions on HPWS – succession planning: insights from banks Alpha and Beta

Employees expressed dissatisfaction with the progression planning. Most employees commented that they do not know of any structured career growth path in this industry. There is a higher level of dissatisfaction in bank Alpha as one of the employee noted:

I have absolutely no idea how promotions work here. I thought that it is on the basis of skills, knowledge experience et cetera but I have seen some promotions recently which seems to be more because of connections and networking rather than because of knowledge and skills. I am not saying that I am the most deserving candidate but there were certainly some other individuals in the team who had performed exceedingly well but still did not get promoted despite receiving highest bonus three years in a row.

Similarly, another bank Alpha employee noted:

It is slightly confusing. I know that working hard will get me my bonus but promotion is linked with training. I have received as much training as all other employees in the team but I do not think of promotion. I am not sure how it works. Maybe when they have a vacancy they think of who is the best candidate. Many times they recruit from outside.

In bank Beta, the situation is the same as is evident from one employee's comments:

It is best not to think of promotion. When it's the right opportunity and if you are the best candidate you will get it. I have several friends working in this industry for other banks but no one talks about promotion. They think about good salary but promotion is more luck.

But employees do prefer promotion as is evident from one employee's comments (bank Beta):

Everyone prefers higher position - it not only brings more money but more power and recognition as well. In fact many people leave their jobs because they are offered a better position elsewhere.

6.5 Summary of the case studies

6.5.1 Case summary (bank Alpha)

It seems that the HPWS practices in bank Alpha are being implemented in an ordinary manner. The findings indicate that the case is related by the fact that interaction between HR and line management exists in a shallow mode. The data analysis reveals that HR and line management cross-functional mobility runs in accordance with management influence in the first place. Despite the fact of the influences by industry norms and culture influence. The analysis points out that, although the HR senior manager participates with top management strategic

decisions, this provides him with a respectful political position. That is considered a focal factor for successful HPWS strategy, however, bank Alpha failed in getting HR executives involved effectively in bank Alpha's business units' decisions and activities. Also, the analysis shows that having this form of relationship between HR and line management depends on several factors within management influence. First and foremost, the way HR views their role (i.e., enabler and advisory), in turn limits their cross-functional mobility with line management. This is evidence to suggest that line management especially in the back offices have demoted HR to a service role with no influential power. The interaction appears, therefore, with a low partnership competency and fair co-ordination in almost all of HPWS practices regardless of compensation and payroll. The findings reveal that compensation and payroll is centralised and between HR and top management. This study has identified that HR roles are the mechanism through which the interaction between HR and line managers is formed. The findings reveal that because line management perceived the HR role to be reactive and lacking in knowledge in some areas, and because HR plays a tactical role rather than strategic, the interaction emerges as fair. In respect to industry norms influence, the findings indicated that because banks are about generating money, this provides front offices with preference that is more than the back offices. As a result the HR focus is with those over the back office. In contrast, the bank industry is about objectivity while HR is a subjectivity area which also could be constraining and limiting the HR role on some occasions and impacts on HR cross-functional mobility – especially with back offices such as IT and treasury. National culture influence appears to have the least affect among the other factors.

6.5.2 Case summary (bank Beta)

Although bank Beta is considered a small bank compared to bank Alpha, the implementation of HPWS there is considered to be of a mature mode. HR in bank Beta has managed to obtain the essential factors for the successfulness of HPWS implementation. The findings in this case reveal in addition that the HR senior manager takes part in formulating and has a voice in the bank's strategy. Also, HR executives are involved effectively in bank Beta's business units decisions and activities. As a result the analysis shows the interaction between HR and line

management is in a form that is better than that in bank Alpha. Although, it is not considered an ideal mode because of the influences of some institutional factors, the interpretation of the data shows that constraints are imbedded within industry norms and national cultural influences. The findings also reveal, however, that management influence works optimistically with the interaction of HR and line management cross-functional mobility. This is because of the fact that HR people view their role as a partnership with the business and not just as an enabler or advisor as in bank Alpha. As a result, the analysis of the empirical data reveals that line management perceives the role of HR with respect and reciprocity. Which in this case has formed a quite good co-ordination and partnership related to HR and line management cross-functional mobility. The findings disclose that because of HR's proactive role in taking strategic decisions and participating in the bank's business units, they quite effectively regard the HR agenda, and the cross-functional mobility emerged quite strongly, especially with front offices units. This, however, has not prevented HR people from some lack of knowledgeability with regards to the back office speciality needs, which in turn results in a reduced interaction between HR and back officers.

6.5.3 Summary of employees' satisfaction: insights from banks Alpha and Beta

The findings show that in both bank Alpha and Beta, employees' satisfaction differs, in the first place, between those in the front office and those in the back offices. Also the findings reveal that employees from bank Beta have a better attitude than those in bank Alpha. Interpreting the data uncovers that employees in bank Beta appreciate the HR role in recruitment interviews, performance appraisal and training; however, what is missing from both banks is that employees complain about direct communication between them and HR people especially from those in the back office departments, which in turn affects their estimation of the HR role and they describes HR as merely an executive and performance monitor.

Chapter 7: Cross case analysis findings and discussion

7.0 Introduction

Chapter six presented the first stage of the data analysis and provided the findings related to each case. This chapter presents the findings of the cross-case analysis of the two case studies, in order to develop a comprehensive understanding of the factors which underpin HPWS implementation effectiveness. The discussion of the cross-case analysis is built on the key theme findings performed in chapter six and the synthesis from the two case studies. The value of using the cross-case analysis technique, according to Yin (2009) is to reveal the similarities and contrasts between the investigated cases and to develop a general explanation for each individual case. This was also combined with a theoretical discussion by linking the findings with the existing literature under each finding including the new emergent themes derived from the data analysis findings. In this chapter the key findings discussion was presented based on the research aim and objectives and the existing literature. In doing so, this leads to achieving the third stage of the case study protocol concerning validation of the research model proposed in chapter three.

This chapter contains eight sections. Section 7.1 provides the cross-case analysis structure. In section 7.2 the analysis of the current state of HPWS for the two case studies is presented. Then section 7.3 explains and discusses the analysis for the first theme regarding the role of institutional factors on the overall successfulness of HPWS practices. Following that a discussion of the second theme analysis concerning HR-line manager interaction (an institutional factor) on HPWS practices is provided in section 7.4. Section 7.5 explains the impact of communication on the interaction between HR and line manager; a new theme which emerged from the data analysis findings. In section 7.6 and the following sub-sections 7.6.1, 7.6.2, 7.6.3, 7.6.4 and 7.6.5, a discussion and explanation for the combination of institutional factors' implications and the interactions between HR and line managers on the implementation of each activity of HPWS are presented. Section 7.7 provides an overall summary of the cross-case analysis dimensions. Following that, section

7.8 presents the discussion for employees' perceptions of HPWS practices. Finally, section 7.9 provides a conclusion.

7.1 The cross-case analysis structure

The analysis of this study is based on a two-pronged research design with the aim of understanding the causal mechanism on the effective implementation of HPWS. Thus, the study first investigates the underpinning conditions that structure the interaction between HR and line managers in implementing HPWS practices (i.e., the implication of institutional factors on shaping the interaction between HR and line managers) where HPWS practices are formed and executed. Here, the combination of the two institutional factors' results present the causal chain of intermediate factors which moderate or/and affect the level of HPWS implementation effectiveness. The next stage of the study investigates HPWS implementation effectiveness related to employees' perceptions of HPWS practices in illuminating their involvement and thus their satisfaction.

The flow of the findings discussion in this chapter is, therefore, presented in three stages. The first stage addresses the current stature of HPWS within the context of Saudi banks for the two case studies under investigation. Following this section, a discussion and explanation are presented of the findings concerning the two main key dimensions, which are institution factors' implications and HR and line manager interaction on the implementation of HPWS practices. The second stage discusses the findings from each segment of HPWS and based on the two key themes regarding HR and line managers' interaction forms and the institutional factors implication underpinning the behaviour of the two parties in each of the HPWS practices implementation. The analysis is based on the evidence gathered from both HR managers and line management in both the two case studies. In doing so, this research aims to gain deep understanding to the conditions underpinning HPWS implementation in both organisations. The third stage provides a discussion of the findings concerning HPWS effectiveness; the findings in this stage have been derived from employees' satisfaction on the implemented HPWS on their organisations.

The following section addresses the findings for the current situation of HPWS in the Saudi banking sector within the two case studies.

7.2 Analysis of the current state of HPWS in the two case study banks

Human resources are critical in almost all industry sectors especially those in the service sector. All the respondents in both the banks agreed that human resources are extremely critical for the success of their organisations. This is particularly true for the banking sector because the success of a bank relies on quality of service. Other industry sectors rely on other assets to operate while banking sector relies solely on the skills of the human resources (in addition to the capital) to operate. The resource based view (RBV) of an organisation suggests that a firm can generate a competitive advantage from its resources but these resources should be valuable, rare, inimitable and non-substitutable (Barney, 1991). In the banking sector the most valuable resources are the human resources and the tacit knowledge that these human resources hold. Other resources in the banking industry are not as unique or rare as are human resources. Interviewees agreed that human resources are the most vital ingredient of their business and without adequate human resources their business would struggle to survive.

Table 7.0: Human resource importance within Saudi banks

Factor	Bank Alpha	Bank Beta
Human resource importance	<i>Our strategy themes have to cover everything when it comes to the HR spectrum.</i>	<i>In the banking sector most specifically it depends on intellectual properties, it depends on individuals of human resource. That why we call it here HR capital, and we consider it as the most expensive resource we have, and what we spend most of the money we have and time on</i>

Does this mean that having access to bright, smart and skilled human resources would bring competitive success to the banks? Just having such a valuable human resource is not sufficient. Priem and Butler (2001) clarify that having access to such resources is not sufficient; the firm has to have the capabilities to utilise these resources to draw competitive advantage from these resources. This view was

supported by the respondents – as can be seen from the above table where it is suggested that more important than acquiring the right talent is to support and develop the talent that they have. This emphasises the need to manage these human resources as optimally as possible in order to draw competitive advantage. This is where SHRM practices such as HPWS are useful. Efficient HPWS practices allow firms to draw competitive advantage from their human resources. Employees also indicated that progressive and supportive HRM policies of the organisation will not only motivate them to be more productive but are also likely to improve their organisational loyalty (Chen *et al.*, 2011).

Despite the usefulness and relevance of HPWS, respondents suggested that neither of the banks has implemented ideal HPWS practices. Instead they have implemented selected HPWS practices which they find relevant in the context of the banking sector. The respondents suggested that HPWS is a theoretical concept which is rarely implemented ideally and most organisations adopt it in a selective and customised fashion. This confirms the findings of previous researchers who suggested that organisations may not follow all aspects of SHRM models such as HPWS. Most of the organisations find it difficult to follow the principals of HPWS ideally as they face several endogenous and exogenous pressures which affect their choice of the HPWS factors that they select and implement. For example, the interviewees suggested that employee empowerment is not very common in the Saudi banking sector especially because of the level of complexity that it might generate. In addition, the lack of understanding of issues beyond the operational issues limits the quality of participation that the employees might have. This highlights an important flaw in the strategic management approach. Operational plans are generally derived from tactical plans which in turn derive from strategic plans. Unless line managers are aware of the strategic plans it would be extremely difficult for them to operationalise those plans. This gap is filled by the adoption of a command and control approach whereby overall goals are decided by the manager and conveyed to the lower managers who further break it down and convey to the managers/employees lower down the hierarchy. This means that the line managers may be aware of the tactical plans but not strategic plans. This is one of the flaws of this approach but in large organisations it may be difficult to include the wider employee base in strategic decisions and because banks are generally large in size, it

could be a reason why lower managers are not involved in strategic decision-making. Not engaging line managers in strategic decision-making can be quite damaging if the organisation sets a strategy which is difficult to operationalise.

There is consensus amongst scholars that if the HPWS is formulated correctly it can influence the outcome and the extent of use of ideal principles (Becker and Huselid, 2006). For example, one of the key steps in the formulation of HPWS is to determine whether the employees will be evaluated from the resource-based theory perspective or according to a cost minimisation business strategy (Becker and Huselid, 2006). Accordingly, this will determine what role HPWS will play in managing and utilising an organisation's human capital in order to gain high performance (Cappelli and Neumark, 2001 cited in Zhang and Li, 2009). Although the respondents indicated that the employees are the key ingredients in the business performance (which chimes with the resource based view) the transactional approach adopted by the banks is, however, more aligned with the cost minimisation approach. In this respect, there is inconsistency in the planned and implemented HR strategy.

There is a significant difference between the manner in which HPWS practices are implemented across different industry sectors and even among different firms within the same industry sector. For example, the industry sectors where employee contribution is central to the performance such as in innovation based sectors, employee empowerment may be higher. On the other hand, in industry sectors where employees have a marginal contribution to the organisational outcome, employee empowerment may be lower. Employee empowerment and participation also depends on the organisation size. Larger organisations tend to have a lower level of employee participation in decision-making and smaller organisations have a higher level of employee participation. There is no argument, however, with the assertion that empowered employees can be a useful asset to an organisation.

Thus, business practices are dependent on several factors including industry sector, firm size, for example. Thus, HPWS practices may be somewhat related to industry factors. This confirms that HPWS practices in the Saudi banking sector may be influenced by what DiMaggio and Powell (1983) termed as organisational homogeneity. In terms of institutional factors, the findings indicate that the adoption

of HPWS practice is governed by the industrial environment whereby firms tend to follow the established norms (such as employee empowerment) of the industry.

This section has discussed the status of HPWS within the two studies and leads to the next section regarding the interpretation of the set of conditions HPWS operates in.

7.3 Analysis of the role of institutional factors on overall HPWS practices (theme 1)

This section and sub-sections provide the discussion concerning the set of institutional factors which are found to affect the implementation of HPWS practices. In order to have a big picture concerning the institution setting for HPWS, Table 7.1 summaries institution factors implication dimension factors according to the first order of evidence then followed by a further discussion.

Table 7.1: Institution factors impact the implementation of HPWS (first order evidences)

Bank Alpha			Bank Beta	
Institution factors	Factors	Evidence	Factors	Evidence
Bank strategy	Growing strategy	<i>Our main Strategy for us right now is to grow our business with sort of formulating, you can say, with new and innovative ideas</i>	Growing strategy	<i>it's about growing the core business, expanding our branches and growing forwards in our IT infrastructure</i>
Management influence	Senior HR strategic position	<i>HR manage is part of steering committee, the heads and the CEO are the ones they sit around the table and formulate the strategy.</i>	Senior HR strategic position	<i>when the strategy is set for the organisation it's set by the CEO and his direct reports</i>
	HR passive role	<i>we are enablers of the Corporate Strategy</i>	HR proactive	<i>Internally we have been developing from being reactive to being more proactive.</i>
	Low perception for HR partnership business manager	<i>When they need us we are there for them</i>	High perception of HR partnership business manager	<i>First you have to know there is a big difference between executing the strategy of the business unit and influencing the strategy of the business unit. Now this is the real work of the RM manager.</i>
	Passive HR partnership manager	<i>Our role as an HR business partner is an advisory role, this is one of our main roles, so whenever they need any advice for the people agenda! they come to us</i>	Proactive HR partnership	<i>The RM's, responsibilities is to build co-operation inside the business in order to make sure that the business works together in a better sense, to make sure that the team level is high and there are no personal issues between managers inside so that people can complement each other to achieve the targets of the actual organisation and the actual groups.</i>
	Low perception of HPWS	<i>I think HRM in Saudi is still far from the word of international standard.</i>	Management Perception of HPWS	<i>We do not call it explicitly HPWS but yes our HR approach is the same as what you would call HPWS. We don't have something known as HPWS. But instead performance management</i>

Table 7.1: Institution factors impact the implementation of HPWS (first order evidences)

		Bank Alpha		Bank Beta
	Mid-mature of HPWS design	<i>HR Strategy formulation, I would still have to say that it's not very mature yet and why I say that still HR is supportive factor enabler, it's not become a strategic force, yet</i>	Mid-Mature-HPWS design	organisation is not yet mature, but For us we look at three bundles of human resource that includes, talent management, reward management and performance management
	Information system	<i>the better technical systems you have,, the quicker your services are</i>	Information system	<i>Our strategy growing forwards in our IT infrastructure we have been implementing a full HR system (ORECAL based) that automated all of our HR transactions</i>
	Communication	<i>I think we need more communication</i>	Communication	<i>There is a lot of literature we publish in our website they need to read it. But reading those literatures are very rare why? Because our employees are part from our culture,</i>
	HR operational role	<i>Most of the focus is on the numbers and this is where we try to have people also look at it from different dimensions that we need to develop our staff.</i>	HR members tactical role	<i>there is a big difference between executing the strategy of the business unit and influencing the strategy of the business unit. Now this is the real work of the RM manager</i>
Industry norms	Objectivity	<i>It is definitely about numbers and our business practices- IT, admin, HR and others are all based on numbers</i>	Objectivity	<i>The hard-core objectivity in the banking system puts excessive psychological pressure on us and employees.</i>
	Limiting employees involvement	<i>We do have those individuals who are running the show, but it is rare.</i>	Limiting Employees involvement	<i>employees only know about their own role –but on the other side we encourage new ideas proposed by any of the team.</i>
	line management- centrality	<i>I would say a big percentage of what guides us is the business.</i>	Line management - centrality	<i>Evaluation and nomination are subject to each department.</i>
	Power distance	<i>All business heads and support heads sit around the table for the annual</i>	Power distance	<i>Strategy at the business level is for the top management only</i>

Table 7.1: Institution factors impact the implementation of HPWS (first order evidences)

		Bank Alpha	Bank Beta	
Culture	Uncertainty avoidance	<i>plan. Saudis generally like to stay in one organisation as they do not like the uncertainty</i>	Uncertain avoidance	<i>This is mainly related to the culture that we have in the Middle East, which revolve in avoiding criticism others and can see instead of awareness about faults rather eulogy in their contacts.</i>
	Feminist culture	<i>We try to bring the global mind set and global best practice.</i>	Feminist culture	<i>Our culture is not mature enough as the western culture because we are younger society than the west, We are not yet performance-oriented culture.</i>
	Individualism	<i>In this stage we worked on Business assessment and based on that appraise we cascade it down to people assessment</i>	Individualism	<i>Most of the appraisal or most of the assessment on employees is purely on numbers</i>

Source: the researcher

As can be seen from table 7.1 the most influential factor in the implementation of HPWS is management influence. It has been also realised that in this dimension professional norms place a significant impact in the way banks approach the implementation of HPWS. The following discusses each of the sub factors.

7.3.1 Management factors

A firm's performance is significantly affected by the management's ability to create a collaborative environment across the different divisions (Berninghaus *et al.*, 2007; Chen *et al.*, 2006; Whittaker and Marchington, 2003). Management factors have a significant impact on the HPWS practices adopted by organisations. The transactional management style, often adopted by Saudi leaders, is evident in case studies as well. On the other hand, an HR focused strategy would require adoption of a transformational style of leadership.

- **Organisation's strategy:** it considers one of the focal factors that boost the implementation of HPWS within the two case studies. The findings show that both banks are experiencing growth strategies, which are requiring capable people in order to compete in a harsh competitive market. This indicates that both banks are aware of the benefits that could be provided from an advanced HRM role in their organisation (Chow, Huang, and Liu, 2008).

