EVALUATING LEVELS OF STRATEGIC INTEGRATION AND DEVELOPMENT OF HUMAN RESOURCE MANAGEMENT IN BRITAIN

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ABSTRACT

This paper evaluates the levels of strategic 'integration' of HRM into the corporate strategy and 'devolvement' of responsibility for HRM to line managers in the British manufacturing sector. The findings are based on a large questionnaire survey, in-depth interviews and cognitive mapping methodologies. The study not only highlights the present scenario regarding the two concepts from the 'subject matter experts' view point, but also reveals the main logic surroundings them and the main factors and variables which determine these two practices in the UK. The research contributes to the field of strategic HRM and presents a number of learning points for the practitioners. It also opens avenues for further research.
INTRODUCTION

This paper evaluates the levels of integration of human resource management (HRM) into the corporate strategy and devolvement of responsibility for HRM to line managers in the British manufacturing sector. An attempt is also made to highlight the main logics surrounding the practice of these concepts. The adoption of a multi-method approach is found productive in such efforts. This introduction then highlights four arguments: centrality of the issues of integration and devolvement to the concept of HRM; the role of culture-bound and culture-free determinants of domestic HRM; the need to investigate into the cognition of personnel specialists; and the relevance of the adoption of a mixed methodology to study the interplay of the mentioned factors. The development of the topic of HRM is now well documented in the literature (Hope-Hailey et al, 1997; Legge, 1995; Storey, 1995; Sisson, 1996). Nevertheless, the focus of the debates relating to HRM are ever changing. In the early 1980s HRM debates attempted to draw distinctions between 'Personnel Management' and 'HRM' (Legge, 1995); incorporate Industrial Relations into HRM (Guest, 1991); examine the relationship of HRM to business strategies (Lengnick-Hall and Lengnick-Hall, 1988; Purcell, 1995; Schuler, 1992); and later on attempted to examine the extent to which HRM could act as a key means to achieve competitive advantage in organisations (Barney, 1991; Sparrow and Budhwar, 1997). One of the central features of this debate was the importance given to the integration of HRM into the business and corporate strategy and devolvement of HRM to line managers instead of personnel specialists (Brewster and Larsen 1992; Brewster et al, 1997; Budhwar and Sparrow, 1997; Schuler, 1992). Brewster and Larsen (1992: 411-12) define Integration as "the degree to which the HRM issues are considered as part of the formulation of the business strategy" and Devolvement as "the degree to which HRM practices involve and give responsibility to line managers rather than personnel specialists".

The term 'Strategic Human Resources Management' was an outcome of such a debate (Miller, 1991; Schuler, 1992). It highlights the growing proactive nature of the Human
Resource (HR) function, its potential importance to the success of organisations (Lengnick-Hall and Lengnick-Hall, 1988; Schuler, 1992) and the possibility of change in the HR function from being reactive, prescriptive, and administrative to being proactive, descriptive and executive (Boxall, 1994).

Presently, the importance of the mutual relationships (integration) between business strategy and HRM is more and more recognised (Kamoche, 1993; Purcell, 1995; Schuler, 1992). Lengnick-Hall and Lengnick-Hall (1988: 459-60) gave three main reasons in this regard. Integration:

a) provides a broader range of solutions for solving complex organisational problems;

b) ensures that all resources (human, technical and financial) are given due consideration in setting goals and assessing implementation capabilities; and

c) limits the subordination of strategic considerations to HR preferences and the neglect of HRs as a vital source of organisational competence and competitive advantage.

The practice of devolvement (Brewster and Larsen, 1992; Budhwar and Sparrow, 1997; Hoogendoorn and Brewster, 1992) is also becoming important in the increasingly competitive business environment, which has led to large scale re-structuring in organisations. As a result line managers have been given primary responsibility for HRM. The rationale for devolvement is:

a) certain issues are too complex for top management to comprehend;

b) local managers are able to respond more quickly to local problems and conditions;

c) it results in motivating employees and effective control, as line managers are in constant contact with employees;

d) it helps to prepare future managers (by allowing middle managers to practice decision making skills); and

e) it helps to reduce costs (Budhwar and Sparrow, 1997).
Despite of the increased recognition received by both the concepts of integration and
devolvement there is a scarcity of empirical studies related to them. Majority of the work in
this regard is done by Brewster and associates (for details see Brewster and Larsen, 1992;
Brewster and Hegewisch, 1994; Brewster et al, 1997; Hoogendoorn and Brewster, 1992).
Some of the other work on the topics is by Budhwar and Sparrow (1997), Martell and Caroll
(1995) and Schuler (1992). The work of Brewster and colleagues and Martell and Caroll is
mainly based on quantitative data and lack detailed explanation for the main logic which can
explain the why, when and what of these practices. Schuler’s (1992) work is more prescriptive
and is based on observation in 3 large firms. Budhwar and Sparrow (1997) provide a detailed
insight into these concepts. However, their discussion is limited to and focused around
managers from a developing country. There is then a clear need for more empirical studies
regarding the concepts of integration and devolvement. This will not only contribute to the
development of strategic HRM field but also provide an insight to practitioners about how
their counterparts in different parts of the world perceive and react to these concepts.