- **Senior HR strategic level:** the findings indicate that both bank HR head managers participate in the organisation's strategy but with some difference from each bank. The empirical data findings show that the HR head manager in bank Alpha does make suggestions and proposals in the organisation's strategy from the view of the HR agenda, but what is interesting is that the HR department takes the bank strategy as a whole then cascades the goals and needs that cover business demands and needs, so what they have is plans to cover the bank's strategic needs. On the other hand, the findings show that the bank Beta HR manager does have a vision regarding the HR role and he always anticipates future actions in order to cover bank strategy needs. The findings have also shown that because of the HR professional capabilities, HR has

played a significant role in the transformational strategy for bank Beta. Thus, the results support the findings of (Mitchell *et al.*, (2013) and (Keegan *et al.*, (2012) regarding the influential role of HR when holding political power with competency in significantly affecting an organisation's outcome.

- In terms of HR partnership: HR partnership managers are theoretically considered as business partners as recommended by researchers (for example, Van Buren III *et al.*, 2011; Ulrich and Beaty, 2001). The findings reveal that HR business partner managers are the ones responsible for conveying HR policies to the bank's other business units and have contact with them for delivering their demands, In this respect, the findings also characterise a lack of HR participation as the line manager has most of the decision-making power. In terms of the positional role of HRM, the participation of HR partners is not, however, as proactive as researchers have recommended especially with those in bank Alpha. HR business partner managers do not have a voice in setting business units' decisions and activities (Gooderham and Nordhaug, 2010). HR managers do, however, have full control over HR issues but are responsive to business needs. Overall, the HR department does not have a strategy, but rather plans that are driven by business strategy and HR managers have limited influence over corporate strategy. For example, one respondent suggested, that *there are a lot who leave us because of management issues. That's why we are trying now to raise the efficiency level of management.* Bank Alpha is getting its managers trained at the best colleges and institutions but to what extent will it help bank Alpha is yet to be seen. The biggest challenge will be to implement a western management style in a Saudi bank. In terms of HR, one respondent noted, *Management effectiveness is looked at in terms of the impact on business and profits and not in terms of the impact on employees.* At bank Alpha, employees are currently a means to achieving business targets; however, without keen focus on HR sustainability of performance it will remain a challenge especially because the banking sector relies so heavily on human capital.

Bank Alpha management has been planning to increase the level of flexibility for employees by seriously considering fringe benefits. Management has also set up a talent

management system, which is aimed at the development of internal resources. The impact of the talent management system is yet to be seen as the programme is currently being implemented.

In the light of the forgoing, this research found that institutional factors influence the role of HR management in corporate strategy and HR positional role within bank Alpha and can be concluded that the nature of HPWS and actors in bank Alpha can be characterise as a mid- mature HPWS design.

On the other hand, the findings show that the situation in bank Beta is slightly better, because the HR business partner manager is acting in a proactive way and does view his role with a mature vision, which the analysis in chapter six showed as being beneficial for the implementation of HPWS. Bank Beta's management is very proactive and actively seeks to know how the performance of the organisation can be improved. In the case of bank Beta, the management is trying to create a collaborative environment between HR and other divisions. HR managers are empowered and play a critical role in the management of the employees. Relationship managers actively engage with line managers on employee management issues. Furthermore, bank Beta's management is establishing the adoption of a long-term strategy towards the development of its workforce. Accountability runs from the bottom to the top with each and every employee and the manager held accountable for the performance of the group as a whole.

Bank Alpha management is forward looking and this reflects significantly on the bank's policies about attracting the most talented people and retaining them. In the last few years, management has shifted focus on growth and is looking eagerly to attract new talent.

Bank Beta invests significantly in management training as well. It includes three management courses; managing people concepts at level one, managing people practice

at level two, and managing people strategies at level three. So it is all about concepts, practices and strategies of management.

The first level management training course includes managing people concepts. This concept management course is given to anybody, who has employees reporting to him/her. It basically covers the major aspects that bank Beta needs to develop its managing capabilities whether it is in communication, delegation, coaching, performance management, how to deal with different situations that are harsh or bad. It also includes how to coach people not only to focus on certain employees, but also to spread the value. And these are the management people concepts. Bank Beta has individuals internally certified who can deliver this *managing people concept* to the employees. Using the internal resources to deliver this is helpful because it gives a better understanding from somebody from the organisation to give examples and practices on whatever is going on in the organisation. Management practices is level two, but it is more about how to hire management, it talks about leadership, it talks about how to manage managers. Strategies management is basically given to executives. It talks about formulating a strategy, how to develop this from a certain group, how to overcome a certain challenge especially considering the large number of employees. It also talks about the different aspects on which the managers have to deliver.

In addition, bank Beta's HR division boasts an employee care subdivision. The role of this subdivision is ensuring that the needs of the employees are met; for example, employees' vacations, their contracts, their medical care, their life and property insurance, their travel tickets and hotels, to mention a few. This division handles all HR logistics and HR operation processes.

Overall, bank Beta's management approach is to support the employees and this is evident in the change in HRM policies and practices in the organisation. Focus on HR is likely to provide HR with more relevance and recognition in the organisation. This would also ensure that line managers would take HR aspects into consideration.

Communication: poor communication has been considered one of the most constraining factors in the implementation of HPWs within Saudi banks under investigation. For example, the hierarchy extends to about six levels. Usually, HR communicates with business on the third level, which is a known manager zone. Communicating and coordination with line managers often exists for following up enquiries and demands. Discussing strategic issues are always at the top level of management and far away from middle management level. The findings show that HR policies and practices in some divisions are unclear to the other departments in particular back offices and management people in lower levels of the hierarchy, because of the lack of communication between HR managers and back offices. This result confirms Lertxundi and Landeta (2011) who found that culture across countries has its explicit impact on communication and eventually affects HPWS effectiveness. (This factor is further discussed in detail in section 7.5).

Information system: this has been considered the most effective factor in the two case studies regarding HPWS implementation. The findings show that both banks have backed up their HR departments with sophisticated automated systems. The findings also found that because of that factor, the HR department has gained extra credibility. This is because of the fact that it facilitates the line management's monitoring job and provides them with the information they need regarding employee issues. Besides, the findings from the empirical data also show that line management appreciated this effort from the HR department and IT as it facilitates and aids in achieving their goals. The findings complement the work of Han *et al.* (2006) who argued that by the HR department having an HR information system it fosters HR practitioners skills and management.

The following subsections discuss each of the institutional factors in more detail.

7.3.2 Industrial factors

The banking sector is about making money and hence is a field very heavily focused on numbers (Hunter *et al.*, 2012). The problem with this excessive focus on objectivity is

that the subjective measures are often overlooked. In the case of bank Alpha it may be seen that the front line is being handed the largest share of bonuses. There is excessive focus on technical skills at the time of recruitment and also compensation is largely monetary leading to a wage war among the players in the banking sector.

The findings show that the employees in the banking sector work against concrete targets and there is little margin for error. Also the findings found that the problem that most of the employees are facing is that despite their best efforts they are unsure of how they are going to proceed in their career. This career progression uncertainty is leading to a high churn rate with employees looking to switch careers in order to receive a higher compensation package and career growth.

The findings from the two case studies presented in chapter six show that the two banks do have a mid-mature HPWS design. In alignment with Brewster *et al.* (2008) it was found that there is some degree of disagreement between an HPWS best practice approach and the contextual approach. This research finds that businesses are nested within country's regulations and culture subscribing to specific norms and beliefs. This means that there are no universalistic best practices but the degree of isomorphism depends on the industry, management influence and culture. This also confirms the findings of Paauwe and Boselie (2005) who found that some principles of HRM practices, such as employee development programmes, reward systems and employee involvement work systems, are considered universally successful but the success and standardisation of those practices are subject to the inner context of the organisations which must be considered while designing and adopting these practices.

The most common determinant of the best HPWS practices for an organisation is rationality. For example, in the case of bank Alpha it was found that the bank is reluctant to bring about radical changes in its HPWS practices because it will bring significant organisational changes which may be more disturbing; hence, the bank is adopting an incremental change strategy whereby it pilots the changes in certain divisions/branches before rolling out the change across the organisation.

The findings indicate that there is some level of mimetic pressure especially in the compensation aspect of HPWS especially because of the competition for best resources. This confirms Brewster *et al.*'s (2008) findings that there is some mimetic pressure which can be attributed to organisations' elite actors' interests on competition. This research confirms the findings of Brewster (2006) that national and institutional characteristics are the dominating factors influencing organisational actors' behaviour in selecting HRM practices. The literature presents the institutional effects on organisational practices and strategies in terms of the internal pressure exerted on an organisation's actors. The studies illustrate that the cognition of an institution's elite actors (top management) is profoundly important in setting strategies and creating supportive cultures that ease the implementation of HPWS best practices. As found in bank Beta, management factors are important drivers of HPWS strategy of the organisation.

As far as co-ordination between HR managers and line managers is concerned, the industry norms seemed to be providing line management in front line offices with centrality and left the HR division as a supportive function in the banking sector. Due to this, the HR division is mainly an enabler, which provides resources as *per* the instructions especially in the case of bank Alpha where the HR division's engagement is in functions such as recruitment and selection, performance appraisal, and training programmes. The findings show that HR plans and actions concerning these activities are highly guided by business, so the HR role is considered quite limited while the research indicates that the HR division could indeed play a vital role in the growth of the organisation.

The findings did, however, find that bank Beta is slightly healthier, as the concept of HPWS is known and they are keen to develop their HR system to a global level. Also, the empirical data findings found that because HR people view their role as a partner, the HR department in bank Beta could be considered more advanced than the one in bank Alpha. Regarding HR in bank beta, the findings also show that although the

concept of a clear HR strategy is there, yet the HR professionals are taking a proactive role and are creating some strategies regarding recruitment plans, and the compensation system especially in retention and training needs.

7.3.3 Cultural factors

The literature has already found some (slight) evidence that suggests a positive or negative association between the efficiency of certain practices and some cultural characteristics or dimensions (Lertxundi and Landeta, 2011; Papalexandris and Panayotopoulou, 2004). The findings from the two case studies also confirm the view of these researchers (Lertxundi and Landeta, 2011; Papalexandris and Panayotopoulou, 2004) that culture may not equally affect all HPWS practices, but there are certainly some factors, which are affected significantly by culture. This research support the previous studies that compensation and reward systems are also affected by culture to some extent. The results show that national culture seems affects the operational aspect of reward system. For example, the findings indicate that the participation of HR seems to be influenced by power distance aspects of the culture. However, in both the banks surveyed there was an inclination towards monetary compensation, which is likely to be linked with industry cultural aspects of masculinity, and individualism.

Individualism: concerns the degree to which a society's values, aims, autonomy and personal privacy, as against loyalty to the group, respect for its norms, participation in collective activities, social cohesion and a high degree of socialisation affect the individual (Hofstede, 1997). For instance, performance-linked reward is more related to a high degree of individualism (Azzone and Palermo, 2011; Boselie *et al.*, 2005). From the perspective of autonomy, which is one of the characteristics of HPWS work teams, we may expect the most individualistic countries to grant more employee autonomy, since this practice is consistent with the value system of individualistic countries that encourage individuals to focus more on results than on integrating with the other members of the organisation. A high degree of collectivism, meanwhile, has been shown to be associated with more co-operation and positive attitudes towards teamwork, which is why workers in a society where this value predominates are considered more likely to

take teamwork on board (Kirkman and Shapiro, 2001), and this would presumably favour the establishment of HPWS. Nevertheless, these same people may express reticence towards the incorporation of other processes, techniques or, in general, any organisational factor that demands certain individualistic features (Gibson *et al.*, 2007), as is the case with individual reward. Consequently, the significance of the possible influence of this dimension is not clear, although, broadly speaking, it can be suggested that societies characterised by a high degree of individualism might constitute a context favourable for these systems to prove effective.

Power distance: relates to the degree of acceptance and respect for the unequal distribution of power felt by the least favoured members of organisations, institutions and society. We can observe that where the participation of employees is concerned, its effectiveness is questionable in countries with a high power distance index such as Saudi society, with highly marked hierarchical and paternalistic overtones, because of the employees' fear and wariness towards taking action on their own initiative (Mellahi, 2006). The findings confirm this point of view, as it has been found that in both banks employees were given autonomy in doing their jobs based on the determined goals given them from their direct managers. In this respect the results support previous research that in very hierarchical cultures the formal design of organisations tends towards the greatest concentration of power and, in general, these societies express a reluctance towards the implementation of self-directed teams (Aycan *et al.*, 2000), one of the pillars of HPWS. The hierarchical nature of Asian cultures, for example, in which individuals of a lower status naturally tend to display *respect* towards those of higher standing, while the latter, in turn, expect this attitude to be expressed towards them, seems to offer a scenario unlikely to welcome the efficiency of HPWS systems.

The findings also found that because HPWS is still of a mid-mature design in both of the case studies the level of openness is still low. This is with reference to the fact of power distance culture preference. The empirical data findings show that there is a strong hierarchy which means that openness does not give the right to question the management but it ensures that the management communicates its plans and strategies with the

employees. In this manner, the employees are more aware of the corporate strategy as it has been communicated directly by the top management.

Uncertainty avoidance: is about the degree to which individuals feel threatened in the face of unknown or uncertain situations and for which they develop beliefs or systems that attempt to avoid such circumstances. In environments of these characteristics it is reasonable to assume that an attitude of reducing uncertainty will lead the employer to grant less autonomy to workers, and to set up fewer autonomous work teams, whilst the workers themselves will feel more at ease with tasks that are as structured and predictable as possible. In this respect the findings found that the compensation system regarding rewards and bonuses is in the control of the top management and HR department. According to the empirical data in banks, bonuses are usually distributed based on the bank's performance. Since this action has an element that introduces variability and uncertainty, both from the employees' and the employer's points of view, it might be hard to accept in cultural terms.

What is surprising, however, in an environment that is highly averse to uncertainty, will an ill disposition towards making substantial investment in training for its employees, due to a lack of certainty that benefits will accrue as a result of this attitude. The results indicate, however, that both do have ambitious training programmes and are willing to spend on developing their employees to a high standard. This finding is in support of other research such as Lertxundi and Landeta (2011), Papalexandris and Panayotopoulou (2004) who found that culture can partly affect HPWS.

Uncertainty avoidance is a key characteristic of Saudi culture. Bank Beta's HR policies are an example of how firms tend to reduce uncertainty in business. For example, bank Beta's HR department ensures that it has sufficient replacements available for employees that are going to leave certain departments. Furthermore, the policies adopted within the divisions are enshrined in a policy and procedure document which each department has to follow. There are clear instructions for each and every division to follow at each and

every stage. In addition, the progress is to be reported within a duration mentioned to ensure that due action is taken at each and every stage and within the desired time frame.

Masculinity: as far as the dimension of masculinity is concerned, the predominant values in masculine societies are competition and professional and economic success, while in feminine societies what prevails are consensus, interest for others and quality of life, amongst others. In masculine societies, emphasis is placed on results and competitiveness. Here, each is rewarded in line with his performance (Hofstede 1997). Although Saudi Arabia has been characterised as a feminist culture, based on the empirical data findings this, however, does not apply in the Saudi Banking sector culture regarding incentive-driven rewards. The finding indicates that individuals are rewarded based on performance. The culture of incentive- driven reward is, therefore, based on a masculine approach. Consequently, the findings of this study complement the work of Zhang and Begley (2011) who found that local culture does not totally impact on an organisation's behaviour as industry influences. In addition, the results contradict Gerhart (2008) who argued that national culture affects SHRM structure, policies and systems vertically and horizontally owing to the values of the policy makers being influenced by national culture.

The findings show that reward orientation is one of the most significant inner cultural aspects affecting the communication and co-ordination between HR managers and line managers with the latter being especially focused on targets and rewards. High reward orientation also leads to a transactional approach adopted by line managers. Furthermore, HR management functions are an added responsibility, which takes up the limited resources that line managers have, and are often avoided by line managers. Research indicates, however, that *competitive advantage can only result from practices, which are jointly developed and implemented by HR specialists and line managers* (Papalexandris and Panaayotopoulou, 2004, p.281).

Information flow within the case study firms is generally in an organised manner especially the chain of command. Employees also enjoy a lot of autonomy, however,

over how they wish to achieve their goals. Also employees are motivated to provide well thought out suggestions and their suggestions are recognised. This is slightly different to the culture within most Saudi firms (where information flows top to bottom) but similar to firms within the banking sector (where information flows in all directions).

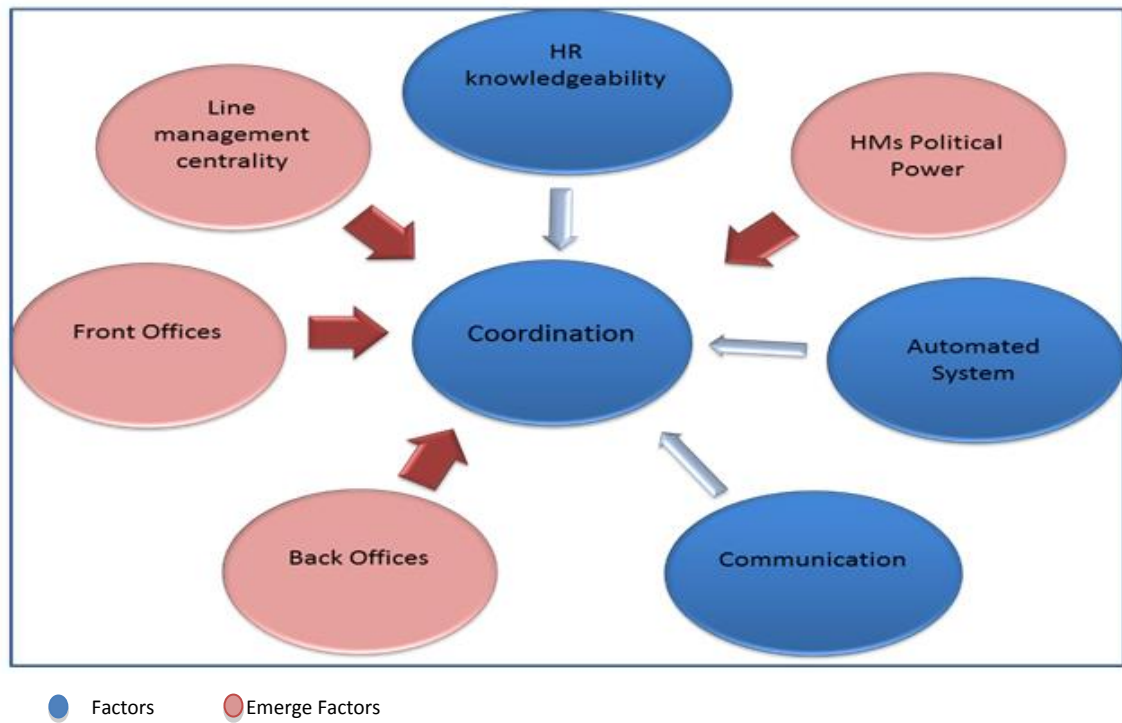
This indicates there is a significant level of autonomy in goal setting for front line employees. Although Saudi culture, which is characterised by high power distance, proposes a hierarchical system where decision-making is limited to the individuals higher up in the hierarchy, still the professional norm of the banking sector proposes that individuals should have more decision-making power. In the case studies, both banks exhibited some degree of cross-vergence but the level of inclination towards national or industrial culture is different.

7.4 Analysis of HR-line manager interaction (an institutional factor) on HPWS practices in Saudi Arabian banks (theme 2)

This section provides the findings regarding HR and line managers' interaction forms from the two case studies. In chapter six the analysis revealed the factors that play a role in supporting and hindering HR and line management cross-functional mobility where HPWS practices are executed, also the new emergent factors were highlighted. In order to have a clear picture of this dimension, figure 7.0 and 7.1 illustrate these forms and the sub-theme factors including the newly emerge theme factors. The main key factors in this relationship are partnership and co-ordination as proposed in the theoretical framework in chapter three. HR political position, HR knowledgeability, automated system and communication role are factors quality under the trait of co-ordination. While HR strategic role, consultancy and advisory are issues value for partnership relationship. As discussed in chapter three, the factors, which contribute to creating poor or strong co-ordination, are HR competency, different types of work with different goals, the formality of communication, the way departments view HR information system. The empirical data findings highlight new emergent factors which can be summarised as; back offices and front offices on the way they perceive HR people's role and knowledge. Besides, the political situation for HR people embedded in HR head

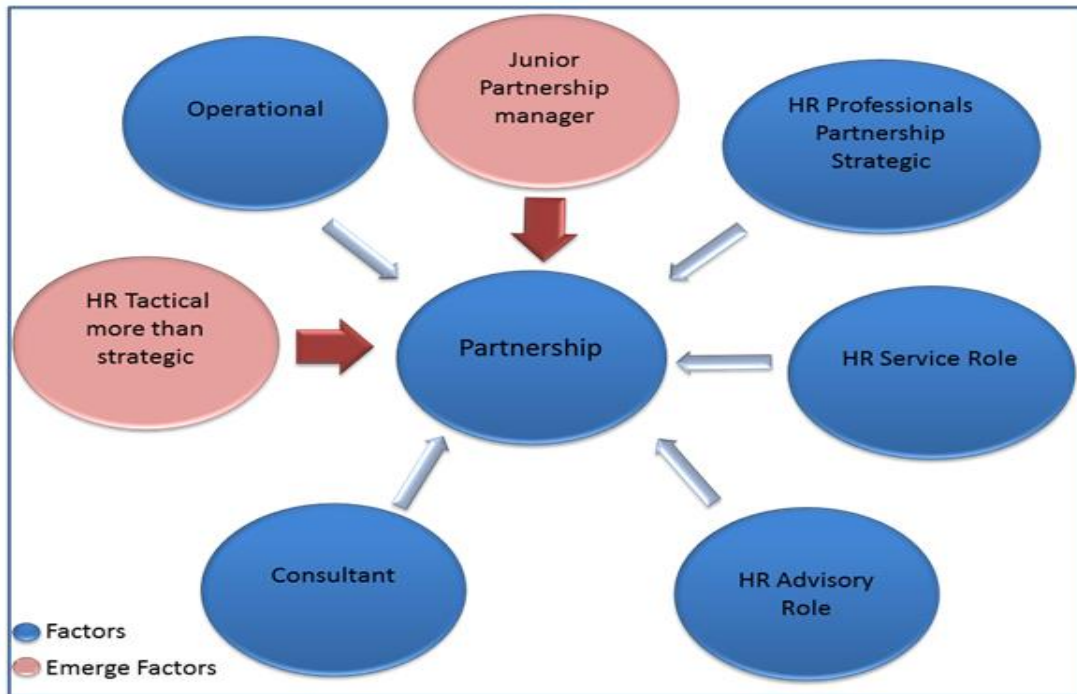
manager and the second line of HR managers shows the level of partnership guidance (i.e., strategic, tactical and operational level) for each of the HR managers. Perhaps the most interesting newly emerge theme is junior HR manager. All emerging factors are highlighted in red in figure 7.0 and figure 7.1

Figure 7.0: Second order factors (subthemes) in HR and line management co-ordination in HPWS implementation.



Source: the researcher

Figure 7.1: Factors influence HR and line management partnership relationship in HPWS implementation



Source the researcher

As discussed earlier the findings show that normative institution factors, namely management influence, industry norms and culture have their implications for HR and line management cross-functional mobility. As for management influence, it mainly embodies HR and line management partnership and co-ordination. The HR role, in these types of relationship has been found to play a significant role, especially in creating the level of reciprocity between line management and HR managers in their interaction. In this respect, the findings in the two case studies found that HR and line managements' cross-functional mobility depends on several factors. Firstly, the way managers perceive the HR role; line management evaluation of HR knowledgeability and the level of HR in presenting their role in the partnership. Besides, industry norms provide line management centrality over the HR department. The interpretation regarding this point of view is because of the fact that banks focus on generating money and the focus on numbers are all objective goals. Finally, culture power distance also played a role in HR

and line management communication and exchange information. The following provides a discussion and explanation for each of those factors in more detail.

7.4.1 Management influence

Partnership: is considered from the point of view of the key factors that participate in HR and line management cross-functional mobility strength. The literature has elaborated that HR managers can provide vital contributions/feedback to the corporate strategy as they manage human resources. The findings indicate that in all the banks surveyed, the HR chief manager has a voice in corporate strategy – yet it is a bit distant from the desired level as confirmed by the respondents, This finding contradicts Apospori and his colleagues (2008) who argued that HPWS differs between countries, as HR managers do not have a contribution on corporate strategy. The findings of the two case studies show that HR professionals do obtain a respectable political position and yet HPWS implementation and results are modest. The findings, however, pointed to the problem being exhibited on the HR second senior political position. According to the data interpretation the findings show that the HR business relationship manager's political position differs between tactical level and operational level. The tactical level is acceptable for a partnership manager to have a proactive role (Jones and Saundry, 2012). The findings from bank Beta showed that the HR partnership business manager plays a tactical level role which in turn explains their proactive role in the cross-functional mobility with line managers' business units, and that the HR partnership manager does participate in the unit's decisions and activities. The mutual-reciprocity is, therefore, considered high as compared to bank Alpha. Besides, the results of a respectable reciprocity can be seen in the spirit of the line manager when they talk about this relationship, especially from front office employees. Secondly, the good reputation bank Beta gained in the recent years after the new management arrived is more evidence. The evidence also indicates the changes HR and top management have achieved in changing the culture of bank Beta. Moreover, because of the fact that HR managers (including chief, senior and executives) have a sophisticated vision about their partnership role (e.g, they view themselves as partners with the bank's units in order to

achieve the bank's strategy goals). This finding is in alignment with Schuler and Jackson's (2005) findings about the necessity for a partnership relationship between HR and line managers in order for HR strategies and policies to be implemented successfully.

Co-ordination is another key factor which contributes to HR and line managers' cross-functional mobility: which in most cases depends on the way line management evaluate HR in practicing HRM applications and their experience with the quality of services with which they are provided by HR people. The findings show that in bank Beta, the HR partnership manager succeeded to an extent in gaining this perspective from line management, albeit the case from line office officers is higher than back offices. The data analysis interpretation reveals that HR has proven its knowledgeability and is backed up with an advance-automated system. For example bank Beta has an advanced IT system created in house by the recruitment department which provides all the bank's divisions with all the information needed regarding their HR agenda. Besides, the statistics information helps line managers in their future actions, required in all cases. It was found also that because of the standard of HR competency in skills and knowledge, line management perceive the HR role with a respectful reciprocity manner. The interpretation of the data also explained that management recognises the HR relationship manager as an instructive and helpful figure for them in achieving their goals. Above all, the findings indicate the usefulness of the existence of an intensive communication approach between HR department and the other business units and departments (the communication factor is discussed in more detail in section 7.5). All these factors seem to have aided HR in gaining credibility, which in turn has created a mature relationship between the two parties in the bank Beta case.

The findings in this respect provide additional support for previous studies on HR and line management co-ordination. Han *et al.* (2006) argued that co-ordination is usually concerned in gaining a respectable reciprocity in an effective interdependency between the two groups, especially when HR is backed with a sophisticated information system. Also, these findings confirm those of Glover and Butler (2012) who argued that HR department members have to have the capability of providing advice and services when

needed, in order to catch line management's mutual-reciprocity. Findings in this study have aligned with previous literature such as Guthrie *et al.* (2011); Chen *et al.*, 2011; and, Sanders and Frenkel (2011) who focused on line managers' positive perceptions of HR managers' capabilities in delivering reliable HPWS.

In bank Alpha, however, the findings also found that the HR head manager did participate in the organisation at strategy level, but the HR relationship business manager is limited to an operational function (or so called service partner), which also explains their passive voice with the business units. This in turn limited cross-functional mobility into becoming just a service function and advisory role in most cases of HR activities when dealing with the other departments. This action can be seen explicitly in HR cross-functional mobility with both back office units and front offices, albeit with some advisory role with front offices, whilst it seems a service role with the back offices.

Additionally, the findings regarding co-ordination factors in bank Alpha show that the interdependency is commonly regulated by line management guidance, which in turn reflects an irrespective reciprocity between the two parties; this latter being caused by several factors. Firstly, HR relationship managers see themselves in an advisory role rather than as a partner with the business units. Secondly, communication is usually high during performance appraisal reviewing, which is usually done twice a year (mid-year and the annual performance review). Apart from that they rarely communicate unless there is a request. Finally, back offices complain about HR knowledgeability regarding their specialty needs and requirements in hiring people and in training programmes, which left them with the choice of doing everything considered necessary for hiring new people or determining the suitable training programmes and after the decisions are made they allow HR to intervene for the administration issues.

Line management centrality: on the other hand, the findings show that banking industry culture is based on objectivity while HRM is a subjective activity. Thus, even though HRM can play a vital role in the success of the banking industry it is often

ignored as a strategic force (Boselie, Dietz, and Boon, 2005). In fact, in most industry sectors, HR lacks the strategic significance that it requires (Chen *et al.*, 2011).

In the surveyed banks, as mentioned earlier, the HR department's role is mainly that of an enabler and in that respect too, it is limited to providing human resources and organising training programmes. This research confirms the findings of Hutchinson and Purcell (2010); Purcell *et al.* (2003) and, Purcell and Kinnie, (2007) that line managers are a critical component of HRM operations. In modern organisations, individuals are expected to exhibit hybrid professionalism, that is, they need to exhibit cross-functional skills (Noordegraaf, 2007). In the context of this research this would require line managers to acquire HR skills. This research confirms that line managers in the Saudi Arabian banking sector exhibit a certain degree of hybrid professionalism. The quality of HR practices as practiced by line managers is, however, found to be poor as compared to what would be practiced by the HR managers and two main reasons for this discrepancy is: firstly, the lack of interaction between HR and line managers; and, secondly, the lack of power vested in HR managers.

High power distance: another reason in limiting the relationship between HR and line management is Saudi Arabian culture is characterised by high power distance and in very hierarchical cultures the formal design of organisations tends towards the greatest concentration of power and, in general, these societies express reluctance towards the implementation of self-directed teams (Aycan *et al.*, 2000), one of the pillars of HPWS. The banking sector is not, however, solely determined by the national culture because it affects their competitive positioning. The banking sector has a certain degree of industry influence as well. Take, for example, the issue of objectivity *versus* subjectivity. Respondents from bank Alpha and bank Beta suggested that the objectivity *versus* subjectivity balance in the banking sector is tilted in favor of objectivity and the outcome is that the senior managers are mainly focused on how line managers are performing (in terms of generating the money and meeting the numbers) and not really worried about the subjective challenges faced by these managers. The impact of such an excessive focus on objectivity is on the departments with a subjective focus, such as HR.

There is no disagreement over the vital role played by HR in the success of an organisation yet HR receives little support and attention in sectors such as banking. This leads to problems which affect the bottom line of the business.

Previous researchers have used culture to explain the differences between organisations based in different countries (Hofstede, 1997; Trompenaars, 1993). This view is based on the assumption that countries differ due to cultural distinctiveness which is reflected in the way that organisations are managed. Thus, management and organisations cannot be isolated from their particular cultural environment and it is evident in the case of the Saudi banking sector where HRM is still considered as an enabler and not as a driver of strategy. In fact, researchers (for example, Paauwe, 2009) have found that HR plays the role of enabler in most organisations, from both developed and developing nations.

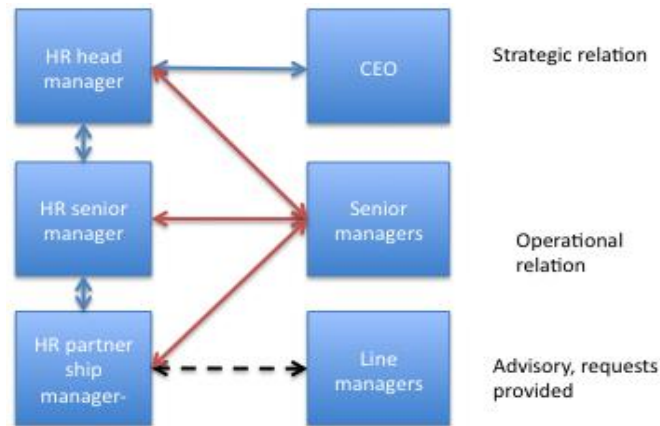
7.5 Analysis of the impact of communication (an institution factor) on the interaction between HR and line managers

Structured and formal communication between HR and line managers ignores the social dynamics of this relationship (Renwick, 2000, p.2003; Harris, Doughty, and Kirk, 2002; Watson *et al.*, 2007). This social exchange between the two actors is essential to maintain a feeling of shared responsibility.

This factor is considered from the emergent theme derived from the empirical data analysis. In terms of communication, the findings reveal that in both bank Alpha's and bank Beta's line managers and HR managers enjoy the flexibility that they are not restricted in terms of their chain of communication; the line manager may sometime speak to the head of the division but he may also speak directly to the business partner. Similarly the head of the division may communicate the matter to the business partner but he/she may also communicate directly with the senior HR manager. The formal trend of communication is mainly illustrated in the figure below, but mainly senior manager and HR partnership constitute to this relationship. At both bank Alpha and bank Beta communication is often poor on or below the senior level. The following

figure illustrates the flow of connection between the HR department and line managers' business units.

Figure 7.2: Communication between HR managers and managers within bank Alpha and Beta



Source: the researcher

With regards to how HR managers communicate with line managers in formulating and implementing HPWS activities, the findings show in both bank Alpha and bank_Beta, that the HR department allocated HR business relationship managers, who are considered the linkage between HR department and the bank's businesses units, to conduct communication. In both banks there are 13 HR relationship managers (RMs) each of them responsible for certain business unit/units depending on the size of the units. The findings show that in bank Beta, RMs are with the business day by day. Line managers communicate directly to them for any requirements and questions. For example, RMs have to explain to line managers the way to access employees' performance sheets effectively, either by face to face through a workshop or as necessary. The focal point of the HR focus in this workshop is how to make line managers recognise the difference between smart goals and general goals when converting these goals to their subordinates. Also in this kind of meeting, there is an explanation of how to score employees' performance. It is usually based on five scores (for example: underperformance, achieve, enhance, achieved, exceed and outstanding).

In general, RM managers are effectively focused on frontline offices. The communication between HR relationship managers and line managers in this respect takes a further role by reviewing the forms of employees' performance of each department by the end of the year. In this manner, the score balance card is the measurement tool in assessing the objective targets for frontline employees. In contrast, the achievements of managerial and back office employees are derived by subjective goals, which make their assessment built up on what project they achieve for the previous period and the effectiveness of that project; such as the level of accessibility and time term.

There are two ways of classifying communication between HR relationship managers RMs and line managers LMs; informal and formal communication. As the latter is concerned in this study, the findings from the data analysis show that RMs in bank Beta have site visits in order to spot problems and assess that work is done smoothly on business units. They always encourage employees to express their thoughts especially if there is disagreement between employee and manager about his/her performance appraisal.

Sometimes communication and assessment is by email, workshops, mid-year reviews performance, and the annual performance review. The head of the RMs department is usually involved in both mid-year and annual reviews. He/she is always participating in the operational plan when conducted for each business unit. The head of HR also attends the board meeting for the approval of the coming year operational plan with the CEO. Once the plan is approved it goes from top-down to be cascaded across all units of HR department with regards to the HR perspective.

Informal communication is usual between RM staff and line managers, either by phone calls or face-to-face. Indirect communication is also achieved by entering HR ORECL system for any request needed; forms, applications, sick-leave and so on.

As discussed in chapter six, the findings show that the number of RMs in both banks is 13. This number in bank Alpha is not convincing in performing job responsibilities effectively due to the high number of branches (127) and by adding up the number of the supportive back office departments. In bank Beta, this number is to some extent acceptable because it is a small bank compared to bank alpha and its business units are less than 90.

The findings driven from the empirical data show that HR strategy is clear enough for heads of departments because the organisational culture necessitates that strategy issues have to be discussed at top management level. The communication in this manner is top-down. Also, because the head of departments formulates the annual plan, they can exchange and share thoughts on strategy and policy information. There is a noticeable lack of communication between back offices and the HR department. This was mentioned earlier because of HR people's lack of knowledge regarding their speciality issues. The interaction between HR-line managers in implementing HPWS activities is different from front offices line manager and back office managers.

The evidence indicates that there are several levels of communication, which can be a synthesis to management position level within the HR department and takes four levels. The communication between HR department and other businesses units is confirmed to the following:

- Usually head of HR communicates directly with CEO and senior managers in order to discuss strategic issues and critical decisions.
- Head of HR business relationship managers (RMs) mainly communicate with the head of departments and rarely communicate with line managers.
- Junior RMs commonly communicate with heads of department and line managers and act in an advisory and service role.
- The main communication channel between HR department and employees is through the IT system through which any employee can apply for any request or fill in any applications for vacation, sick leave or applying for a loan. If, however,

there is a complaint, employee can go to the HR department and meet with the head HR business partner to explain his or her problem.

- HR IT system provides any information concerning manpower to all organisations' management levels.

7.6 Analysis of the causal mechanism factors implication on HPWS practices implementation

The above highlighted the findings concerning the institutional factors and HR interaction with line management and provided an interpretation of the impact of the institutional factors on the implementation of HPWS including the emergent factors (i.e., communication). This brings us to the second stage of the analysis that concerns analysing each of the HPWS practices individually. The following sub-sections provide a discussion of the findings regarding each of the HPWS practices based on the two key dimensions, which are HR and line management interaction and the implication of institutional factors. This is presented with the aim of gaining a deeper understanding of the causal mechanisms of the HPWS implementation phenomenon.

7.6.1 Analysis of HR-line manager interaction and institutional factors on employee perceptions in implementing recruitment and selection practices in Saudi banks

HR managers are expected to select and recruit the individuals most fitting with the corporate strategy. HR function extends beyond that as well as HR managers are expected to anticipate future demand and ensure that there are sufficient skilled human resources to accomplish future targets. Knowledge of the current and anticipated future strategy is thus, essential for adequate implementation of the HRM function. As mentioned in the previous sections, HR managers in the banking sector have limited participation in the formation of corporate strategy and this affects their influence in that area. This is evident in the recruitment and selection process as well. Selection of individuals is done on the basis of two aspects – their soft skills and their hard skills. The hard skills of the employee will determine her/his competitiveness in completing the

technical aspects of her/his job while the soft skills will determine her/his competency as a team member and a citizen of the organisation. The role of HR managers in selection and recruitment is essential because only they can assess the soft skills of the individuals both because they are competent to do that and also because they have a broader view of the organisation's workforce as compared to the line managers, who have a narrow, i.e., divisional, view of the workforce.