CULTURE-BOUND AND CULTURE-FREE DETERMINANTS OF HRM

With the increased globalisation of the world markets, both the practitioners and
academics are increasingly realising the need to explore the underlying thinking of key actors
working in the field of HRM in different parts of the world, the factors effecting their
thinking and the resultant HRM practices (Brewster et al, 1996; Hofstede, 1993). Such an
information is crucial for training and preparing personnel for different national and
international assignments. At a broader level this can also help to test the ‘convergence-
divergence’ thesis. Writers suggest that national HR practice is determined both by "culture-
bound" and "culture-free" factors and HRM practices are context specific (eg Brewster, 1995;
Hofstede, 1993; Sparrow, 1995). Studies have been conducted to investigate the influence of
a number of contingent variables (such as the size, age, life cycle stage of the organisation, level of technology adopted, type of ownership, and the impact of environmental factors) on the HRM practices and policies of organisations (eg Budhwar and Sparrow, 1997; Cohen and Pfeffer, 1986; Dimick and Murray, 1978; Lawler et al, 1995; Shaw et al, 1993). These variables are assumed to have direct and predictable causative effects on HR policies. A number of non-contingent factors such as national culture, the national business system, legislative and institutional factors and the role and competence of HR actors are assumed to have a more intangible effect (Brewster, 1995; Hofstede, 1993; Sparrow, 1995). Along with these contingent variables and non-contingent factors, recently research has shown the influence of organisational policies (such as related to recruitment, training, compensation, communication) on HRM practices (Budhwar and Sparrow, 1997).

To analyse the scenario of strategic HRM in the British context, therefore, the interplay between a number of influences (contingent variables, organisational policies and levels of integration and devolvement) must be examined. But why such a study should be conducted in the UK and especially in the manufacturing sector? The HRM literature in the UK shows a strong movement from traditional personnel management towards HRM (eg Hope-Hailey et al, 1997; Legge, 1995; Storey, 1995). Such a shift is dedicated to a number of factors, for example, increased level of competition, less availability of trained workforce, less committed workforce, rapidly changing technology, increased level of downsizing and re-structuring of organisations. This is further supplemented by the growing debate on the more and more adoption of ‘soft models’ of HRM than the ‘hard models’ (for details on these two models see Legge, 1995). Some evidence in this regard is evident from the findings of 3rd work place industrial relations survey (Millward et al, 1992). There is then an increased importance attached to the development of human resources in the UK. The introduction of national vocational qualifications (NVQs), investors in people (IIP) standards, increased
pressure on training and enterprise councils (TECs) and more recently the ‘welfare to work’ scheme are some of the developments in this regard. All such developments indicate the importance given to human resource development and possibly the growing strategic nature of HRM in the UK (Legge, 1995; Purcell, 1995). The concepts of integration of HRM into the corporate strategy and devolvement of HRM to line managers become central in such a context. The big question is, are these concepts practised in reality?

As mentioned above, the existing literature shows a scarcity of empirical studies in this regard and the available ones are mainly prescriptive in nature and only provide quantitative analysis of the scene. Such an analysis leave a number of questions unanswered as what is the scenario of integration and devolvement in the UK and what are the main logics surrounding the practice of these two concepts. Therefore, in order to move ahead of the basic level of analysis and to get a richer picture of the scene, advanced and more in-depth level of analysis is required.

The question then arises why to examine integration and devolvement in the UK manufacturing sector? The main reasons for this choice are: first, world trade is predominantly in manufacturing goods; second, technological advances are particularly important in the manufacturing sector (Poole and Jenkins, 1997); third, formal HRM practices are known to be more prevalent in large firms, having over 200 employees (eg Brewster et al, 1996). As the aim of this study is to get an in-depth view of strategic HRM, the chances of the practice of integration and devolvement is therefore more in large firms having a formal personnel function. The possibilities of accessing a large sample are then higher in the manufacturing sector. Moreover, the industries for this research were chosen so as they could be matched with a parallel sample of Indian firms (the present study is part of a larger research project which compares HRM between India and Britain).
The aim of the present study is then not only to categorise British firms into high and low integrated or devolved ones but also to glean out the main logic for the practice of the two concepts. Such analysis is important to get an in-depth view of the concepts and to present the context specific nature of HRM.

The adoption of a mixed methodology (comprising of both quantitative and qualitative approaches) can help to achieve such ambitions (Mingers and Brocklesby, 1997). Jick (1979: 604) highlights the benefits of the adoption of a mixed methodology. He says: "the weaknesses in each single method will be compensated by counter-balancing strengths of another". A useful starting point would be to first have a quantitative evaluation of the scene, highlight the main determinants of integration and devolvement practices and than explore the construction of these concepts in the minds of personnel specialists. However, to develop the argument for the use of cognitive methodologies (adopted to highlight the thinking of personnel specialists), we must marshall relevant ideas from the field of managerial cognition in the next section.

MANAGERIAL COGNITIONS

The last 15 years or so have shown a sudden increase in the studies of managerial cognitions (eg Huff, 1990; Walsh, 1995). However, most of the studies are in the field of competitive strategy and there has been very little application of management cognition techniques to the HRM field (see Walsh, 1995). A key consideration in this paper is also to examine the extent to which such methodologies can advance our understanding of key HRM concepts. The study of cognition involves the mental models that people use to make sense of their world and to make decisions about what actions to take (Swan, 1995; Weick, 1995). In broad terms cognitive studies refer to the investigation of both individual and organisational-level phenomena, related to the acquisition, types, uses and implications of knowledge,
beliefs or intelligence (Laukkanen, 1994). The investigation into managerial cognitions has naturally become more important in the context of the present day dynamic business environment as it helps to gain an understanding of the strategy of organisations and the dynamics of industries from a managerial view point. In the context of rapid change, the analysis of managerial cognitions helps to bring a degree of continuity and predictability. This is because investigations into managerial cognitions indirectly or directly depicts the existence of certain 'cognitive dimensions' of particular individuals in an organisation at a micro level, or in a particular industry at a macro level (Beyer, 1981). Cognitive dimensions in part represent core beliefs and assumptions that can be used to bind people together and explain events/actions of individuals and organisations in terms of implied cause and effect relationships.