The banking sector operates in a very dynamic environment and hence it is essential for the firm to remain prepared for the uncertainties ahead. One of the strategies that firms can adopt in order to remain prepared for the future is to have an adaptable and flexible workforce. This requires looking at the soft skills of the individuals instead of hard skills which focus solely on the competencies regarding the current role. This makes the role of HR managers critical in recruitment and selection of candidates.

A long term approach to selection and recruitment might be useful in the banking sector as there is significant variation in roles over a period of time and it is wise to focus on capabilities in addition to skills. The modern business environment is very dynamic and employees need to acquire new skills and develop their human capital as a capable workforce will be more useful in the long term. The only disadvantage of this is that the firm has to invest significantly in training and development as the skills sets of these employees may be lower than the requirement of the job. But even this may not be true because the results show that bank Alpha, despite hiring skilled and experienced individuals, invested the most on training and development while bank Beta, which focuses on capabilities, invests comparatively less. It seems clear that the two banks have different views of employee talent with bank Alpha linking it with skills while bank Beta links it with capabilities.

The findings also reveal that the lack of participation of HR managers results in overlooking key soft aspects such as organisational citizenship behaviour. The problem with overlooking this aspect is that the sometimes-excessive focus on technical skills

leads to selection of the employees who either do not fit into the broader culture of the organisation or leave because of other reasons.

The problem is that the banks spend a lot of time and money in training the employees and if the employee leaves, the time and money spent on training the employee is wasted. Furthermore, looking for new capable employees takes time. As explained earlier, loss of talented individuals is a huge loss to the business and the line manager alone cannot plug the leak of such talent. HR managers can, however, be of great assistance in improving the organisational citizenship of the employees (preventing dissatisfied employees from leaving) and should be allowed a greater role.

Thus, the selection has to be strategic and it is only possible if both HR and line managers contribute equally to the selection process (McConville, 2006). The communication and co-ordination between HR and line managers over strategic issues is essential because, as a group the position of line managers is such that they are between upper and lower management, thus putting them in an ideal position to observe the coming together or divergence of both strategic and operational priorities (MacNeil, 2003). Similarly, HR managers have the capability to deliver strategic priorities using suitable HR practices (Vere and Butler, 2007).

Mellahi and Wood (2001) suggested that, for a long time, in Saudi Arabia, the public sector was the main employer in the market. The public sector worked, however, under political pressure and, as a result, the wages kept on rising despite the obvious bureaucracy and inefficiency in public sector firms. The high labour rates and protective policies adopted by the public sector continued to affect the labour market dynamics in Saudi Arabia. This was evident in the private sector also as the HRM policies adopted by the private firms had to resemble the government policies in order to attract talented individuals or rely on expatriates. When asked, however, if the lack of co-ordination between HR manager and line manager over recruitment issues is common practice in all Saudi companies or only in the banking sector the respondents indicated that it is more about the banking sector. This indicates that HR-line manager's co-ordination and

collaboration is shaped by the professional norms and not cultural norms in the case of the Saudi banking sector.

The impact of communication and co-ordination (or lack thereof) was evident in the employee outcomes as the line manager and HR manager may have a different perspective on the role. Under such circumstances, the HR manager can plan an adequate induction process for new employees. The lack of allowance for acclimatisation can be quite damaging for the organisation-employee relationship. Putting people straight into the job makes the relationship between the organisation and employee transactional. Instead, a thorough acclimatisation process can be quite helpful in making people comfortable with the culture and work environment of the organisation. Having such an acclimatisation process will strengthen the bond between the employee and the organisation which can help in the formation of a more mutually beneficial relationship. The problem with transactional approaches is due to the lack of commitment to transcend goals. Organisations require a full scale commitment from their employees in order to deliver the high quality of service that customers expect. In a transactional relationship employees will restrict their efforts within the limits of what they are compensated for because they work to serve their own interests. In transformational approaches, the employees are able to rise above their personal goals and work hard to achieve organisational goals. For this, a strong interpersonal relationship between the organisation and the employee is, however, required. This could be achieved by developing transformational work practices which can only be achieved through proper adequate participation of both HR managers and line managers. While HR managers can take care of the organisational citizenship behaviour, line managers can ensure that the employees are motivated to participate in achievement of organisational goals. HR managers can design an acclimatisation process for the new employees who will involve them in getting acclimatised to both organisation and culture.

Positive psychological implications are an important employee outcome of HPWS (Brewster *et al.*, 2013). The lack of participation of HR leads to a decline in these

psychological implications because the relationship becomes formal and transactional and there is a lack of a social relationship. The key advantage of developing a social circle of employees within the organisation is that they feel more settled and emotionally (and psychologically) more satisfied. In addition, they are likely to feel a part of the organisation rather than just being an employee.

Promoting social interaction among team members is also useful because it promotes team working, peer based learning and above all a transformational relationship between the management and the employees. This will also improve the employee retention rate as well as motivate the employees to contribute to the overall organisational goals. This, however, would require increased interactivity between HR managers and line managers.

The feedback from the employees is more evidence of poor employee outcomes from the lack of interaction between HR manager and line manager over recruitment and the selection process. The evidence shows that the first point of interaction between the organisation and the employee has a long term impact on the behaviour and performance of the employee. The lack of team working skills is cited as one of the key reasons for poor organisational behaviour which leads to poor employee retention.

HR managers expressed some concern about the significance placed on the organisational citizenship behaviour of applicants. HR managers suggested that organisational fit should be a key selection criterion and this would eventually require equal participation from the HR manager. An excessive focus on short term technical goals and relatively less focus on long term strategic goals limits the role of HR managers in the recruitment and selection process.

7.6.2 Analysis of HR-line manager interaction and institutional factors on employee perception in implementing performance appraisal practices in Saudi banks

Performance appraisal is one of the most significant aspects of HPWS at least in the context of the banking sector. Performance appraisal is required to evaluate the performance of the employee and provide necessary corrections, if any, and to reward the employee accordingly.

Most of the respondents from banks Alpha and Beta seemed to have complete knowledge of the performance appraisal process. Performance appraisal is used by the managers to evaluate the performance of an employee. It is directly linked with his/her goals and also his/her rewards.

The first and foremost aspect of performance appraisal is the setting of targets. In order to be fair to the employees, the targets should be set in consultation with the employees. In both the banks, employees were consulted over goal setting and it seems that there is an influence of institutional factors on the goal setting approach of the Saudi banks.

Use of a Balanced Scorecard as a performance appraisal tool was debated heavily by the line managers who suggested that it is too rigid and sometimes even inappropriate. In both bank Alpha and Beta, the distribution of bonuses is at the discretion of the line manager and there is no co-ordination and co-operation between HR managers and line managers over performance appraisal although the former plays a role in dispute resolution over performance appraisal.

This indicates that there is a high power-distance when it comes to performance appraisal and bonus distribution in both bank Alpha and Beta. The lack of clarity on how line managers estimate bonuses can lead to employee dissatisfaction. The Saudi culture of uncertainty avoidance demands clarity. Lack of clarity dissatisfies individuals who then feel the lack of control over their rewards. Most of the employees contacted expressed dissatisfaction over clarity of performance evaluation and bonus calculation.

The lack of clarity on bonus distribution and how it relates to their performance affects employees' motivation, performance and loyalty.

Lack of clarity on bonus calculation and distribution is a direct consequence of lack of co-ordination between HR managers and line managers in performance evaluation. What is striking in the case of bank Alpha is that employees' reactions are almost instantaneous; most choose to quit immediately after receiving the bonus and it could be argued that these employees quit in reaction to a disappointing bonus distribution. This also highlights the intensity of competition for good talent in the Saudi banking sector as the quitting employees are almost instantaneously offered jobs by the competitors. This, in turn, emphasises the need for a more proactive role from line managers who can anticipate such issues through a soft approach and plan a pre-emptive action. As seen, however, the role of HR managers is quite limited.

Although the respondents indicated that at bank Beta both subjective and objective performance is taken into consideration, the respondents could not provide any evidence/example of the same. Lack of consideration of subjective performance is a common problem because subjective performance is not quantifiable. Organisations tend to focus more on quantifiable targets and include only those in the performance appraisal. Some organisations, which do emphasise subjective performance, accommodate it as a measure of minimum acceptable standards of practice rather than as performance measures. The outcome for employees is that they tend to focus more on quantifiable targets because their personal gains are more dependent on the targets they achieve. This may sometimes, lead to poor organisational behaviour.

The focus of line managers is mainly on achieving targets and as a result they do not focus their efforts on managing employee performance. The line managers interviewed did indicate that managing subjective performance is more of an HR function. But when performance appraisal and performance monitoring is in the hands of the line managers, HR managers can hardly manage the subjective performance. For HR managers to be

able to manage the subjective performance, close interaction within the triad of employee, line manager and HR manager is required.

Managers indicated performance pressure as one of the reasons for not paying enough attention to HR issues but, even without that pressure, line managers often fail to give due attention to HR issues because they evaluate the significance of HR issues differently than do HR managers (Purcell and Hutchinson, 2007). This difference in perception and evaluation of HR issues leads to line managers' failure to implement HR practices as they are intended. Instead, researchers (Guest, 2011) recommend positioning line managers at the center of the HR delivery mechanism while the HR managers should focus on higher-level HR activities. Devolution of HR responsibilities to line managers would not only improve efficiency but would improve the effectiveness of HR practices (Ulrich and Brockbank, 2005).

Line managers are, however; generally not keen on taking additional responsibility for delivering HRM services. Similarly, HR managers do not trust the capabilities of line managers to deliver HRM services because of both a lack of competence and a lack of motivation (McConville, 2006; Watson *et al.*, 2007). In fact, the limitations of HR function in the banking sector places an even greater responsibility on line managers to manage employee performance. Interviews did not, however, provide any evidence of line managers' efforts to manage employee performance in cases when an employee has been underperforming. The talent management system is aimed at harnessing the value of talent but there is no performance management system for employees that have been underperforming.

The performance appraisal process is largely transactional because employees are evaluated predominantly on the basis of technical performance. In the banking sector, line managers excessively focus on technical aspects of the job. This extreme task orientation is a characteristic of the banking sector worldwide but this also leads to a lack of loyalty amongst employees. This results in an overall economic loss for banks

because they need to retake the cycle of recruitment, selection and training which is not only time consuming but also very costly.

What is concerning is the lack of performance management in some of the banks. Banks spend a lot of time, money and effort on finding, recruiting and training the right candidates. If any of these candidates is underperforming it is economically more sensible to resolve the issues and help that employee in improving his/her performance rather than depriving him/her of training and forcing him to quit. Banks have only recently started taking performance management into consideration. Performance management is where the interaction of line manager and HR manager is quite useful as a line manager can identify the areas for improvement and with the HR manager can develop a plan of development for the employee.

Subramony (2009) suggests complementarities in the components could lead to a positive system-level. For example, goal setting helps the employees in managing their goals and thereby achieving a positive performance appraisal which, in turn, leads to growth opportunities and instant rewards. These rewards work as motivating factors to ensure that employees put in their best efforts to achieve the set targets. In this manner, none of the components is complete on its own but are rather complementary to each other. This means that the firms have to implement all these components in order to complete the cycle and generate the desired benefits. In the case of banks Alpha and Beta it was seen that compensation alone was insufficient to motivate the workforce because these banks are paying competent salaries which the employees could also get with their competitors.

Historically, the firms had used performance evaluation but in forward-looking organisations this is now being replaced with something more constructive, that is, performance management. Performance management means not only evaluating the individuals but also helping them to continuously improve. Bank Alpha does that to some extent by providing continuous training but this training is not customised and may not help individuals in improving to the desired extent. Furthermore, underperforming

individuals are deprived of training, which means that they are not given the chance and support to improve. HR managers agreed with this observation but suggested that in a fast paced environment like today's it is extremely difficult to customise performance management programmes for each and every individual. For example, if an employee is lacking in technical skills it can be rectified but if he has motivational issues, it is extremely difficult to rectify those issues. Furthermore, due to cultural issues, individual do not talk about these issues especially with managers and colleagues.

There is a high level of collectivism in performance appraisal at organisational division level and individualism at employee level. The performance of the organisation is first assessed as a whole, followed by the performance evaluation of each and every division as a whole. At the employee level, performance appraisal is characterised by individualism as each and every employee is appraised on the basis of his/her own performance.

Both bank Alpha and Beta distribute bonuses on the basis of the comparative performance of the group and because the members are not aware of the actual performance of other team members, they do not know whether they have performed better or average as compared to their team members. Line managers are responsible for performance appraisal

Overall, it seems that the co-ordination among line and HR managers in the context of performance evaluation is influenced by cultural and professional factors. The rewards recognition aspect of Saudi culture is easily evident on the performance appraisal model adopted by Saudi banks. And influence of professional factors means that employees are mainly evaluated on hard skills which are known only by the line managers. There is also a degree of uncertainty avoidance with line managers penalising the below-par performing employees by restricting their training. There is also an influence of professional factors with employees having a significant role in setting their goals.

7.6.3 Analysis of HR-line manager interaction and institutional factors on employee perceptions of the training and development strategy of Saudi banks

Training is the formal and systematic modification of behaviour through learning which occurs as a result of education, instruction, development and planned experience (Armstrong 2001, p.543). The objective should always be to enhance the knowledge, skills, abilities and other personal characteristics of an organisation's employees and this can be achieved by adding both structured and approved procedures to the necessary and relevant job training (Subramony, 2009). Training and development of employees is a significant component of a bank's HPWS. In both the banks surveyed, training and development is used as a part of the compensation plan with all the employees going for specific training while the best performing employees go for additional training. On the other hand, in bank Alpha, underperforming employees are penalised by cutting back on their training. All employees looking for promotion have to undergo certain training in order to be able to get promoted.

Firms need to undertake training needs assessments to determine the most suitable training that they need to provide for their employees. The purpose of training needs assessment is to identify skill areas that require improvement. But for HR managers to develop correct training programmes they need to have a better understanding of the technical issues involved and this may only be achieved through close interaction with line managers. An adequately designed training programme is likely to add value to an organisation (Armstrong, 2009). In the case of bank Alpha, training assessment is done from the perspective of the organisation, i.e., training programmes are developed *asper* the current needs of the organisation. It does, however, ignore the significant aspect of employee development whereby the employees' perspective is accommodated to training needs and assessment. This is probably because of the high power-distance characterising Saudi organisations where organisational level decisions are taken without consultation with the employees. This could lead to dissatisfaction among the employees who are keen on developing their human capital.

If the managers maintain an adequate skills inventory and match it with future skills requirements, they can identify employees internally who could be trained with new skills, which the organisation may need in future. This will provide more growth opportunities for the employees thereby limiting the churn rate. There is also the case where the employees will demand more training even though the company sees no economic benefit in providing any additional training to these employees. The role of line manager and HR manager in consulting the employee and preparing a career plan for him/her and advising him/her on the specific skills he/she would need to achieve career goals is more suitable. Once again, it calls for co-operation and co-ordination between line manager and HR manager, which does not exist.

There is, thus, a discrepancy between what the managers and employees reported; managers suggested that they are looking to promote internally while employees suggested that there is poor progression planning and employees do not get sufficient training on new platforms. This also indicates a poor linkage between HR and the line management department as the HR department is not fully aware of what the future requirements could be and what sort of training should be provided. Line managers, however, have a good knowledge of the future plans and are thus in control of the training programme. The lack of co-operation and co-ordination over the quality of training is leading to poor employee outcomes, for example, in terms of quality of the pool of internal applicants, progression planning, human capital development and employee satisfaction.

7.6.4 Analysis of the impact of HR-line manager interaction and institutional factors on compensation practices in terms of employee perception

Compensation is the most significant aspect of HPWS in the banking sector. Most banks look to provide their employees with competitive salaries in order to retain them. Banks are about money and compensation is one of the strongest points of the banking sector. Focus group interviews highlighted another problem affecting the Saudi banking sector

and that is that most employees will show some level of disagreement with the monetary compensation because of the lack of transparency on compensation packages.

Bailey, Berg and Sandy (2001 cited in Mendelson *et al.*, 2011) recommended SHRM practices of compensation to be frequently practised in a collective way, such as group-incentive rather than individual-incentive rewards. The respondents suggested, however, that the compensation policies of the banks are more focused on individualistic achievements. This transactional approach is clearly evident in the statements of line managers from both bank Alpha and Beta who indicated that employees are responsible for their targets. The top management awards the bonus on the basis of the performance of the team as a whole but this bonus is distributed among the team members depending on individualistic performance. Thus, collectivism is followed at the top management level but line managers follow individualism in compensation. In this respect, the results of the banks surveyed confirmed that industry norms do affect the action of the compensation system in a negative way. But, simultaneously with Zhang and Begley (2011) the results show that a high power distance context does encourage empowerment and team participation because of the banks' professional norms of work needs.

While we cannot ignore the fact that individual efforts should be rewarded there should be a team component in the performance evaluation and hence bonus calculation. This collectivism approach can improve team working and can improve organisational citizenship of employees as they learn to work collectively for the common goal.

Emphasis on monetary compensation is probably because of the high reward recognition aspect of Saudi culture but the individualism approach adopted by line managers for bonus calculation is in contrast to the collectivism aspect of Saudi culture. This result, in turn, is contradictory with Papalexandris and Panayotopoulou (2004) where compensation and reward system appear to have the least connection with culture, which does not appear in the two investigated cases. As far as communication and co-ordination over the compensation system is concerned, HR managers play a very limited

role in the process and hence there is a complete lack of co-ordination and communication between line managers and HR managers over compensation matters. This can be put down to management and professional factors. In the banking sector, front line employees have a greater role to play than any other division in the overall performance and, hence, their compensation is highest. Also there is a possibility of achieving overall high performance by motivating these front line employees to perform well and, hence, the compensation system is focused on regulating the efforts of the front line employees. The back office employees have a role to play but have no significant bearing on the end results (as long as they are putting in their minimum acceptable level of effort) and hence their compensation is more standardised (i.e., less related to performance). This also confirms the high power-distance value that characterises the Saudi culture whereby people in control of outcomes are given greater importance.

7.6.5 Analysis of the impact of HR-line manager interaction and institutional factors on succession planning strategy in terms of employee perception

Career progression is important for individuals. According to Maslow's (1943) theory of motivation, individuals are not only motivated by their financial needs but also other needs such as respect, high esteem, and others. Employees are motivated by career growth and this motivation not only leads to improved performance at work but also self-investment in human capital development which eventually benefits their employer. Unfortunately, employees had no idea of any succession plans and none of the respondents could explain what they would need to do to get promoted.

HR managers can be quite beneficial in managing employee performance. For example, for high achievers, HR managers can plan special training to develop their interpersonal skills which will not only help these employees if and when they get promoted but will also help in retaining those employees. Similarly for low achievers, they can be coached/ mentored to improve their performance. Despite the implementation of the nine-box grid

model, there is no evidence that such coaching/mentoring is planned, at least for low achievers.

This indicates that there is quite a low level of interaction between HR and line managers over career progression issues. They do interact at the time when there is a vacancy but they have limited interaction about grooming the existing employees to prepare them in anticipation of vacancies. In bank Beta the employees which are hired through a fast track management programme are prepared for career progression but not the other employees. The talent management programme is still in its infancy and its impact is yet to be seen. Overall the career progression strategy is influenced by institutional factors as this practice seems common in the Saudi banking sector.

7.7 Overall cross-case analysis dimensions summary

In order to polish the findings of the impact of institutional factors (a combination of normative institutional pressures and HR and line management interactions on HPWS implementation effectiveness from the two case studies) and to provide a clearer overview on the concept of the conditions underpinning HPWS implementation, table 7.2 summarises each practice of HPWS and the institutional influencing factors for each individual HPWS practice. This followed by figure 7.3 that illustrates the key factors influencing HR and line management interaction forms. Then an overview discussion on employees' outcome results is provided in section 7.8. In doing this, the aim is to highlight from the cross-case analysis the main important variables that influence HPWS implementation effectiveness from the two key themes dimensions.

Table 7.2: Cross case analysis conclusion

HPWS	Influencing factors (Bank Alpha)	Influencing factors (Bank_Beta)
Corporate strategy	High power distance- Cultural Objectivity- industry norms (management practices) HR partner ship - Professional norm	Medium power distance- industry norms Objectivity-Professional (management practices) HR partner ship - Professional norm
Recruitment and selection	Uncertainty avoidance- Cultural High power distance- Cultural Technical skills- industry norms Lack -Professional norms System- management practices	Low power distance- industry norms Technical skills-industry norms Soft skills- management practices
Performance appraisal	High power distance- Cultural Goal setting- Professional Dispute resolution- Professional norms Objectivity-industry norms Automated system- management practices	Standardisation/ Uncertainty avoidance (cultural) Dispute resolution- Professional norms Hierarchical- industry norms Automated system- management practices
Compensation	High power distance- Cultural Reward recognition- Cultural Objectivity- industry norms Collectivism- Cultural Individualism – industry culture norms Centralisation -management practices Masculinity – industry cultural	Reward recognition- Cultural Objectivity- industry norms (management practices). Masculinity – Cultural Standardisation/uncertainty avoidance – cultural Individualism – industry culture norms Masculinity – industry cultural
Training and development	High power distance- Cultural Lack -Professional norms	Low power distance- professional norms (management practices)
Progression planning	Ambiguity/ lack of clarity- industry norms and professional norms High power distance- Cultural	Ambiguity/ lack of clarity – industry norms and professional norms High power distance- Cultural

Source: the researcher

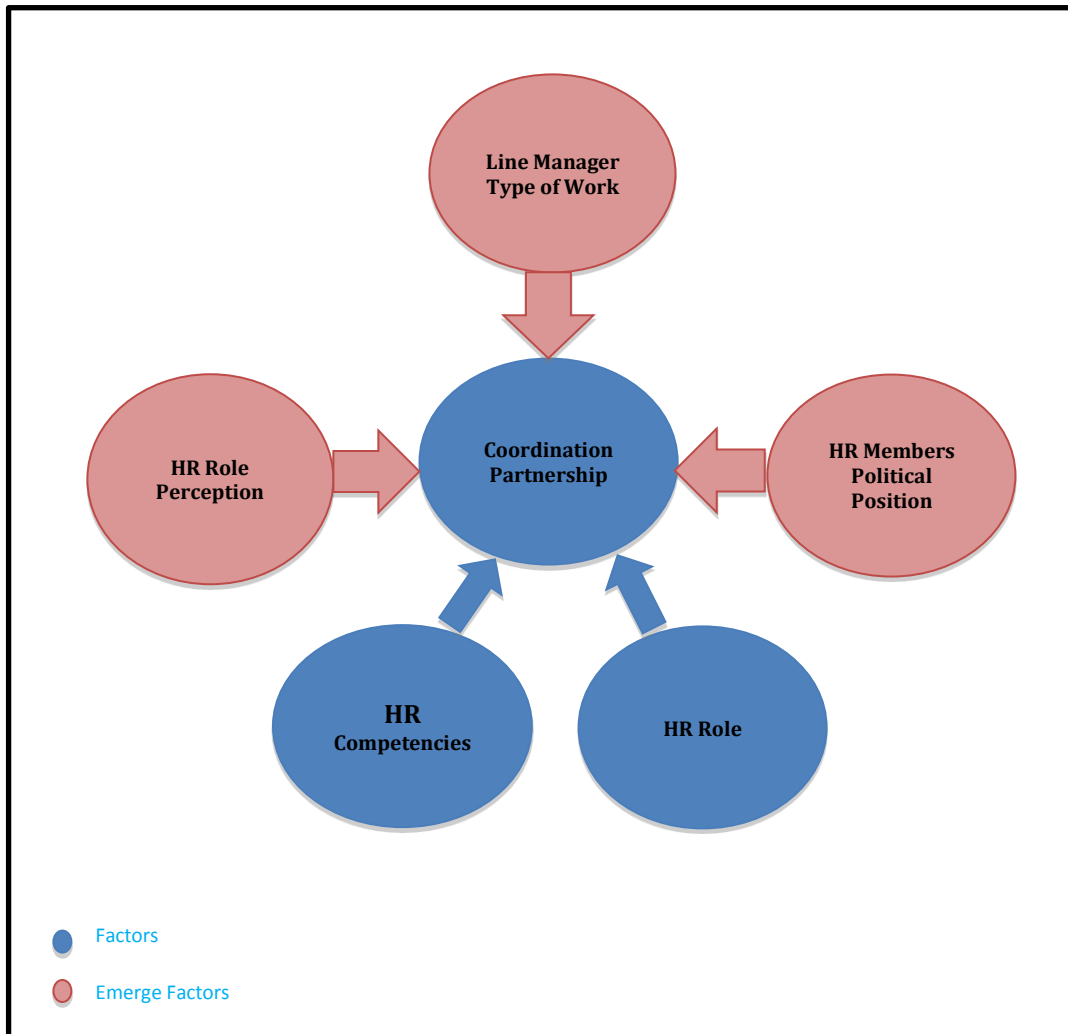
As can be seen from table 7.2 management practices and industry norms play a significant role in the implementation of HPWS. Although culture value has its impact on the formulation of HPWS, but not considering the significant impact on the relationship between HR and line management this, however, can be seen strongly on the reward system; while the influence of culture on other HR activities is clearly seen,

such as in performance appraisal. The findings indicate to industry influence as being the predominant trait within this function. It has been found that evaluating employees in this industry is based on masculinity and individualism despite the fact that Saudi Arabia is characterised as a female culture. In terms of HR and line management, the cross-functional mobility as a result is considered high in performance appraisal compared to other HR activities. This finding is considered to be in line with Aycan (2005) who criticized generalisation in cross-culture literature on generalising cultural influences regarding managerial practices. Instead, the author points to the necessity of distinguishing between culture and industry/organisation traits; which in fact has been shown to some extent in both organisations under investigation regarding performance appraisal.

The findings also show that the influence of management practices in the implementation of HPWS, which has been related to corporate strategy, professional norms and system are relatively demonstrated implications with regards to HPWS implementation. The findings have found that although the corporate strategy is growing and is applying greater importance with regards to investing in their human resources capital, yet the findings have revealed that the outcome of HPWS is considered modest. The results emphasise the cause which in fact is the low perception from the management point of view regarding the HPWS concept and, most importantly, the perception of the HR senior manager's role is less strategic but rather tactical even though he participates in the formulation of the bank's strategy; despite the extent of the positivity from bank Beta. This result, in fact, supports Aycan (2005) who highlighted the difference between organisations which are inflexible and those which show flexibility and belief in change. As discussed earlier, the role of the top management in bank Beta lies in creating a change culture, which, the results show, has a significant impact on developing advanced HRM in comparison with bank Alpha. The centrality given to line management in the banking sector could conceivably be the issue that explains the humble relationship between HR and line management especially with the issue of the back offices (as explained and discussed earlier).

In terms of HR and line management interaction (theme 2), the results in figure 7.3 have shown that there are five main factors: namely, HR department members political position; HR role; HR competency; HR role perception; and, line manager type of work, that are to some extent influencing HR and line manager cross- functional mobility embodied in partnership and co-ordination. The newly emerging themes are highlighted in red. The findings show that HR department members' capability in selling themselves to the other managers is essential in order to obtain a respectable reciprocity and trust from managers. The results show that some disagreements belong to the competency issues regarding the second senior and junior managers in the HR department; which, the findings point out, is the main cause for the lack of co-ordination and partnership between the two parties concerned. Line manager type of work is considered another emergent factor influencing the level of co-ordination and partnership between HR and line managers. The literature has given great emphasis to goals and interest harmony for successful interaction-relationship. The results, however, show disagreement between HR and back office managers with regards to this issue. And the findings have revealed the lack of co-ordination and partnership relations due to this issue. It was also found that the lack of HR and line management co-ordination is based mainly on the perception which underestimates HR strategic role in the first place, and the role of HR people and their department.

Figure 7.3: key factors for HR and line manager coordination and partnership.



Source: the researcher

After providing the main findings concerning the factors influencing HPWS implementation through the two dimensions of institution factor implications and HR and line managers' interactions of co-ordination and partnership, the next section provides the main finding related to employees' satisfaction on HPWS practices. The employees' outcome results evaluate the effectiveness of HPWS implementation.

7.8 Evaluation of employee perceptions related to HPWS practices in Saudi banking sector

Employee outcomes can be mainly categorised as behavioural outcomes and performance outcomes. Performance outcomes of the employees are strongly interlinked with organisational outcomes such as the financial performance of the company, for example, profitability. Behavioural outcomes, on the other hand, are linked with the perception and behaviour of individuals and determine soft aspects such as team working, organisational citizenship, to mention a few. The aim of HPWS is to improve both these outcomes.

Line managers mainly control the HPWS system and hence it is strongly linked with organisational outcomes. The performance appraisal, rewards system, training and development are aligned with organisational outcomes. What is concerning is the behavioural outcomes aspect of employee outcomes. The purpose of HPWS is to motivate employees and if employee motivation remains low then we can assume that HPWS has failed to meet its objectives.

Interview data indicate that the banking sector's performance appraisal system is flawed and based more on objective outcomes while ignoring subjective outcomes. For example, the subjective outcome for the IT department could be the quality of the system and how effectively it meets the requirements of the organisation. The goals are set at the strategic level and performance appraisal is done on the basis of cascading of strategic level goals only, and tactical level decisions do not have a major impact on the performance. The problem with this approach is that the employees are always caught up between quality and quantity aspects.

There is a certain degree of confusion with quality over quantity. If the employees miss-sell they will generate a higher quantity but poor quality (in terms of customer satisfaction and relationship) while the employees which sell ethically and without the pressure of meeting numbers, the quality will be superior while the quantity may be

inferior. If, however, we view the issue in the long term, high quality will result in high quantity in the long term while poor quality will lead to a decline in quantity.

Employee empowerment is a desirable outcome in HPWS. Empowerment can be categorised as structural and psychological (Leach, Wall and Jackson, 2003; Mills and Ungson, 2003; Mathieu, Gilson and Ruddy, 2006). This research finds evidence of structural empowerment in the Saudi banking sector as employees are empowered to make decisions regarding their job, especially regarding goal setting. There is little evidence, however, of psychological empowerment in the Saudi banking sector. This despite the existing research (for example, Butts, Vandenberg, DeJoy, Schaffer and Wilson, 2009; Liao, Toya, Lepak and Hong, 2009) indicating that line managers can improve unit performance by improving the psychological empowerment of employees. Chen *et al.* (2007) argue that if employees find that their jobs are meaningful (that is, if they are psychologically empowered) they are likely to exert greater effort towards achievement of organisational goals

In both the banks surveyed, a certain level of autonomy exists at the divisional/branch level. In other words, the line managers have autonomy in achieving their operational goals and the evidence indicates that this has culminated in good results. This confirms the findings of prior research (for example, Leach, Wall and Jackson, 2003; Mills and Ungson, 2003; Mathieu *et al.*, 2006) which found that team empowerment is positively related to team productivity and pro-activity.

Overall the employee outcomes due to excessive focus on objective goals originating from the preference of top management and enforced by line management leads to negative employee outcomes. Employees feel pressured to perform irrespective of their personal preferences and this often leads to an internal conflict which could lead to feeling of absence or quitting, for example. HR managers can be a useful addition in this regard as HR managers could look at emotional issues as well other personal issues which are often ignored by the line managers. Line managers could not be blamed

because they themselves are under pressure to put the operational and tactical plans into practice and themselves are evaluated on the basis of objective outcomes.

Perhaps, the most interesting finding is that employees' satisfaction differs, in the first place, between those in the front office and those in the back offices. Also the findings found, however, that employees working in back offices from the two cases studies criticised the lack of communication between them and senior officers from the HR department. This, in turn, characterises the HR manager as an executive performer and performance monitor.

7.9 Conclusion

In general, there are key findings (supported by the literature) which influence the implementation of HPWS and the interpretation of these key findings have been presented in this chapter. This chapter has attempted to explain the institutional setting affecting HPWS implementation effectiveness through two case studies (two Saudi banks). The focus was on combining the normative institutional factors implications and HR and line managers' interactions and their influences on HPWS implementation, which has led to the key findings. The second stage evaluated the effectiveness of HPWS implementation through employees' satisfaction. The finding was that there is dissatisfaction amongst the employees, which is somewhat related to insufficient implementation. The results also indicate that the shortcoming in the effectiveness of HPWS implementation in the Saudi banks was related to the institutional setting of factors. It is revealed that industry factors, management practices (professional norms) and culture have played a significant role in holding back effective implementation of HPWS. The findings bring forth that five key factors influencing HR and line management cross-functional mobility in the implementation of HPWS, are: HR role, HR members' political role, HR competency, line manager type of work, and HR role perception. The next chapter presents the validation of the proposed model in chapter 3, and provides the novel conceptual framework for this study.

Chapter 8: Revised framework

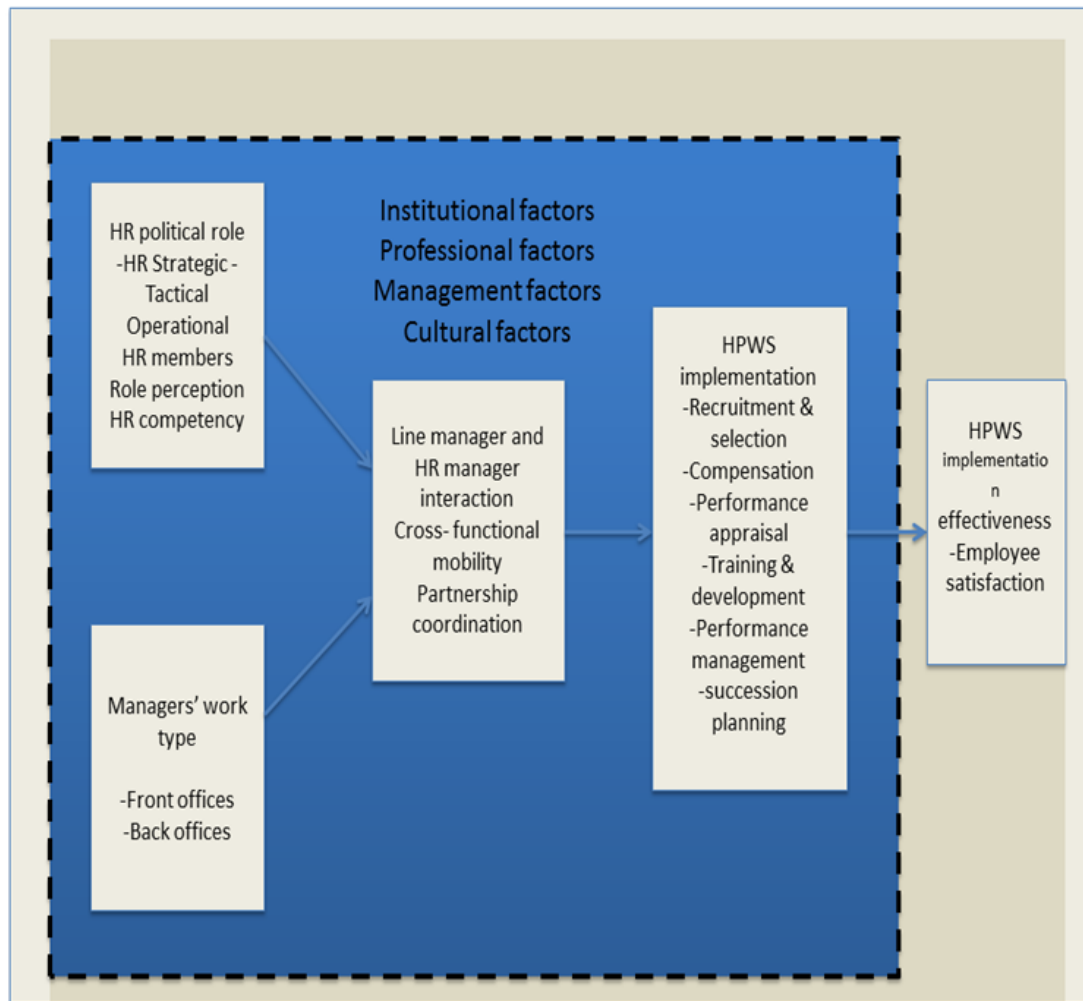
8.0 Introduction

As was stressed at the beginning of chapter 2 and in chapter 3, there is a need to understand the factors that could affect the implementation of HPWS practices. Several theoretical processes and concepts related to HPWS were discussed but none of these models account for the interconnection between institutional factors and HR-line manager interaction and its effect on the implementation of HPWS effectiveness, even though several researchers have argued about incorporating these in order to understand the implementation of HPWS. These factors, which include the interaction between the HR and line managers and institutional factors are important in order to understand how best to implement the HPWS practices. Arguments presented in the literature investigated in chapter 2 were identified in the empirical data in chapter 7. This thesis has, thus, investigated the influence of institutional factors on the HR and line manager interaction and consequently the impact of the two on the effectiveness of HPWS implementation. The key contribution of this thesis is in understanding how improving the HR-line manager interaction is likely to improve the implementation of HPWS and how institutional factors affect this interaction and also the implementation of HPWS.

The purpose of assessing the conceptual framework was proposed in chapter 3. In chapter 6, empirical evidence related to the role of HR-line manager interaction and institutional factors in the implementation of HPWS was presented. The cross-case analysis presented in chapter 7 has laid the foundation for the process of validating the propose model. A comparison between the two case studies was discussed in order to grab the key factors influencing HPWS implementation effectiveness through two main key themes: institution factors implication and HR and line manager interaction. The former embodied industry norms, management practices and national culture values, the latter exemplified by cross-functional mobility between HR and line management explained the co-ordination and partnership relationship between these two players (HR-

line managers). The emergent key factors driven from the data analysis findings are customarily originated from management practices such as the political position for second senior managers of HR department (e.g., HR business partnership managers, HR recruitment and hiring managers), junior partnership managers' competency, HR knowledgeability with back office specialties and top management support and understanding for HR role. Besides, the most interesting key factor emerging from this dimension is the way HR managers perceive their role. With regards to the emergent factors driven from the industry norms analysis, the findings reveal that, because the focus in this industry is related to numbers and objective goals, the centrality for line management is highly objective (i.e., manager work type) and provides centrality to line management over HR functions apart from the compensation function. The culture dimension is strongly affected by power distance and uncertainty avoidance. Finally, the findings regarding employees' satisfaction revealed that there is a sort of implicit dissatisfaction with regards to the local culture norms of not expressing feelings explicitly. Accordingly, this chapter presents a review of the revised conceptual framework proposed in chapter 3 on the basis of the findings presented in chapters 6 and 7. The conceptual model was modified by factors and sub-factors derived from the empirical data, as shown in figure 8.0.