However, it is important to note that individuals’ cognitions do not develop in a vacuum, but arise as a result of experiences throughout life in various settings and through interactions with other people (Hofstede, 1993; Swan, 1995). These interactions are context specific and therefore not surprisingly show a strong influence of an individual's national culture along with a set of interpretations socialised by institutions (Hofstede, 1993). It is then logical to assume that the various ‘culture-bound’ and ‘culture-free’ factors and variables (mentioned above) have a strong impact on managerial thinking regarding the strategic management of their human resources (Haire et al, 1966; Hofstede, 1993).

To recap, there are several reasons why an analysis of the levels of integration and devolvement in Britain is now needed. First, the recent emphasis on the development of human resources in the UK emphasises the need for increased levels of both devolvement and integration. Is this happening in reality? Second, literature shows that general HRM policies and practices (such as selection, development, performance evaluation) are determined by a set of contingent variables (such as age, nature, size of organisation). Do such variables also
determine levels of strategic integration and devolvement? Or are there other variables and factors responsible for these practices. Third, majority of the earlier studies are quantitative in nature. To get a richer picture of the context it is important to have an in-depth view of the thinking of ‘subject matter experts’ (i.e. the top most personnel specialists) on these issues. Though it is clear that speaking to other levels of employees can help to get views from a different angle (eg Brewster et al, 1997). However, as the practice of both integration and devolvement in any organisation has a direct impact on the role of personnel specialists, therefore it is more sensible to speak to them. Moreover, these are the subject matter experts, whose role is changing rapidly, so they are in a better position to give more reliable and comprehensive information of the context.

METHODOLOGY

The aim of the paper is threefold. First, to analyse the scenario of integration and devolvement in Britain. Second, to identify and highlight the main organisational characteristics (contingent variables such as age, size, nature of organisation etc., and HR policies related to recruitment, training and development and employees communication) that classify organisations into high or low integrated and high or low devolved firms. Third, to highlight the main perceptions of personnel specialists regarding the two concepts so as to gain an understanding about the main logics which surround these practices in Britain.

Sample and Sources of Data

A large questionnaire survey in firms having 200 or more employees in six industries (food processing, plastics, steel, textiles, pharmaceuticals and footwear) in the manufacturing sector was carried out between October 1994 and January 1995. These six industries were matched with a parallel sample of Indian firms (the present study is part of a large HRM
project between India and Britain). The respondent for each firm was the top personnel specialist. A total population of 500 British organisations fulfilling these criteria were identified from the Lotus One Source "UK Private Who Own Whom" (Dunn and Brandstreet, 1994-95). 93 usable questionnaires were received, a response rate of approximately 18.6%. The response rate is similar to other international surveys such as Cranfield Project (e.g. Brewster and Hegewisch, 1994) and Towers Perrin survey on 'Priorities for Competitive Advantage: A world-wide HR study' (Towers Perrin, 1992). The questions were drawn from a number of existing international HRM surveys including the Price Waterhouse Cranfield Project Survey (Brewster and Hegewisch, 1994) and IBM/Towers Perrin study (Towers Perrin, 1992). A number of new measures were introduced which assessed the influence of a number of contingent variables (such as age, size, life cycle stage of organisation, union membership, flexible forms of employment, and ownership) along with the influence of variables such as national culture, business sector, institutional factors and the dynamic business environment on HRM practices and policies. This paper analyses only the influence of selected contingent variables and organisational policies on the concepts of integration and devolvement.

An analysis of the demographic features of the sample suggests that it is a random and representative sample of the total population. 62% of the sample are medium sized organisations employing from 200 to 499 staff. 14% employ from 500 to 999 staff, 15% employ from 1000 to 4999 staff and 8% are large organisations with over 5000 employees. The survey was piloted in a group of 10 organisations. In the majority of cases labour costs amounted to not more than 19% of financial turnover. 30% of the sample have increased their level of employment by more than 5% in the last 5 years, whilst 42% of sample have downsized by more than 5% in the last 5 years. The industry distribution for the sample is shown in Table 1.
In a second phase of the research, in-depth interviews (each lasting an average of two hours) were conducted in the months of March - May 1996. These interviews were conducted in a sample of 24 of the 93 firms which participated in the questionnaire survey. The number of interviews is limited to 24 as these firms were again matched with Indian firms on possible number of variables to conduct parallel interviews. However, this number is in consonance with related studies in the field of managerial cognitions (e.g., Laukkanen, 1994; 1996; Walsh, 1995). Two of the main themes of analysis in the interviews were the topics of Integration and Devolvement.

**Measures**

To analyse levels of integration and devolvement and to identify their main determinants, a series of questionnaire items paralleling the Price Waterhouse Cranfield Project were included in the survey. An analysis of the work of Brewster and his colleagues (Brewster and Hegewisch, 1994; Brewster and Larsen, 1992) and their raw data reveals the items used to scale both dimensions. Integration and Devolvement are therefore tested as dependent variables. The Price Waterhouse Cranfield methodology uses surrogate measures and proxy data to determine the dimensions of integration and devolvement. The level of integration is measured on the basis of the following four scales:

a) representation of Personnel on the board;

b) presence of a written Personnel strategy;

c) consultation of Personnel (from the outset) in the development of corporate strategy; and

d) translation of Personnel/HR strategy into a clear set of work programs.

The level of devolvement is measured on the basis of the following three scales:
a) primary responsibility with line managers for HRM decision making (regarding pay and benefits, recruitment and selection, training and development, industrial relations, health and safety, and workforce expansion and reduction);
b) change in the responsibility of line managers for HRM (regarding pay and benefits, recruitment and selection, training and development, industrial relations, health and safety, and workforce expansion and reduction); and
c) percentage of line managers trained.

Six contingent variables which have been shown to influence HRM are treated in this study as independent variables and are examined to see if they determine levels of integration and devolvement. A number of organisational policies related to recruitment, training and development of employees and communicating to employees, have also been shown to influence HRM (Brewster and Hegewisch, 1994; Budhwar and Sparrow, 1997; Mahoney and Deckop, 1986). Fifteen organisational policies which relate to development of human resources (see Table 2) are also examined in this study. As discussed in the introduction, these policies are presently given a high importance with in British organisations to show the presence of a formal HR strategy. It is important to investigate if such organisational policies determine levels of integration and devolvement more or less powerfully than simple contingency factors such as size and life cycle. If the answer is yes, this will indicate that the thrust towards the development of human resources in British organisations has genuine consequences for levels of integration and devolvement. Details of all the contingent variables and the organisational policies treated as independent variables in the analysis are shown in Table 2.

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Statistical Procedures
Brewster and Larsen's (1992) original approach has been further developed by summarising the responses on the items on the level of integration and devolvement into two micro integrated scales (one each for integration and devolvement). Such scaling across multiple response items helps to provide a more objective view of the subjective attributions made by respondents by quantifying the perceptual views of the respondents (Hair et al, 1995; Norusis, 1994). The original four scales for integration are already dichotomous in nature, i.e., they have only two answers - yes or no. Firms scoring more than 2 on the four summated scales are allotted a score of 1 and those scoring two or less are allotted a score of zero. However, the three devolvement scales originally contained 18 responses or points (six HR policies each rated across three progressive levels of devolvement). Organisations scoring higher on each of the three devolvement scales are allotted a score of 1 (i.e. values on the upper end of the scales (1-18) are collapsed into one score) and those firms scoring low points (i.e. values at the lower end are collapsed into another score) are allotted a zero score. The Cronbach alpha for each of these three new dichotomous scales for devolvement are .7324, .6705 and .5773 respectively, indicating high reliability. To summarise, the closer the score is to 1 the higher the level of integration and devolvement practised by the organisation. Such a method of developing scales is already used by Lawler et al, (1995) and Budhwar and Sparrow (1997). Descriptive statistics are used to determine the current level of integration and devolvement in Britain.

Discriminant Analysis (DA) using a stepwise method is then adopted to partition British organisations into high or low integrated and high or low devolved, and then to identify the contingent variables and organisational policies that act as predictors of integration and devolvement. Organisations which score more than the average on the summated scales for integration and on the summated scales for devolvement are allotted a score of 1 (high) and those averaging below 50% a score of 0 (low). Why adopt the DA
technique? The basic aim of this paper is to analyse the progress towards integration and
devolvement in British organisations. Determinants of integration and devolvement could be
identified through the use of 'multiple regression analysis', but this would not help to
discriminate what specifically differentiates the high and low integrated or devolved
organisations. Moreover, regression analysis is more appropriate when dependent variables
are metric whilst DA is more appropriate when dependent variables are categorical, as is the
case for present categories of 0 and 1. In order to both divide into groups and establish
determinants, DA is therefore most appropriate (Hair et al, 1995; Klecka, 1980).

Causal Belief Structure Analysis for Qualitative Data

To analyse the interviews data a computer software program called as CMAP2 (Cause
Mapping 2) was adopted. It has been developed for comparing studies of organisation and
managerial cognitions (for details on the working of CMAP2 see Laukkanen, 1992, 1994;
1996). In brief, CMAP2 helps to analyse and understand the substance of management
thinking (both at individual and group level) as well as the formative logic through which
managers come to think in shared ways (Meindl et al, 1994: 290). CMAP2 therefore outputs a
list of different natural language units used by all the subjects, a standard term vocabulary
file, a natural causal units file, a standard causal units file, a distance index file for subjects or
clusters, a concept base of respondents based on similarities and differences of term usage,
and focal and domain details for subjects or clusters (for studying causal thinking patterns).
Such details are subsequently used to construct cause maps and to analyse the database
through search and listing operations. In essence this software automates much raw data
processing and analysis by studying the 'concept base' of respondents and the patterns of their
'causal thinking'. It forms cause maps by making individual expressions comparable through
conversion into a standard concept system. Datasets called 'domain maps' are formed by
examining causal/cognitive linkages. Domain maps are of three types. Type 1 contains the standard causal units, but adds to this set standard terms that are in a cause and effect position relative to the focal map's cause terms (Laukkanen, 1994: 330). Type 2 domain maps contain the standard terms in their position relative to the focal map's effect terms and Type 3 domain maps combine elements from both Type 1 and 2. This paper focuses on the analysis of 'causal thinking' of respondents by adopting only domain maps Type 3. Based on the software's analysis two cognitive maps (one each for integration and devolvement) are formed (see Figures 1 and 2).

**What is Cognitive Mapping?**

The literature shows an increase use of cognitive mapping techniques to investigate the cognitions and assumptions of decision makers (eg Huff, 1990; Walsh, 1995). Various methodologies have been developed by several researchers to form cognitive maps (Huff, 1990; Laukkanen, 1992, 1994; Swan, 1995; Walsh, 1995). However, causal maps (which show cause and effect relations) have proved to be the most commonly-used form of cognitive mapping technique (Huff, 1990; Walsh, 1995). The assumption is that peoples' beliefs about the causes and effects of past events create expectations about the likely outcomes of future events and therefore guide their decision-making process. Broadly speaking, cause or cognitive mapping refers to any device used for mapping covert cognition into an overt representation format. Theoretically, a cognitive map is an individual's internal representation of the concepts and relations among concepts. Cognitive maps are used by individuals to represent and understand the territory in which they act. Maps therefore hold many types of relationships among concepts. They are typically described as a network of pieces of text (expressed as ideas, nodes or concepts) with arrows linking each concept to form a directed graph. The meaning of each concept can be understood by reference to its
context within the map and its relationships with other concepts. To summarise, a cognitive map is a pictorial presentation of a logical array of arrow-linked concepts which refer to a phenomenon's constituent elements and the causal relationships between them, as they appear to exist in the mind of the subject (for more details on cognitive mapping see Budhwar, 1996; Huff, 1990; Laukkanen, 1996; Walsh, 1995).