Figure 8.0: Conceptual framework of the impact of institutional factors on the interaction between HR and line managers in the effectiveness of HPWS implementation



8.1 Key observations from the cross-case analysis findings

The main findings of chapter 7 are emphasised in this section where the empirical work is demonstrated with particular attention to the literature presented in chapters 2 and 3. These same factors, as illustrated in both case studies, had a profound impact on the HR-line manager interaction and consequently on HPWS implementation. This research also finds evidence of the impact of HR-line manager interaction on HPWS implementation.

So, the following points consider the key findings from the empirical work of this thesis.

8.2 The current stature of HPWS in the Saudi banking sector

8.2.1 General observations

Human resources are an important component of an organisation yet HR department, in most organisations, lacks strategic significance (Becker and Huselid, 2006). This finding has been confirmed in context of Saudi banking sector.

8.2.2 Impact of institutional factors

Research indicates that most organisations find it difficult to follow the principals of HPWS ideally as they face several endogenous and exogenous pressures which affect their choice of the HPWS factors that they select and implement. This research confirms this finding and findings that institutional pressures such as industry factors and cultural factors affect the organisational choice of HPWS practices.

Efficient HPWS practices allow firms to draw competitive advantage from their human resources (Boselie, 2010). This research confirms that progressive and supportive HRM policies of the organisation will not only motivate employees to be more productive but is also likely to improve their organisational loyalty.

8.3 The current structure of HPWS strategy in the Saudi banking sector

8.3.1 General observation

Researchers (for example, Buller and McEvoy, 2012 Subramony, 2009; Reichel and Iazarova, 2013; Long *et al.*, 2011; Becker and Huselid, 2006) argue that despite their obvious benefits HR functions are *strategically relevant* only as enablers of corporate strategy. This research confirms this view and finds that the HR function exists to support and enable the strategic function in the Saudi banking sector.

8.3.2 HR-line manager interaction

The interaction of co-ordination and partnership between these managers is not always realised potentially as a result of a low reliability across the line manager regards HR role and HR manager group's competency model (Glover and Butler, 2012). This research finds that differences in the priorities of line managers and HR managers limit their co-ordination on HR issues especially from the back office managers. This lack of the cross-functional mobility between the two groups is also influenced by institutional factors which shift the power balance in favour of line managers.

8.3.3 Impact of institutional factors

Hofstede's (1997) theory is based on the idea that managerial practices are culturally determined (Hofstede, 1997). This research refutes this view and finds that there are several other factors which determine the nature of managerial practices. These factors include the industrial environment and norms as well as management influence, in particular the professional norms of actors (i.e., professional factors). Consequently, the findings support Aycan's (2005) perspective of interacting cultural and institutional/possibilities in understanding and enhancing the conditional sets for organisations for effective HPWS implementation.

8.3.4 Employee outcomes

The literature supports the need for line-HR co-ordination in employee retention (Cranet, 2006; IRS, 2006a, 2006b; CIPD, 2007). Ulrich and Brockbank (2005:236) also state that *partnerships ensure that, while both parties bring unique competencies to their joint task, their combined skills are more than the sum of their parts*. Similarly, Papalexandris and Panaayotopoulou (2004, p.281) state that *competitive advantage can only result from practices, which are jointly developed and implemented by human resource (HR) specialists and line managers*. This research finds evidence of this in both the cases. In bank Alpha, where such a strategic partnership is slightly-existent with HR

head managers, while HR partnership managers differ between tactical and operational, when in the operational stature HMs lose their influential role. Employee outcomes are poor despite several attractive attributes such as high wages, excellent training facilities, amongst others. On the other hand, in bank Beta, the strengthening of HR's strategic capabilities is leading to a positive shift in the human resource management approach which is evident in positive employee outcomes.

8.4 The effect of institutional factors on HR-line manager interaction in implementing recruitment and selection of HPWS and its consequence

8.4.1 General observation

Recruitment and selection is an important aspect of HPWS which shapes the organisation's stock of human capital (Buller and McEvoy, 2012). This research confirms that recruitment and selection is an important HR function and both the banks surveyed pay a lot of attention to selecting and hiring the right candidates.

8.4.2 Impact of institutional factors

The selection has to be strategic and it is only possible if both HR and line managers contribute equally to the selection process (McConville, 2006). This research finds that there is a certain degree of interaction between HR and line managers in the recruitment and selection function but line managers have greater power in the decision-making process. This is mainly because of two reasons; firstly, the institutional factors provide greater power to line managers due to their direct influence on the achievement of corporate objectives (through achievement of operational goals). Secondly, the HR partnership role lacks factors which are likely to be relevant to HR's knowledgeability of back offices departments' needs. The negative impact of this is an excessive focus on technical skills and lack of focus on soft skills. This leads to the development of a transactional environment which has a positive impact on short term organisational

outcomes but has a negative impact on employee outcomes and consequently on long term organisational outcomes.

8.4.3 Interaction between line managers and HR managers

HR-line manager interaction over selection and recruitment is shaped by institutional factors. This research finds that HR-line manager co-ordination and partnership in the Saudi banking sector is shaped by professional norms and to some extent by cultural norms.

8.4.4 Employee outcomes

Positive psychological implications are an important employee outcome of HPWS (Brewster *et al.*, 2013). This research finds that the lack of participation of HR leads to a decline in these psychological implications because the relationship becomes formal and transactional and there is a lack of a social relationship.

8.5 The effect of institutional factors on HR-line manager interaction in implementing performance appraisal of HPWS and its consequence

8.5.1 General observation

Performance appraisal is one of the most significant aspects of HPWS at least in the context of the banking sector. This research finds that performance appraisal is a useful tool to motivate employees. Performance appraisal is used by managers to evaluate the performance of an employee and is directly linked with his/her goals and also his/her rewards.

8.5.2 Interaction between line managers and HR managers

Farndale and Kelliher (2013) highlighted the key role played by direct supervisors/line managers in administering HR function. They undertake practices such as setting performance objectives, performance appraisal, training needs assessment and

performance feedback, which are all part of HPWS bundles (Noe, 2007). This research confirms the findings of Qadeer, Shafique and Rehman (2011) and Noe (2007) and finds that line managers play the most critical role in setting performance objectives and training needs, undertaking performance appraisals, and giving performance feedback. In terms of the interaction between line and HR managers, performance appraisal practice considers the main key that connects HR people with the other business units. It can, however, be described as (doer-reviewer) interdependency interaction. The type of co-ordination is likely to be relevant to HR's role in dispute resolution over performance appraisal. Lack of co-ordination between HR managers and line managers in performance evaluation is a reason for lack of clarity on bonus calculation and distribution.

8.5.3 Impact of institutional factors

Institutional isomorphism is evident in performance appraisal techniques adopted by Saudi banks as both the banks surveyed use standardised balanced scorecards as the performance appraisal tool. There is high power-distance when it comes to performance appraisal and bonus distribution in the Saudi banking sector. The performance appraisal technique of Saudi banks is characterised by objectivity. There is a high level of collectivism in performance appraisal at organisational division level and individualism and employee level.

8.5.4 Employee outcomes

The lack of clarity on how line managers estimate bonuses can lead to employee dissatisfaction because the Saudi culture of uncertainty avoidance demands clarity. Also, the lack of HR anticipation leads to an excessive focus on objectivity.

8.6 The effect of institutional factors on HR-line manager interaction in implementing training and development of HPWS and its consequence

8.6.1 General observation

Subramony (2009) suggests that employees' knowledge, skills, abilities, and other characteristics can be significantly enhanced by using both structured and validated procedures along with relevant job training. Training and development of employees is a significant component of banks' HPWS. The findings indicate that Saudi banks' approach confirms to some extent this point of view.

8.6.2 Interaction between line managers and HR managers

There is a general lack of interaction between HR and line managers such that planning the training and development for individual employees does not exist.

8.6.3 Impact of institutional factors

There is a high degree of centralisation in decision-making over training requirements in the Saudi banking sector.

8.6.4 Employee outcomes

Employees expressed dissatisfaction over the training provided despite the banks spending an enormous amount of money in these training facilities. Training is mainly focused on organisational outcomes more than employee outcomes.

8.7 The effect of institutional factors on HR-line manager interaction in implementing compensation of HPWS and its consequence

8.7.1 General observation

Competent compensation is a key aspect of a bank's employee retention strategy. Bailey *et al.* (2001) recommended SHRM practices of compensation to be frequently practised in a collective way, such as group-incentive rather than individual-incentive rewards. The respondents suggested that the compensation policies of the banks are more focused on individualistic achievements. Collectivism is followed at the top management level but line managers follow individualism in compensation. Front office employees are paid more than back office employees.

8.7.2 Interaction between line managers and HR managers

HR managers play a very useful role in determining the prevalent wages for particular job profiles. Line managers, although aware of how salaries are decided, do not, however, play an active role in compensation planning.

8.7.3 Impact of institutional factors

Emphasis on monetary compensation is probably because of the high reward recognition aspect of Saudi culture but the individualism approach adopted by line managers for bonus calculation is in contrast to the collectivism aspect of Saudi culture.

8.7.4 Employee outcomes

There is a level of satisfaction with the compensation practices amongst the employees although this activity was seen to have its pros and cons. The complaints voiced focused on the unclear measurement-scale link with bonuses. This was especially noticeable when, following the bonus distribution period, a large number of employees leave the banks for employment elsewhere. Employees can always search for better job

opportunities if they are not satisfied with the compensation practices of a particular bank.

8.8 The effect of institutional factors on HR-line manager interaction in implementing succession planning of HPWS and its consequences

8.8.1 General observation

Employees are motivated by career growth and this motivation not only leads to improved performance at work but also self-investment in human capital development which eventually benefits their employer. Employees had no idea, however, of any succession plans and none of the respondents could explain what they would need to do to get promoted. Despite the implementation of the nine-box grid model, there is no evidence that any coaching/mentoring is planned, at least for low achievers.

8.8.2 Interaction between line managers and HR managers

Detert and Burris (2007) suggested that career progression and career development are responsibilities of the direct supervisors because the employees interact directly with those supervisors (that is, their line managers) and those supervisors are best positioned to evaluate the credentials and capabilities of each and every individual. This research confirms these findings that line managers have responsibility for career progression. This research finds, however, that there is no clear strategy and guidelines on career progression. This creates conflict as employees do not know how to direct their efforts in order to benefit from career progression. Another problem with this approach is the excessive focus on technical skills and little focus on soft managerial skills which are quite critical for an employee to be able to succeed in managerial roles.

There is quite a low level of interaction between HR and line managers over career progression issues. They do interact at the time when there is a vacancy but they have limited interaction about grooming the existing employees to prepare them in

anticipation of vacancies. Progression planning is generally done by the line manager but has limited inputs from the HR manager. This means that the line managers, who are skilled and adapt at focusing on technical skills, will select individuals with excellent technical skills. But these individuals may not have adequate managerial skills indicating poor decision-making.

8.8.3 Employee outcomes

Employees expressed dissatisfaction with a lack of understanding of the progression plan.

8.9 The main institutional factors affecting the implementation of HPWS in the Saudi banking sector

Researchers have pointed to culture and national institutions as two of the factors that intervene in the degree of adoption and diffusion of organisational practices in general (Kim and Gray, 2005; Tayeb, 2005; Brookes *et al.*, 2011). This research confirms that HPWS practices are shaped by the culture and institutional environment. Although HPWS in any country, sector or society act upon elements associated with workers' skill, motivation and opportunity, the cultural context can influence the combination of policies and practices of which they are constituted.

Rhodes, Walsh and Lok (2008) raised doubts on the effectiveness of the universalistic approach. This research supports their argument that effectiveness of *best practices* in non-Western companies is debatable. There is a high degree of individualism in HPWS practices in the Saudi banking sector especially in the performance appraisal and bonus estimation.

There is a high power distance in the Saudi banking sector with HR being provided with little strategic focus. Since line managers bear the responsibility for execution of operational plans, they have a greater say in the HPWS practices over HR managers.

There are also hints of standardisation which can be attributed to Saudi culture of uncertainty avoidance. For example, bank Beta ensures that they have sufficient employees available for future plans and thus, they recruit in anticipation. The performance appraisal process at both the banks is standardised.

Saudi Arabia has a high masculinity score and in masculine societies, emphasis is placed on results and competitiveness and everyone is rewarded in line with his/her performance (Hofstede 1997). This is confirmed in this research.

8.9.1 Professional factors

Professional factors which, in this case, include the banking sector factors were found to have considerable influence on HPWS practices in the banking sector. Especially the focus on objectivity which stems from both the cultural aspects as well as from industry factors and seems to dominate HPWS practices. Furthermore, individuals with greater influence on outcomes are handed more power

8.9.2 Management factors

Management policies and strategies have a considerable impact on HPWS practices. The difference in HPWS practices in banks Alpha and Beta can be attributed to the management approach. Management in bank Beta provided a stronger strategic focus to HR as compared to bank Alpha's management and hence HR in bank Beta is much more proactive than in bank Alpha.

8.10 Lessons learned from the case studies

This research is primarily based on the discourse of universalistic versus contextual approach of HPWS implementation. Universalistic approach assumes that a universal model is applicable in all organisations across all sectors and countries. This approach makes it simple to implement HPWS but it does not offer the assurance that the implementation will bring desired results. One of the key drawbacks of the universalistic

approach is the neglect of the impact of the cultural and institutional factors on the effective implementation of HPWS practices. These institutional and cultural factors comprise the context of the organisation and this research argues that this contextual environment must form a key aspect of the implementation strategy of HPWS practices. The findings of this research show that for effective implementation of HPWS practices it is essential to build a bridge between the micro and macro institutional factors.

This research also highlights the need for a more collaborative partnership between HR and line managers in implementing HPWS bundles. The social interaction between HR and line manager can balance the impact of the key institutional pressures. This research finds that HR and line manager interaction is can handle three key institutional pressures namely, management practices, industry norms, and culture and can improve the effectiveness of implementation of HPWS practices. This research also measures the effectiveness of the HPWS from the perspective of the employees and found significant gap in intended and actual HPWS outcomes which can be attributed directly to the lack of interaction between HR and line managers. Findings of this research suggest that combining the inner and external institutional context of the organisation provides deeper understanding of the causal mechanism underpinning HPWS implementation effectiveness. The findings of this research also show that cross functional competence of HR and line managers is influenced by role perception, information exchange, political position and HR practitioner's strategic role.

The institutional dimension of management factors were considered from the inner institution perspective that includes HR strategic position, HR operational role, mature HPWS design, communication, IT system and communication. Previous literature has emphasised on towards the significance of HR's strategic role improving effectiveness of HPWS implementation. This research finds that such strategic role and power must extend beyond the top managers in the HR department and even the lower level managers should possess certain degree of strategic role and power. This research looked at the second level managers and confirmed the need for these managers to be proactive which can only happen if these second level managers have power. This

research finds that the HR practitioners need to have all three, namely, strategic, tactical and operational roles in the organisation. This research, thus, supports the view that HR function should be seen as more than just an administrative function in order to contribute to the success of the organisation through offering of advice and support regarding human capital development.

To enhance the legitimacy of the HR function their role must be backed up with a solid system. Such system must be mature enough to contain a responsive and effective HR system. In this regard, HPWS design has to satisfy the managerial expectation of having sufficient information to facilitate their job. Tools are considered essential to fulfil the operational aspects of any role. Communication is one such tool which facilitates functions of any given unit. Thus, the HR division and the line management division has to focus on improving communication system in order to convey HR strategies, policies and practices to their counterparts with the aim of gaining shared meaning regarding implementing HR polices.

Secondly, industry norms are critical influencing factors in forming the interaction between HR and line managers' cross-functional capabilities. Commonly, organisations design HRM systems that fit its contextual environment. This is the reason why HRM systems differ from country to country and even sector to sector. This research finds that industry norms have a significant impact on the HRM system design and on actors' behaviour. For example, it was found that the in Saudi banking system, management places the greater focus on front offices than the back offices in the banking system both in terms of strategic focus as well as reward systems. It is a characteristic of the industry itself as all the banks surveyed exhibited this behaviour.

Thirdly, this research investigated the impact of cultural context on HPWS design and implementation. Previous researchers have considered the notion of SHRM to be culturally bound. The findings of this research indicate that culture has an indirect effect on the relationship between HR and line managers, but at the same time, local values and beliefs direct their performance with respect to HPWS systems. This interaction and

communication system is influenced by the power-distance values on most occasions. However, high-power distance is a characteristic of Saudi Arabian culture, as per Hofstede's index, and it would be interesting to see if the observation is different in low power distance countries.

With regards to the second dimension, the empirical investigation shows that HR and line managers' cross-functional mobility, in terms of co-ordination and partnership, is influenced by several factors, namely, role perception, political position, HR manager competency, and organisational status and managers work type.

In terms of role perception, the HR managers contacted in this research perceived their role as enablers or business partners (at operational level) but none of the respondents considered themselves as strategic partners. As emphasised in the literature, identity perception is one of the determinant factors influencing individuals' interactions. Thus, having a clear perception of the role is a key in understanding job responsibilities and exchanging reciprocity. Hence, this research finds that in order to reciprocate desirably the HR managers have to first realise their strategic role within the organisation. In this respect the political position of the HR as emphasised by top management's decisions is critical. Organisations in which HR is given higher political standing tend to consider HR as key strategic partner which contributes on organisational competence by enhancing the organisation's human capital productivity and capability. Thus, the findings of this research recommend having HR strategic partners who can exercise power and influence business strategy achievements and eventually exchange reciprocity. The findings have not stressed this factor as it is, however, more related to top management and seniors. Perhaps, the most interesting outcome regarding the current study is the political role of the second line of HR management. For example, the findings indicate that the more tactical the role that the HR business partner plays the higher reciprocity he gains from his counterparts. As regards to the tactical role, it was found that as HR managers come to experience this tactical role the more influential he/she is in relations with other departments. Additionally, the most interesting finding regarding the HR political role is that of exploring the importance of junior HR

managers, which is rarely stressed in the HR professional literature. This, in turn, creates a foundation for further research in this area.

8.11 Conclusion

In conclusion, by revising the findings with what has been discovered from the previous literature related to institution theories, the HR professional role and the interaction between HR and line management, has provided eligibility for the findings to explore in detail the conditions underpinning HPWS implementation. As a result, the novel conceptual framework was presented. The revised model was done with the aim of achieving the research objectives, along with accomplishing the research aim in understanding HPWS implementation effectiveness through its institutional setting by combining institutional factors' implications on actors' interaction- relationship (HR and line management) and its consequent effects on employees' satisfaction.