FINDINGS

Integration

Level of integration is measured from the results of personnel representation at board level, the personnel function being consulted about corporate strategy from the outset, the presence of a written personnel strategy, and the translation of such a strategy into a clear set of work programs. The study shows above average representation of the personnel function at board level (i.e. in 55% of organisations). 87.4% of organisations have corporate strategies, however, only 34.6% consult the personnel function at the outset, 42% involve personnel in early consultation and 13.6% involve personnel during implementation stage. 26.4% of sample did not have a personnel strategy, 29.9% had an unwritten strategy and 43.7% had a written personnel strategy. However, 57.4% of organisations felt that their personnel strategy was translated into clear work programs. When Brewster and Larsen's (1992) four measures of integration are summated and divided into a single scale of high and low type, 55.5% of organisations would be categorised as having high integration and 49.5% fall into the low integration category. The average score of the summated integration scale for all 93 organisations is .50. Such results show a moderate level of integration being practised in the UK industries.

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Statistical results for the DA of integration of HRM into the corporate strategy are shown in Table 3. High eigenvalues are associated with "good" predictive functions, canonical correlation measures the degree of association between the discriminant scores and the two groups, whilst Wilk's lambda provides a test of the null hypothesis that the population means are equal. The discriminant function is highly significant (P< .0001) and displays a canonical correlation of .6538. It is very unlikely that organisations which have a high level of integration of HRM into the corporate strategy and those which have a low level of integration have the same means on the discriminant function (Norusis, 1994). Approximately 43 percent of variance in the measure of integration can be accounted for and explained by this model, which includes 5 of the 21 independent variables. Out of 46 cases in the low integration group, 65 percent were predicted correctly to be members of the group. Similarly, 98 percent of the high integration group cases were identified correctly. The predictive accuracy of the model can be concluded to be acceptable and reliable (Hair et al, 1995: 204).

**Devolvement**

High devolvement is the result of primary responsibility for pay, recruitment, training, industrial relations, health and safety and expansion/reduction decisions lying with the line. The current situation in British organisations as revealed by the data shown in Table 4. Line responsibility for these six areas is on an increasing trend (see Table 5) and there is some evidence of devolved competency, with at least 33 percent of the workforce being trained in performance appraisal, communications, delegation, motivation, team building and foreign languages.

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The HRM department in the UK has a higher level of sole responsibility for decisions over pay and reward levels (48.3%), industrial relations (36.3%) and workforce expansion and reduction (19.4%). Whereas line managers have a higher sole responsibility for issues related to health and safety (32.6%) and training and development (18.3%). The summated scales demonstrate a low level of devolvement. 61.3% of the sample practice low levels of devolvement of HRM to line managers.

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There is however a clear process of devolvement taking place to line management. Between 27% to 70% of British organisations are increasing line management responsibility over issues such as pay, industrial relations and workforce expansion or reduction (see Table 5). Table 6 presents a summary of the DA statistics for the measure of devolvement. The devolvement measure has a smaller eigenvalue than the integration measure, but is still highly significant. It is very unlikely that organisations which have a high level of devolvement of HRM to line managers or those which have low level of devolvement have the same means on the discriminant function. From the canonical correlation score of 0.4095 we can conclude that 16.8 percent of variance in the dependent variable can be accounted for and explained by this model, which includes 4 independent variables. 68.4 percent of cases in the low devolved group were predicted correctly as were 58.3 percent of the high devolvement group. The devolvement DA model is acceptable and reliable for its predictive accuracy.

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Determinants of Integration and devolvement in Britain

In order to gain more insight into these findings DA is now used to identify the independent variables which determine levels of integration and devolvement and to help
classify British organisations into the two groups of high or low integration and high or low devolvement of HRM. In interpreting the DA a number of points should be borne in mind. First, the analysis does not infer causality. Although the five and four independent variables discriminate between high and low levels of integration and devolvement respectively, the relationship may be that, for example, that an HR strategy that does not emphasises cost reduction causes higher levels of devolvement, or it may be that levels of devolvement cause firms not to favour cost reduction strategies. Similarly, the positive or negative sign of the standard coefficients for each independent variable is arbitrary in relation to the dependent variable but is meaningful in relation to each of the other independent variables. When a positively-signed independent variable is at a higher level, a negatively-signed independent variable will be at a lower level. These results are taken into account when the DA are interpreted in the discussion.

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The details of DA results for integration are shown in Table 7. The results show that monitoring effectiveness of training immediately, communicating to employees through suggestion boxes and an attitude survey, not targeting recruitment of the long-term unemployed and being in turnaround life cycle stage of organisation are the main variables which classify and discriminate between organisations practising high or low levels of integration. The implications of these findings are interpreted in the discussion section.

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Table 8 shows the main predictors of devolvement. There is no common variable that can be seen to influence both integration and devolvement functions. However, variables which uniquely influence the level of devolvement are presence of unions, monitoring
training through performance tests, systematically analysing employees training needs and an HR strategy which does not emphasises on cost reduction.

**DISCUSSION**

The discussion first concentrates on the findings of the DA results. Out of a total of 21 independent variables (contingent determinants and organisational policies), 9 are significant predictors of integration and devolvement at the p < .05 significance level. However, in comparison to most of the earlier studies in the field, which have reported the influence of a number of contingent variables (such as size, age, nature of organisation) on HRM policies and practices (eg Cohen and Pfeffer, 1986; Shaw et al, 1993), the results show that along with the contingent variables a number of organisational policies related to recruitment, training and development and employee communication also determine the functions of integration and devolvement.

The DA for integration between HRM and the business strategy reveals the following picture. The level of integration can be predicted mainly by policy and practice variables. High integration firms (which are just above 50 percent) do not target recruitment of the long-term unemployed. This specifically is given a low priority and these firms are in their turnaround life cycle stage of organisation. It is logical to assume that firms in this particular life cycle stage look for those employees who can significantly help to recover, who are energetic, creative, committed and skilful. Generally who lack such capabilities, stay unemployed. This is further confirmed by the survey results which show that majority of British organisations (58.2 percent) target fresh graduates for filling their vacant positions. But why is monitoring of training and communication to employees so important in the UK firms. Over the last decade or so firms in the West are realising that 'people are the single
most asset' and hence training and development of all employees has far reaching consequences. Moreover, this aspect of HRM is connected with enhancing employees' satisfaction and commitment, growth of competence, motivation to work and higher congruence between personal and corporate 'needs' (Poole and Mansfield, 1994). Despite of this, many commentators have noted that Britain has neglected this important function of HRM (eg Finegold, 1991; Legge, 1995; Storey and Sisson, 1994; Torrington and Hall, 1995). With the increased level of competition, there is a pressure to downsize, need for adoption of latest technologies, pressure to improve the quality of work and to upgrade the skills of human resources. Due to such factors a great need is felt to emphasise the training and development function in British organisations (Legge, 1995; Sisson, 1996). Understandably then the DA results show a strong priority given to systematic analysis of employees' training needs and monitoring of effectiveness of training.

Over the last decade or so unions in the UK have not only decreased in number but their antagonist nature toward management has also changed (Legge, 1995). At present they are playing a more co-operative role (Heery, 1997). As a result, managements in the UK have also changed their approach and attitude toward unions. The issue of employee communication has become central in this regard. At present it is gaining attention, which was for long neglected in UK organisations (Townley, 1996). The results of the WIRS 3 (work place industrial relations survey) indicate an increased commitment to employees communication programs (Millward et al, 1992). With the development of the issues of 'empowerment', 'decentralisation', 'devolution', 'total quality management' and 'business process re-engineering', the significance of employee communication has grown all the more (Marchington, 1995). Expectedly then the DA results show the importance attached to the means of communication to employees.
The survey results also show an increase in both the average number of training days and the amount of money spent on training. The DA results show less emphasis given on a HR cost saving strategy. The above discussion clarified why traditional contingent factors, such as size and age of organisations is superseded in importance as predictive factors of the levels of integration and devolvement by internal HR policies related to development of human resources. Such results show the context specific nature of HRM. This is further evident in the change of titles of personnel management and industrial relations to HRM (both in the industry and academic institutions) and the professional institute (Institute of Personnel Management to Institute of Personnel Development).

The discussion now concentrates on the qualitative data from the interviews. A number of questions related to what, why, when and how of the integration and devolvement practices were investigated during the in-depth interviews. Based on the analysis of the CMAP2, two cognitive maps, one each for integration and devolvement (see Figures 1 and 2) are developed. Both the maps were validated by getting feedback from the participants of the research. The maps enable us to understand the basic formative logic underlying personnel specialists thinking regarding the two focal concepts of integration and devolvement. Along with the analysis of the maps, results from the content analysis of the interview data are also presented.

Integration Logics

Figures 1 summarises the issues related to the concept of integration such as what causes the firms to pursue it and what are its outcomes for the organisation in general and the HRM function in particular. The minus signs (on Figure 2) represent the negative impacts of one concept on the other. The 1, 2 and 3 numbers on the maps represent the strength of relationships between the various constructs. 1 stands for weak relationship (which means the
construct as shared by a maximum of 4 respondents). 2 stands for moderate relationship (the construct was shared by up to 8 managers) and 3 stands for strong relationship (the construct shared by over 8 managers). Such standardisation of maps is suggested by Markoczy and Goldberg (1995).

> PUT FIGURE 1 HERE<

The analysis reveals that British managers have realised the importance of human resources and they see high practical value in integration in terms of improving the quality of work and achieving success in organisations. As a result, many British organisations emphasise in their corporate policy the need to make HRM as integral part of the business strategy. British managers believe that integration helps them in effective evaluation of business plans, highlights needs (both business and HRs) and makes the implementation of plans more effective and efficient. Due to integration, the HRM function gets a chance to grow and become more strategic. This takes HRM practice away from routine activities, results in devolvement of responsibility to line managers and the development of a stronger business strategy. All such happenings result in the better identification of the needs of people and contributes to managing change and achieving organisational objectives. British managers believe that integration of HRM into the corporate strategy also results in focusing more on employees' needs, improving industrial relations and reducing costs and tackling organisational issues (especially related to HRs) from the outset.

Commenting on the main measures of integration provided by Brewster and associates, British managers think that the 'presence of HRM at the board level' enables the consideration of HR issues at the highest level. However, it is the connection to CEOs (who generally do not have a personnel background) which enables them to become proactive, because the personnel function gets more information at an early stage. This political constituency logic in the UK is noted in recent writings (Boxall, 1994; Legge, 1995). The
measure of ‘early consultation’ ensures that HR issues are covered in the business strategy before it is pursued and therefore helps to both determine the priority of their work load, to update and improve the HR strategy, and create more structured implementation systems. The ‘presence of a written personnel strategy’ acts as a guideline, clarifies their own objectives and the role of personnel function and helps communicate its priorities. British managers view the element of ‘translating of the personnel strategy into a clear set of work programs’ as a source of clarifying and focusing the objectives of the HRM function, helping to identify key areas of concern, allocating responsibilities, and checking whether personnel has any impact on organisational working or not.