This chapter presented the key observations from the cross-case analysis, findings and lessons learned based on the revised model. It is revealed that HPWS implementation effectiveness is affected by two main factors: institutional factors and HR and line managers' interactions. Likewise, it has been revealed that institutional factors serve as a means for industry norms, management practices, and culture which have their effects on HR and line management cross-functional mobility. The findings indicate a lack between HR and managers' interactions due to the influences of these factors especially from management practices and industry norms. It has also been found that HR competency, HR role, HR department members' political position, and managers' type of work embodied in professional norms have their effects on HR and line manager interaction as well. The results reveal also that the combination of these two institution dimensions do have their effects on HPWS implementation effectiveness. The findings on the employees showed implicitly that there is some dissatisfaction, albeit with some differences in results. This, however, could be related to the Saudi society's culture in avoiding criticism or by the fact of the industry norms in providing high salaries. The evidence showed, however, that a high proportion of people do leave their company

after the salary cycle and bonuses distribution period, which indicates that there is a kind of dissatisfaction.

Chapter 9: Conclusion

9.0 Research summary and key findings

This research has been aimed at understanding high performance work systems HPWS implementation effectiveness through its institutional setting by combining institutional factors' implication for actors' interaction-relationship (HR and line management) and its consequent effects on employees' satisfaction, which eventually affect organisation performance. The primary purpose of this research was to help in understanding the following.

- The usefulness of looking at implementation as a separate process other than a development of HPWS. Understanding the challenges of implementation would help to ensure that the strategies are implemented as intended as often the gap between intended and actual outcome of a strategy is because of the lack of consideration of the implementation issues. Strategies are often formed in an ideal manner which often overlooks the context of the organisation in which these are to be implemented. Keeping the strategy aligned to the context of the organisation is essential to improve its effectiveness.
- Highlight the significance of the interaction of employees in the implementation of the business strategy: although this research mainly focuses on the HPWS strategy but the findings of this research would be applicable for various other business strategies which require collaborative partnership within different business functions. In any business hardly any function is carried out by a single division - there is always a contribution of other divisions and hence cross functional collaboration is essential. HR is quite unique in this regard because the scope of the HR function encompasses the whole organisation and it is thus, quite a critical business function. The people working within the organisation are the main aspect of this context and hence focusing on these individuals and their

relationships is essential to developing strategies suitable for the organisational context.

- This research also highlights the fact that organisational relationships and outcomes of business strategy depend largely on institutional factors. These institutional actors have a significant influence on both the organisation as a whole and on employees as individuals.
- The study highlights that the formulation of the corporate strategy must pay attention not only to institutional factors, but the managers responsible for this formulation must also be fully aware of social factors. It is the interaction between these two factors which is so significant for the effective implementation of HPWS.

This thesis was divided into 9 chapters. In the first chapter the background of the research was discussed along with explanations of key problems and research gaps. It was clarified that while a lot of emphasis has been placed on designing ideal HPWS practices little attention has been paid to the implementation of the same. This chapter highlighted the previous research on implementation and collaboration of HR and line managers as well as development of cross functional expertise. Research gaps in identifying the factors influencing the implementation of HPWS and on the role of institutional factors in shaping the relationship between the managers responsible for implementing HPS practices is highlighted as well. Thus, the research aim and its objectives were addressed in chapter 1.

Chapter 2 is presented in continuation of chapter 1. It presented a review of the existing research relevant to the subject area. This chapter began with a discussion of the developments within the field of HRM itself especially the development of strategic HRM (that is SHRM). The changes in business environment and regulations that have led to the introduction of the concept of SHRM are discussed. Following this, the chapter presented a review of the literature on HPWS. The significance of the implementation of HPWS in improving its effectiveness is discussed. This is then followed by a discussion of the role of institutional actors in shaping the implementation

strategy as discussed, followed by a discussion of the role of actors in the implementation of HPWS practices. This is then followed by a discussion of the significance of interaction between HR and line managers in delivering HR functions leading to the key discussion that HR and line managers can contribute significantly to delivery of SHRM practices. Finally the role of institutional and cultural factors in the shaping and delivery of SHRM practices is discussed. Overall this chapter highlights the work of some key authors (such as Purcell *et al.*, 2009; Guest, 2011) who argued that the interaction between the line managers and HR managers is central to the implementation of SHRM practices and hence the impact of this interaction on successful implementation of HPWS practices should be empirically tested. This chapter leads to the theoretical framework chapter.

Chapter 3 is the theoretical framework chapter which essentially filters out the most relevant research in order to draw up the propositions and consequently the initial theoretical framework for this research. This chapter highlights three key relationships- firstly that between the implementation of HPWS and overall performance, secondly the relationship between the interaction of line managers and HR managers and the effectiveness of the HPWS, and, finally, the third is the relationship between institutional factors and the interaction between HR and line manager and the effectiveness of HPWS. Using these key relationships a novel theoretical framework was proposed.

Chapter 4 discusses the research methods use din this research. The research involved collecting primary data using expert interviews and focus groups. Expert interviews were used to obtain information from the managers about interaction between HR and line managers over implementation of HPWS practices and on the impact of institutional factors. Focus group interviews were conducted with the employees to assess the overall impact of HPWS practices on their performance. This research mainly focuses on the employee outcomes of HPWS. A multiple case study approach was used, involving two case studies, 54 interviews and eight focus group interviews involving 61 employees. This chapter also discussed the interview process and how the issues were dealt with

during the interview process. Validity and reliability issues concerning the research were also discussed.

Chapter 5 presented the background of Saudi Arabian culture and a snapshot of the Saudi banking sector and human resource practices in Saudi Arabia.

In chapter 6, associations between the factors were confirmed as they occurred in the key themes of each case study as explored in chapter 6. These key themes were identified in chapter 3 and the findings were discussed on that basis.

Chapter 7 synthesised all the key themes revealed in data analysis and compared it with the findings from previous literature. This is followed by chapter 8 that presents the revised framework. Chapter 9 presents the conclusion of this research.

The findings of the cases indicated that in one of the banks surveyed for this research there is a lack of interaction among HR and line managers. In this bank the HR and line managers work in an arms-length relationship with clear demarcation of roles and responsibilities. Consequently there is a high level of dissatisfaction among the employees especially concerned with training and performance appraisals. The consequence is a high employee churn rate which is affecting the organisation quite significantly because the bank spends a lot of money and effort in recruiting and training these employees. On the other hand in bank Beta there is a close collaboration between the HR and line managers in delivery of HR functions. This ensures that the HR business partners have sound knowledge of the business issues which allows them to develop more relevant HR solutions for business needs. In addition, line managers are able to deliver HR policies more effectively. This case study finds that performance appraisal and employee feedback are essential mechanisms of increasing line manager participation in delivering HR functions. Excessive focus on numbers and performance appraisal based on a bounded role limits the motivation of line managers to co-operate and co-ordinate with the line manager while a combination of subjective and objective

performance measures especially in the context of leadership and team management could improve the line managers' co-operation with HR managers.

In terms of institutional factors this research finds that institutional factors have a significant impact on the HPWS implementation and on HR-line manager interaction. The impact is not, however, consistent on the organisations.

It was found that the banking sector's focus on objective performance has a significant impact on design and implementation of HPWS in Saudi banks. In the banks where employees and managers are mostly evaluated on objective performance there is a lack of co-operation and decline in employee outcomes resulting in a high employee churn rate. Some of the HPWS policies are influenced by the national culture as well - for example: Saudi national culture is high on uncertainty avoidance and the research finds that employees seek clarity on issues such as performance appraisal and bonus distribution. Lack of clarity on such issues has led to dissatisfaction amongst employees resulting in role switching. The banks which adopt a more rational and futuristic approach to recruitment and development of employees are likely to generate high levels of employee loyalty.

These key findings validate the framework and that there exists a significant relationship between HR and line manager interaction and effectiveness of HPWS and also that institutional factors influence both the HR-line manager relationship and HPWS outcomes. Validation for this research has been sought through finding convergence between the key findings of this research and the existing literature. This research confirms the findings of previous researchers that an increased co-operation and interaction between line managers and HR managers is likely to improve the effectiveness of HPWS practices. This also confirms the previous findings that institutional factors have a significant influence on the implementation of HPWS practices. Although only two cases are used for this research the number of interviews conducted compensates for fewer case studies. Furthermore, the banks selected for this research are two of the largest banks in Saudi Arabia and consequently the findings of this research are expected to be applicable for the whole Saudi banking sector. In

addition, some of the respondents have worked with other banks (not covered in this research) and their views reflect the experience not only with the current employer but also with past employers.

The summary of the achievements of this research are covered below.

Achievement 1: in chapter 2 implementation of HPWS as a separate function was discussed as the key theoretical perspective. Separating the formulation and implementation functions of HPWS is essential because the previous research (as mentioned in chapter 2) highlights that most HPWS fail during the implementation stage. In fact this is true for most SHRM strategies which fail to generate desired benefits due to implementation issues. This research also highlights the significance of institutional factors which must be considered at the formulation stage to design HPWS practices which may not be ideal but suitable in the context of the organisation.

Achievement 2: this research highlights the usefulness of cross functional interaction in improving the implementation of business strategies. Business strategies are rarely developed/ implemented in isolation and hence close interaction between middle managers who operationalise the strategy is essential. This research highlights the need to have close interaction between cross functional management at strategic, tactical and operational level.

Achievement 3: the framework developed for this research identifies three important aspects of any strategy implementation - system, actors and environment. System here refers to the business strategy itself including its dimensions, objectives, as well as supporting mechanisms. Actors here refer to the individuals involved in implementing the strategy and the individuals influenced by the strategy. Environment here refers to the contextual factors (both internal and external) which affect the effectiveness of the strategy. This research highlights that close attention should be paid to all three of these aspects in order to generate high coherence between the intended and actual outcomes of

the strategy. The SAE approach can be used for designing the implementation of any business strategy.

Achievement 4: this research highlights the significance of institutional factors in the implementation of a business strategy. Business strategy is often developed as ideal practices ignoring the institutional context in which they will be implemented. This leads to a misalignment which often leads to failure of the business strategy. This research highlights that the institutional context should be considered at both formulation and implementation stage to improve the chances of success of the business strategy.

9.1 An overview of findings of the case studies

Strategy: this research finds that HR managers play a limited role in the corporate decision making process and act as enablers of the corporate strategy. Thus the role of HR management begins at the tactical level and expands to operational level. The problem identified with this approach is that HR's contribution to the corporate strategy is not recognised at the top level. This confirms the findings of This confirms the findings of Keegan, Huemann and Turner, (2012) who suggested that the success of HR depends on how effectively it can contribute to the implementation of corporate strategy. In fact, most of the researcher (Subramony, 2009; Takeuchi, Chen and Lepak, 2009) links HR with employee outcomes only. This approach, however, contradicts the other stream of researchers (Mitchell *et al.*, 2013) Kim and Ryu (2011) who recommended that HR should be recognised as a strategic force and should be allowed greater participation in corporate strategic decision making. The problem of using HR as a follow up function is that HR itself cannot take proactive action based on possible HR scenarios. For example, employees could be trained on skills identified as key by the corporate strategy while other skills which may have not yet been realised as key to corporate strategy may be relevant for the future. Since HR functions closely with the employees, it acts as a base for all the functions within the organisation. HR division thus benefits from the knowledge of all the business divisions and can be a useful contributor to business strategy. This approach is being implemented to some extent in

Bank_Beta. For example, in bank Beta HR managers are allowed to assess the feasibility of a business strategy based on human resource constraints. In this respect HR could enhance the effectiveness of the corporate strategy by highlighting potential sources of risks and opportunities at the planning stage. At the lower management level interaction between HR and line manager can be useful in improving the operationalisation of corporate strategy.

HR business partners are quite essential components of the banking system as they act as the bridge between HR and other business divisions. In some cases, however, their powers are limited and they act merely as a communication channel. This research finds that the role of HR in corporate strategy is determined by the institutional factors as banking is more focused on objectivity and the performance of the front line.

Recruitment and selection: in most cases, the HR manager participates in the recruitment process but in some case the participation is quite limited with line managers having the final say. The problem with this approach is the line managers are over focused on the technical skills while ignoring the soft skills which may be as critical to the performance of the employee. The decision of line managers is based on individualism while the modern organisation needs to clearly focus on collectivism. In this respect it can be concluded that the recruitment and selection policy is governed by the institutional practices as the banking sector has traditionally focused on individual performance rather than on collective performance. In Bank_Beta, however, there is a certain degree of co-operation between line managers and HR managers as the focus is on skills and capabilities rather than on technical knowledge. This indicates that in a progressive recruitment and selection process, HR and line manager interaction is high. This research also finds that HR-line manager's co-operation and collaboration is shaped by institutional factors as line managers generally Weild more power in the recruitment process due to their perceived greater role in influencing organisational outcomes (that is, profits).

Performance appraisal: banks in Saudi Arabia use a standardised approach for performance evaluations. There is a certain level of disagreement with this standardisation but it blends well with the uncertainty avoidance attribute of Saudi Arabian culture. Lack of clarity on how performance is evaluated leads, however, to dissatisfaction among employees. In performance evaluation line managers have a greater say probably because they are more aware of the targets that the employees are supposed to meet. HR managers' role in performance evaluation is mostly concerned with conflict resolution. Employees indicated that they do not feel like working in teams because they are not evaluated on their team working skills. This indicates that HPWS is governed by institutional factors as the banking sector is mainly focused on objective achievement and this limits the role of the HR manager in performance evaluation. Bank Beta is trying to incorporate subjective performance in performance evaluation but difficulty in standardising this approach could prove challenging for the firms. The research finds that the *system* aspect of HPWS is governed by cultural factors, as uncertainty avoidance is the key-determining factor in the designing of a performance appraisal system. Institutional factors in the co-ordination between line managers and HR managers in performance appraisal do, however, have a negative impact on employee outcomes.

Training and development: BankAlpha has a reputation for a very high quality of training while bank Beta needs significant improvement in its training and development policy. Training is often used as a part of employee rewards because it is directly linked with their compensation and promotion. In both Bank Alpha and Bank_Beta, line managers have a greater power in determining the training and development opportunities. The role of the HR manager is quite limited to organising the requested training programmes. This indicates that the interaction between HR and line manager over training and development programme is governed by institutional factors, which allocate greater power to the line manager. This has a negative impact on employee outcomes because employees acquire technical skills while they lack several non-technical skills such as communication, leadership, team working *et cetera*.

Compensation: HR managers generally have a say in the compensation policies of the organisation. HR divisions create role profiles and determine the adequate salary for each and every role depending on several matrices. Thus, HR management plays a wider role in compensation policies. Line managers, on the other hand, do not play a significant role in determination of compensation as they are not abreast with the job market. This indicates that there is a lack of interaction between HR manager and line manager in determination of employee compensation but unlike in other cases, the HR manager is allocated greater power in this case. It is not clear how the interaction between HR and line manager would affect the compensation system. This research, however, confirms that institutional factors do play a role in the determination of the compensation system as firms tend to provide just enough salaries to keep employees with the organisation. Thus, the salary paid by one organisation will depend on the salaries being paid for similar jobs by other companies.

9.2 Achievement of objectives

Objective 1: To understand the nature of HPWS in the context of the Saudi banking sector.

The finding in general found that HPWS in the Saudi Banking sector is Mid-mature.

This research contradicts previous researchers (for example, Kulik and Perry (2008): Holt Larsen and Brewster, 2003) who argued that using line managers for delivering HR practices will free up HR managers to focus on strategic issues. While line managers are participating in delivery of HR practices, HR managers are still not being used on strategic decision making in the Saudi banking system. This research confirms the findings of Tayeb (2005) and Lertxundi and Landeta (2011) who suggested that HPWS practices are shaped by cultural influences. This research also confirms the findings of Aycan (2005), Lertxundi and Landeta (2011) and Papalexandris and Panayotopoulou (2004) that only certain practices are shaped by cultural influence. In the case of the Saudi banking sector compensation and performance appraisal practices are shaped by

cultural aspects of masculinity and individualism. Participation of HR also seems to be influenced by the power distance aspect of culture.

The Saudi banking sector has adopted a conflicting approach to HRM. In certain cases the approach is in accordance with the Resource Based View while in other cases (such as compensation) the approach is transactional. The excessive focus on objectivity hints at an inclination towards a transactional model of governance.

The Saudi banking sector has not implemented the complete HPWS bundles. Subramony (2009) indicates that HPWS bundles are complementary to each other and unless all bundles are implemented the cycle is not complete and the outcomes are not realised. For example, in the case of the Saudi Banking sector a key HPWS bundle of succession planning is missing which is affecting the significance of performance appraisal and selection and recruitment bundle.

This study supports the findings of Afiouni *et al.* (2013) and finds that lack of professionalism, political power and strategic focus along with lack of competency from the second line of HR managers in presenting a case for usefulness of HPWS has limited the effectiveness of HPWS in Saudi banks. This research support Afiouni *et al.*'s (2013) results and finds that institutional factors such as management influences (HR and line managers' interaction), the professionalism trait and industry norms have a negative impact on the effectiveness of HPWS in the Saudi banking sector.

Finally, the findings of this study supports Rhodes, Walsh and Lok (2008) who argue that the effectiveness of best practices in non-Western companies is not yet clear and ignoring the link between context and HRM practices can be the cause of innumerable conflicts and inefficiency in the effectiveness of HPWS implementation in these countries.

Objective 2: *To determine the status of the existing relationship between HR managers and line managers in the implementation of HPWS practices in the context of Saudi Arabia.*

The key findings of this research highlighted the necessity of combining the micro and macro institution factor influencing HR and line managers' cross-functional mobility-relationship. Thus, this research extends the researches of Guest (2011), Gilbert, De Winne and Sels (2011) and Gong, Chang and Cheung (2010) who advocated investigation into the role of the interaction between actors on HPWS implementation.

In the Saudi banking sector it has been found that the authority of HR managers is below that of line managers as line managers have the final say in most crucial decisions such as employee recruitment, training and development, and performance appraisal. The HR managers Weild high authority obviously can be seen in cases of determination of rewards. HRM policies and strategies are potently influenced by power and political dynamics as argued by Reichel and Lazarova (2013) and in line with this finding. Also, the results support Purcell and Hutchinson (2007) and Purcell *et al.*'s (2009) findings that the failure of the intended HPWS strategy and those actually implemented is owing to line managers' interpretations and the consequent implementation of these practices. The findings of this research showed that, because of the low political role of HR, second line managers, this has resulted in a low level of intervention from the HR department.

Researchers such as Mendelson *et al.* (2011) and Macky and Boxall (2007) suggested that strong relationships between the actors who implement HPWS (line managers) and practitioners (employees) could build positive job attitudes (that is, job satisfaction and commitment) which in turn might anticipate low turnover, limit time, and reduce inefficiency, profitability, customer satisfaction and retention. In the case of the Saudi banking sector it is found that employees' loyalty to the organisation is determined solely by the self-rewards generated by the employees. In other words, employees stick to a particular organisation only as long as the relationship is beneficial for the employee

(in terms of career development, rewards *et cetera*). This is a sign of poor organisational behaviour for both the employee and the organisation. For the employee, it marks a lack of stability in their career and for the organisation it means a constantly changing workforce which is socially not bonded.

This research finds that the HR managers' role in HPWS implementation needs to be raised to the level of parity with that of the line managers. The current model provides greater authority to line managers, probably because of their direct impact on the organisational outcomes (in terms of achieving hard/financial targets). HR managers, however, have a significant impact on employee outcomes, which have received less attention, and must be provided equal participation in implementation of HPWS practices as recommended by Gollan, 2012; Guthrie, et al., 2011; Chen, et al., 2011; Sanders and Frenkel, 2011; Guest and Conway, 2011). Furthermore, there is a need to improve formal and informal interaction between HR and line managers over HPWS practices. The current model in the Saudi banking sector is solely focused on line managers. Evidence from Bank_Beta, however, indicates that shifting to a balanced model where HR and line managers enjoy equal power and a collaborative relationship can improve the effectiveness of HPWS practices.

Objective 3: *To investigate the institutional pressures active in shaping HR manager and line manager relationships in the implementation of HPWS practices.*

Institutional factors, especially industry factors and management practices were found to have a very significant impact on the implementation of HPWS. This research confirms the findings of researchers who suggested that the inner institutional environment (Guest, 2011; Messah and Mucai, 2011; Guest and Bryson, 2009; Brewster, 2006; Kinni *et al.*, 2005) and external institutional environment (Björkman *et al.*, 2011; Brookes *et al.* (2011); Brewster, Wood and Brookes. (2008) Morley, Gunnigle, O'Sullivan and Collings, 2006) have a significant influence on the HPWS practices within organisations. In the banking sector line managers have always been paid greater attention due to their role in achieving the financial objectives. HR managers, play a

more backstage role and are considered as a passive function which only gets into action when there is a trigger from the front line. For example, HR managers engage in performance appraisal only when there is a dispute. HR organises training only when line managers demand and HR managers get involved in recruitment only when a demand is generated from the front line managers.

Corporate planning is done at three levels - strategic, tactical and operational. HR managers do not play any role at the top level (that is, the strategic level) of planning. At the tactical level, HR prepares itself for action by anticipating the future changes as evident in strategic planning. The role of HR actually begins at the lowest level, that is the operational level of planning, whereby it is required to support the line managers in implementing the operational plan (which is developed by cascading the tactical plan). This indicates that the lack of participation of HR at the top level means that HR do not form an integral aspect of corporate strategy and this results in an overall lack of employee focus. This results in poor employee outcomes such as a high employee churn rate which has now become a common feature of the Saudi banking industry. The findings indicate that there is some level of mimetic pressure especially in the compensation aspect of HPWS, especially because of the competition for best resources. This confirms Brewster *et al.*'s (2008) findings that there is some mimetic pressure attributed to organisations' elite actors' interests. As for the impact of inner institutional factors, this typology appears to be embedded in three dialogues: HR competency, HR members' political level, line management type of work. The findings indicate that the lack of interaction between HR and line managers is to a large extent influenced by professional dialogues and industry norms. In the light of these results it appears that the combinations of these two institutional dimensions do have their effects on HPWS implementation effectiveness.

Objective 4: *To investigate the impact of the relationship between HR and line managers on the effective implementation of HPWS as related to employees' satisfaction.*

Institutional factors were found to have a very significant impact on the implementation of HPWS practices. This research confirms the findings of Guest (2011), Bjorkman, *et al.* (2011), Boselie (2010), Guest and Bryson (2009) and Brewster (2006) who argued that institutional factors influence the implementation and consequently the effectiveness of HPWS. In the case of the Saudi banking sector the two most significant institutional factors in this regard were cultural and industrial factors. In terms of cultural factors, high power distance was found to be the key factor which determines the shape of HPWS practices and also role of actors. For example, because HR managers have little direct impact on the financial outcomes they are provided with less power in influencing organisational outcomes. On the other hand, front line managers enjoy greater power because they have a direct influence on organisational outcomes. In addition, Saudi cultural preference for reward recognition means that the sole focus of the banking sector is on compensating employees with monetary rewards. As suggested earlier, monetary rewards generate only partial satisfaction and do not, however, lead to organisational citizenship.

Employee outcomes also indicate that the behaviour of employees is also governed by cultural factors to a great extent. For example, Saudi culture is high in uncertainty avoidance. Employees exhibited uncertainty avoidance behaviour while elaborating on performance appraisal and bonus estimation. In bonus estimation two characteristics of Saudi national culture is evident - uncertainty avoidance and reward recognition. Thus cultural factors have a significant impact on the effectiveness of HPWS practices. The HPWS practices are, however, mainly governed by industrial factors. For example, in the banking industry, firms are looking to standardise the performance appraisal process by adopting the balanced scorecard. Standard models such as the balanced scorecard in the banking sector are biased towards the front line while ignoring the subjectivity of other roles. Thus, support staff often find it confusing to understand how their role is

evaluated on the basis of such tools which require clarity which is possible only for front line employees. One of the reasons for this could be the need to avoid uncertainty but lack of clarity for the employees on the tool implemented leads to employee dissatisfaction and consequently poor employee outcomes.

Influence of professional/industrial factors on HPWS implementation is also evident in the greater power allocation to the line managers. HR managers play merely the role of implementers while line managers are the key players in implementation of HPWS. The pressure on line managers for meeting their hard targets means, however, that line managers do not have the motivation and the bandwidth to implement HR policies. The overall impact is the perceived lack of HR policies within the organisation which leads to poor organisational outcomes.

In order to improve the employee outcomes it is essential that HR managers are provided with more authority and control over the implementation of HPWS practices. Overall this research proposes a more balanced approach where HR and line managers interact and co-operate over the implementation of HPWS practices.

9.3 Theoretical and methodological contributions and managerial implications

9.3.1 Theoretical contributions

There are a number of implications regarding the knowledge embodied in the strategic human resource management field which has also been contributed to in a number of ways by this research. As regards the interaction and co-ordination between middle level managers who oversee the operationalisation of business strategy the findings of this study have made novel contributions to theory, methodology and to decision makers.

With regards to the theoretical point of view; the study tried to answer several aspects of the skeptical views from researchers about the topic of HPWS. Firstly, the link between HPWS and performance, the necessity of reducing the gap between the developed strategy of HPWS and the actual one in practices and, finally, the implementation of HPWS can differ from organisation to organisation and from one field of industry to another and from country to country.

The study showed that organisations successes do not only rely on articulating strong strategies but most probably in a strong operational system that depends mostly on effectual interaction of its social structure. In this respect, this study places great concern on workplace relationship interaction. The current study showed that effective interaction might be constrained with some institutional forces.

The researcher employed institutional theory to a large extent in analysing types of banking organisations, simply because all corporations and companies are *institutionalised organisations* (Suddaby, 2010). Organisations and their inner-systems are constituted under social and regulatory structures (Scott, 2001).

Managers in banking sector are confronted with institutional pressures on practising modern strategic human resource management (HRMS). Firstly, the divergence of their goals and interests (normative rules of professional norms) may cause conflict between the HR managers in proceeding in what they view as best practices or so-called high performance work system HPWS and make the implementation process even more challenging. Secondly, cultural influences on management practices on the level of communication between key players, due to the positional structure of line managers within organisations. Positional structure hinders effective communication between HR manager and line manager and additionally, it can mediate the impact of HPWS on organisational performance.

The key contribution of the present research is the formulation of a novel conceptual framework of interaction between middle managers over the implementation of HPWS.

This framework integrates three key relationships, which affect the effectiveness of HPWS implementation; the first relationship is that between the HR and line managers. Second relationship is between institutional factors and implementation of HPWS and the third relationship is between effectiveness of HPWS and employee outcomes.

This research expands the growing body of literature on HPWS and SHRM especially providing new direction in term of the consideration of micro level contextual issues that may affect the operationalisation of HRM strategy. It also expands the literature on the subject of cross-functional information exchange and cross-functional interaction in organisations for strategy implementation. This research also highlights looking at the implementation of any business strategy from an SAE perspective - systems, actors and environment. Adequate consideration of all these three dimensions is essential to prepare an inclusive and effective business solution.

Previous research points out that SHRM and performance theory would be enhanced seriously by sincere efforts, which could include the workplace in the analysis of SHRM within organisations, institutions and occupational systems. This will allow a comprehensive understanding of the internal setting of organisations as institutional environment and field level dynamic. This modest effort attempts to highlight this aspect and its impact on HPWS implementation.

The main focus of this research is on micro level internal issues, which affect the operationalisation of HPWS. While some researchers (example Becker and Huselid, 2006) have highlighted the need to investigate these aspects none of the researchers has actually investigated these aspects to the required extent. This research looks at the institutional context and cross-functional interaction between HR and line managers as the key determinants of the success of HPWS strategy.

9.3.2 Methodological contributions

Firstly, this research is a significant shift from the traditional positivist paradigm which has dominated HRM research in the past. Adopting an interpretivist paradigm this research highlights the need to understand the behaviour of the individuals in their social context and environment. In the current stream of research on HPWS, employees are underrepresented even though they are the one these HPWS practices are aimed at. It is, thus, essential for us to understand what these employees make of the HRM policies and practices. This research involves collecting data through using focus group interviews with the employees which are affected by HPWS practices. The epistemological position of interpretivism is associated with the ontological position of constructivism and methodological approach of subjectivism (qualitative approach). This research adopts an interpretivist-constructivist philosophical stand.

This research is differentiated from previous studies by introducing two qualitative data collection tools in one study that presents three voices as regards the implemented HPWS within their organisation. The expert voice includes HR managers (the strategy former) the executing voice (line managers) and the recipients (the employees' voice). This study seeks to compare the experts' point of view and meaning of HPWS implementation with employees' perceptions. In doing so, this helps in providing a deep understanding of the phenomenon of HPWS implementation in the Saud banking sector.

Secondly, this research utilises a comprehensive qualitative methodology. It includes three research instruments: expert interviews, focus group and a multiple-case study. The research aim was achieved by the important steps identified within and across the case studies. The holistic design of the research was found useful for cross validation and reliability thereby improving the accuracy of this empirical research.

9.4 Recommendations for decision makers

The investigation of this study focuses on the causal mechanism by which contextual factors are theorised to affect the implementation of an organisation's strategies. Results from the present study confirm that HPWS implementation is affected by several characteristics of the contextual factors that could hinder or foster the effectiveness of HPWS implementation. The results show, by considering social interaction as an inner institutional variable, that it has its effects on HPWS implementation (which is also affected by other institutional pressures) which in all explains the causal mechanism underpinning the implementation of HPWS, thus, the findings suggest that managers need to equip themselves with tools for obtaining effective reciprocity. As HPWS practices are relatively jammed with HR competencies, knowledge and self-selling, all HR unit members (managers) need to meet the criteria of their business counterparts' expectations; whether at the strategic, tactical or operational level. Second line HR senior managers need to act in a proactive tactical way in order to insure uniformity of standards between the intended and implemented HR strategies. This, however, depends on how they sell HR applications to line management and the way they co-ordinate and play their role of partnership. Usually corporations allocate junior managers as a bridge between the HR department and business units. Junior HR managers need to have the competency and knowledgeability of all business requirements in order to obtain effective cross-functional mobility with other business departments; otherwise the interaction between the two loses its attractiveness of trust.

Additionally, the empirical investigations highlight greater emphasis on the cross-functional interaction and shared meaning in the implementation of business strategy, which is likely to improve the implementation of HPWS practices in organisations. Business strategy as it is cascaded from strategic level to operational level overlaps several business functions and due consideration should be paid to each and every functional area that the particular strategy encompasses. HR is a business function that touches upon all functional areas and requires adequate recognition. Increased formal and informal interaction amongst HR and line managers is likely to improve the

effectiveness of HPWS/SHRM practices, especially in terms of employee outcomes which, in turn, are expected to reflect on improved organisational outcomes.

The empirical evidence illustrates that an effective interaction between HR and line management depends on several contextual factors such as industry norms and culture. Organisations, in order to insure the interaction between these two players is effective enough, need to enhance the relevant elements that boost this relationship. The findings reveal that top management is a focal factor in the success of an organisation's social interaction. Having supportive management who understand the importance of the HR role can provide the HR legitimacy that could increase the elements necessary for reciprocity. Top management can create an organisation culture with good communication, which the findings have found is very useful for HR in building various channels to be in contact with other departments and business units in order to convey HR policies and practices.

This study has also recognised that under the current business environment in Saudi Arabia some of the cultural values have their effects on the formulation of HPWS activities, such as: power distance; communication direction; uncertainty avoidance and, reward system, which indirectly affect the interdependency between HR and line management especially with reward system activities. The findings have shown that because the reward system is centralised, co-ordination between HR and line management is very limited in implementing this activity and reciprocity is low. Also, the findings have shown disagreement between the people involved (both managers and employees) which has been seen to explicitly impact on employee turnover. This study suggests that transparency in the estimation of compensation and bonuses is likely to improve employee satisfaction and motivation as it gives them a feeling of empowerment: that is, control over their outcomes. This would reduce the level of uncertainty and, consequently, dissatisfaction. This would also improve the alignment between employee efforts and organisational objectives.

The findings of this research also suggest that when organisations put great emphasis on cross-functional interaction this improves shared meaning and the implementation of HPWS practices in organisations. The conceptual framework also presents general guidelines for organisations to achieve respectable reciprocity between the organisation's members which, in turn, leads to effective cross-functional mobility. That could result in increasing co-ordination and interdependency between members in order to build collaboration inside the business and make sure that the internal businesses work together in a better sense, and that team-work level is high.

9.5 Limitations

This study has some limitations and addressing these limitations can guide to interesting opportunities for further research. Firstly, the researcher only analysed banks' managers on their relationship of communication and co-ordination when implementing the four core functions of HPWS. Future research could cover a wider pool of HRM practices. The ideal would be for more research to shed light on the characteristics and influence of HR and line managers when implementing the HR function. This is partly due to the attitudes of managers which differ towards HRM. More research is, therefore, needed from a micro level perspective, especially on illustrating routine and practices between them to uncover the determinants of this relationship from the individuals' interests and occupations. HRM processes may be improved by organisations which take account of this issue, thus developing their understanding (Bowen and Ostroff, 2004; Huselid and Becker, 2006). It is recommended for future research to investigate HR people and line managers from a micro foundation-level and to give a central consideration on lower-level entities such as human resources and the interaction between these resources. This may allow organisations to improve their strategies' outcomes through effective implementation.

HR and line manager insufficiency of relationship can be related to identity and interest that describes how people categorise themselves in relation to others. By studying

individual and occupational class identity this can drive to understanding more about social relationships.

This study involves a small sample in order to provide in-depth information about the implementation of HPWS and the level to which HR and line managers co-ordinate and communicate when implementing the practices of HPWS. The results cannot, however, be generalised due to the small sample size and therefore, there is a need for conducting a study with a bigger sample, in order for generalisation of the results.

This study is focused on the shape of co-ordination between HR and line managers in implementing the practices of HPWS based on the influence of institutional factors. Paying close attention to the quality of communication and relationships among participants, relational forms of co-ordination can, however, highlight the intersubjectivity of the co-ordination process. The quality of communication levers participants' collective sense, making it necessary to enable co-ordination occurs on mutually reinforced interpretations (example shared cognition) among participants. This, in turn, can lead organisations to obtain trustworthy performance under challenging conditions. There is, therefore, a need for further investigation on the quality of co-ordination between those two players.

This research recommends further research on structuring reciprocal relationships into the roles of both HR and line managers to improve their interaction on sharing goals, knowledge and reciprocity with each other. Practitioners, also, could enhance this relationship, by reforming cross-functional performance measures and rewards.

This research thus concludes that institutional factors have a significant influence on the implementation of HPWS practices, both directly and indirectly by influencing the interaction between the actors involved in HPWS implementation.

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Appendix 1: Interview questions

Firm code:

Respondent code

Year in current position

Date

1. Can you please tell me your current position and years of experience?
2. How do you find working for this bank? Is it better than your previous organisation?
3. Can you tell me a bit more about the strategy of your organisation- are you looking for growth or consolidation?
 - a. Are you looking to grow in new markets or products?
 - b. Is there a particular segment that you are looking to target? Why?
4. How do you think the company is doing at the moment?
5. Have you implemented High Performance Work Practices in your organisation?
6. Which HPWS practices have your organisation implemented? Why?
7. Do you find these HPWS practices useful?
8. How are HPWS practices designed?
 - a. Is there a committee which has the responsibility for designing these practices? Who are the members of that committee?
 - b. How often are your HPWS practices reviewed?
9. Who is responsible for implementing HPWS practices? Why?
 - a. Who participates in recruitment and selection of candidates?
 - b. Do HR managers and line managers carry out the process together?
 - c. How often do the HR and line managers meet for the purpose of accomplishing this activity?
 - d. Why do you think that the co-ordination between HR and your department in implementing recruitment and selection is strong/weak? In your opinion what factors play a role on strengthening/weakening your interaction?
10. Who is responsible for performance appraisal?

- a. Do HR managers play a role in performance appraisal?
 - b. How often do the HR and line managers meet in performing this activity?
 - c. Why do you think that the co-ordination between HR and your department in implementing recruitment is strong/weak? In your opinion what factors play a role on strengthening/weakening your interaction?
11. Who is responsible for training and development plans?
- a. Do line managers co-ordinate with HR managers over implementation of the training and development activity of HPWS practices? How?
 - b. How often do the HR and line managers meet during the performing of this activity?
 - c. Why do you think that the co-ordination between HR and your department in implementing training and development is strong/weak? In your opinion what factors play a role on strengthening/weakening your interaction?
12. Who is responsible for setting the compensation?
- a. Do line managersinteracte with HR managers over implementation of compensation practices? How?
 - b. How often do the HR and line managers meet in performing this activity?
 - c. Why do you think that the co-ordination between HR and your department in implementing the compensation system is strong/weak? In your opinion what factors play a role on strengthening/weakening your interaction?
13. What are the key factors that you think affect HPWS practices in the organisation?
- a. Do you think Saudi culture affects HPWS implementation? How?
 - b. Do you think your top management's approach towards human resources affect HPWS implementation in your organisation? How?
 - c. Do you think your HPWS practices are the same as those prevalent in the banking sector or arethey different? Why is this so?
14. How do you think that HPWS practices can be made more effective?

Appendix 2: Questions for the focus group

Firm code:

Focus group number

Date

1. How do you see the HR manager in your organisation?
 - a. Does he play an interactive role?
 - b. Have you interacted with him?
2. What do you think about the current strategy of HRM implementation in your organisation?
 - a. Are you satisfied with these practices?
3. What do you think about the recruitment and selection process in your organisation? Tell us, from your own experience, about when you came here for interviews?
4. Do you think you were tested for technical skills or soft skills or both?
5. Do you see equal participation of HR and line managers during the interview process?
6. What is your opinion of the compensation provided to you? Are you happy with it or would you like to change something?
7. Do you think that the training facilities in your organisation are adequate? If not, what would you like to change? How would think
8. Do you think that the training at your organisation provides enough opportunities for you to develop your skills?
9. How happy are you with the performance appraisal process?
10. Do you think that a long-term career in this organisation is a wise idea?
11. Do you think that you have enough growth opportunities in this company? Do you think other banks provide better growth opportunities?
12. What would you like to change about the human resource management practices in your bank?
13. Do you have any suggestions regarding the human resource practices in your organisation?