Beside these four measures of integration of HRM into the corporate strategy, British managers suggested another measure. This is the growing ‘proactiveness’ of their function. Proactive means that the involvement of personnel specialists in the formation of business strategy has increased considerably. This is confirmed by the survey results where 81.1 percent of British managers report the increased level of proactiveness of their personnel function over the last five years. This not only helps to improve the status of personnel function but also aware it of any forthcoming challenges.

> PUT FIGURE 2 HERE <

**Devolvement Logics**

The cause map in figure 2 presents British managers' perception regarding the concept of devolvement. British HR specialists believe that it is the line managers' job to take responsibility for certain activities as they are closer to the reality. Moreover, it is the company policy of many British organisations to devolve responsibility to line. The aim is to make the line more responsible, to gain its commitment and to give the line more control. Further, due to the increased level of competition, it has become important to free specialists
from routine activities and devolve these activities to the line. This helps in the smooth functioning of the organisation. Devolvement of HRM to line managers also improves commitment of HRs towards organisations, motivates them and helps in maintaining good industrial relations.

The positive outcomes of devolvement include more problems being solved at a lower level, better change management, more responsible line managers, improved efficiency of employees and more freedom for specialists to move away from routine activities. The main negative outcomes of devolvement of responsibility for HRM to line managers reported by managers include increased pressure to train line managers, problems of maintaining consistency in the system (risk of different standards and risk of falling standards), the need for strict HR auditing and the problem of maintaining a balance of power between line and specialists.

The results of content analysis show that managers see the measure of ‘primary responsibility with line managers’ as a source of identifying how much responsibility is already devolved defacto to the line and how much is to be devolved in future. Devolvement also acts as a process to give line managers the tools and budget to make decisions. The personnel function's conception of devolvement is embedded in an advisory logic. British HRM managers give high priority to the element of ‘measuring the change in the responsibility for managers’. They feel that the more line managers take responsibility, then the more day to day personnel activities can be devolved to them thereby freeing up the HRM function to concentrate on more strategic issues. Measuring changes in responsibility also reveals the extent to which the line is empowered and helps to develop future plans regarding training. British HRM managers feel that by considering the ‘percentage of line managers trained’ in HRM skills gives them an idea of whether things are working according to a plan or not and what needs to be done in future.
Apart from these three established measures of devolvement, the interviews yielded another measure, i.e. 'continuous feedback from line managers'. This is an important measure of devolvement as it helps to evaluate whether things are working according to plans or not and what changes are required in the future. It can also help to benchmark HRM practices and to remove the feeling of working in a vacuum. Most of the managers were positive about the future of the concepts of integration and devolvement in British firms. However, they showed hesitation in accepting these concepts as a national phenomena.

CONCLUSIONS

This study has analysed the extent to which the concepts of integration of HRM into the corporate strategy and devolvement of responsibility for HRM to line managers are practised in British organisations and has helped to explain the current behaviour. British firms seem to be practising a relatively low level of devolvement in relation to the integration function. If the HRM function has to become more strategic, then the level of practice of both these concepts has to increase from the present one. The investigation into the main determinants of these two concepts has helped to highlight the context specific nature of HRM. The study has also proved the worth of the adoption of a mixed methodology and especially the significance of the use of cognitive mapping methodology to reveal the main underlying logics of key HRM functions.

The study being restricted to one sector, therefore, it will not be safe to generalise its findings to other business sectors. However, within the limitations it has achieved the set objectives and opened avenues for future research. Similar studies should be conducted in different sectors. The findings regarding the influence of organisational policies (related to recruitment, communication and training) on the integration and devolvement functions are
intriguing. More research is required to confirm such effects and to examine other organisational policies as possible determinants of HRM in different contexts.

The study has both academic and practical implications. It contributes to the theory of HRM and the field of international HRM by empirically testing the key concepts of integration and devolvement (their practice and their main determinants). It recommends the practitioners to give serious thought to the main determinants of HRM while forming their policies. The cognitive maps are important tools for giving feedback to employees and should be used for training purposes.

REFERENCES


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### TABLE 1
**INDUSTRY DISTRIBUTIONS FOR THE SAMPLE OF 93 BRITISH FIRMS**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Processing</td>
<td>17.2</td>
</tr>
<tr>
<td>Plastics</td>
<td>17.2</td>
</tr>
<tr>
<td>Steel</td>
<td>16.1</td>
</tr>
<tr>
<td>Textiles</td>
<td>17.2</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>21.5</td>
</tr>
<tr>
<td>Footwear</td>
<td>10.8</td>
</tr>
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</table>

### TABLE 2
**List of Contingent Variables and Organizational Policies**

**Contingent Variables**
- Presence of Unions
- Presence of HR Strategies: a) cost reduction; b) talent improvement; c) talent acquisition; and d) effective resource allocation
- Nature of Organization: Private Sector or Public Limited
- Age of Organization
- Size of Organization (Number of employees)
- Life Cycle Stage of Organization (Growth or Maturity)

**Organizational Policies**
- Targets for long term Recruitment
- People with disabilities
- Long term unemployed
- Women
- Fresh graduates

**Means of Monitoring Training**
- Performance Tests
- Formal evaluation immediately after training
- Formal evaluation some months after training
- Informal feedback from line managers
- Informal feedback from trainees

**Means of Communication**
- Through immediate superior
- Through trade unions or work councils
- Through regular workforce meetings
- Through quality circles
- Through suggestion box(es)
- Through an attitude survey

### TABLE 3
**DA SUMMARY FOR INTEGRATION MEASURE**

<table>
<thead>
<tr>
<th>eigenvalue</th>
<th>canonical correlation</th>
<th>Wilk's lambda</th>
<th>chi-square</th>
<th>d.f.</th>
<th>significance</th>
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</thead>
<tbody>
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<td>0.6538</td>
<td>0.5725</td>
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</table>
### TABLE 4
LEVEL OF DEVOLVED DECISION MAKING IN AREAS OF HRM

<table>
<thead>
<tr>
<th>HR Practices</th>
<th>Sole Line management decision</th>
<th>Line management in consultation with HRM</th>
<th>HRM in consultation with Line management</th>
<th>Sole HRM decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay and reward</td>
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<td>11</td>
<td>26.4</td>
<td>48.3</td>
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<tr>
<td>Recruitment and selection</td>
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<td>34.4</td>
<td>35.5</td>
<td>17.2</td>
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<td>Training and development</td>
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<td>Health and safety</td>
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<td>18.5</td>
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<tr>
<td>Workforce expansion or reduction</td>
<td>19.4</td>
<td>44.1</td>
<td>17.1</td>
<td>19.4</td>
</tr>
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Figures in the table represent percentage

### TABLE 5
CHANGE IN LINE MANAGEMENT RESPONSIBILITY IN AREAS OF HRM

<table>
<thead>
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<th>HR Practices</th>
<th>Increased</th>
<th>The same</th>
<th>Decreased</th>
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</thead>
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<td>Recruitment and selection</td>
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<td>7.6</td>
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<td>Training and development</td>
<td>69.6</td>
<td>23.9</td>
<td>6.5</td>
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<tr>
<td>Industrial relations</td>
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<td>63.3</td>
<td>7.8</td>
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<td>Health and safety</td>
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<td>35.2</td>
<td>3.3</td>
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<tr>
<td>Workforce expansion or reduction</td>
<td>38.9</td>
<td>54.4</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Figures in the table represent percentage

### TABLE 6
DA SUMMARY FOR DEVOLUTION MEASURE

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<tr>
<th></th>
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<th>canonical correlation</th>
<th>Wilk's lambda</th>
<th>chi-square</th>
<th>d.f.</th>
<th>significance</th>
</tr>
</thead>
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<td>0.4095</td>
<td>0.8042</td>
<td>29.06</td>
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<td>0.01</td>
</tr>
</tbody>
</table>

### TABLE 7
DA RESULTS FOR INTEGRATION

<table>
<thead>
<tr>
<th>Variable</th>
<th>Standard co-efficients</th>
<th>Wilk's lambda</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monitor effectiveness of training immediately</td>
<td>0.7228</td>
<td>0.7638</td>
<td>.0000</td>
</tr>
<tr>
<td>Target recruitment of the long-term unemployed</td>
<td>-0.5789</td>
<td>0.6682</td>
<td>.0000</td>
</tr>
<tr>
<td>Communicate to employees through suggestion boxes</td>
<td>0.4815</td>
<td>0.6101</td>
<td>.0000</td>
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<tr>
<td>Turnaround Life Cycle Stage of Organization</td>
<td>0.4427</td>
<td>0.6042</td>
<td>.0003</td>
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<tr>
<td>Communicate to employees through attitude survey</td>
<td>0.3845</td>
<td>0.5725</td>
<td>.0000</td>
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<tr>
<td>Variable</td>
<td>Standard co-efficients</td>
<td>Wilk's lambda</td>
<td>Significance</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------------------------</td>
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<tr>
<td>Presence of Unions</td>
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<td>Monitor training through performance test</td>
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<td>0.0108</td>
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<tr>
<td>Systematically analyze employees training needs</td>
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<td>0.7341</td>
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<tr>
<td>Cost Reduction HR Strategy</td>
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<td>0.6653</td>
<td>0.0205</td>
</tr>
</tbody>
</table>
Figure 1: British Managers’ Perception of Integration

credibility of HRM increases

creating space to allow devolvement of routine activities to line

more confident HRM managers delivering positive results

allows HRM Dept. to become proactive and strategic

creating stronger business strategy with better identification of HRs needs

HRM becoming an integral part of business strategy

higher chance of success in achieving objectives

helpful in managing change

applied to performance management to give direction to objectives

needed to manage change to improve effectiveness of (ineffective) HRs

many practical reasons for practicing integration

offers HRM Dept a chance to grow

creating an imperative to pursue integration

quality HRM gets positive results

realisation created about the importance of HRs in improving quality (e.g. IIP) and achieving objectives

considering HR issues maximises business potential

useful organisational policy to improve image

good theoretical reasons for practicing integration

creating an imperative to pursue integration

considering HR issues maximises business potential

many practical reasons for practicing integration

credibility of HRM increases

more structured implementation systems

higher chance of success in achieving objectives
Figure 2: British Managers' Perception of Devolvement

- Reinforcing the scale of downsizing
- Improved efficiency of human resources
- Acts as catalyst to view that less staff are required
- Producing lower levels of staff turnover
- More responsible attitudes in the line
- Producing lower turnover
- Helping through better change management
- Creating worries over existing shift in the balance of power
- More problems solved at grassroots level
- Necessitating structured monitoring
- Making HR audits more important
- Leading to a problem of consistency
- But creates pressure to train line managers
- Becomes more important
- More responsible change management balance of power
- HR audits
- More responsible and improve the commitment of firm's HRs
- Acknowledgment of line manager's importance in organisation's success
- HRM is naturally a line managers' job
- Freed specialists from routine activities
- Leads HRM into advisory function
- Better industrial relations climate
- Can now free specialists from routine activities
- Requires giving line managers more control
- Requirement to make line more responsible
- Corporate philosophy to practice devolvement
- Caused by increased level of competition
- Line managers are more close to reality


419. Robert F. Love and Halit Uster, "Comparison of the Properties and the Performance of the Criteria Used to Evaluate the Accuracy of Distance Predicting Functions", November, 1996.


