

Chapter 3

HR Business Partnering in Germany and the UK:

Cut From the Same Cloth? The Context of HR Business

Partnering and its Mediating Implications

3.1 Abstract

For more than two decades, HRM scholars emphasized the strategic role of the human resource business partner model (HRBPM) for the success and performance of organizations. However, there is a need for an appraisal of the original four roles in different institutional contexts and a deeper understanding of the mediating mechanisms between the HRBPM and organizational performance. Based on data from 300 large organizations from Germany and the UK, we found differences in the design of the HRBPM. Furthermore, the results showed a joint impact of the four original roles on organizational performance, mediated by internal efficiency. Surprisingly, we did not find a moderated mediation for the relationships among the HRBPM, internal efficiency, and organizational performance that helps us to understand the high diffusion of the HRBPM among different institutional contexts and its success over the last two decades. We discuss practical implications for organizations and theoretical implications for future research.

3.2 Introduction

A fit between HR activities and corporate strategy (Schuler & Jackson, 1987) and a fit among different HR practices (Baird & Meshoulam, 1988) are both necessary to enhance HR effectiveness (e.g., Buyens & De Vos, 2001) and organizational performance (Boxall, 1992). At the turn of the century, the HRBPM (Ulrich, 1997) emphasized a stronger involvement in managerial decision making to ensure a custom-fit supply of HR activities, which in turn required a new understanding of HR's role within the organization. Practically, the HR function should act as a partner for businesses by comprising four different roles: strategic partner, change agent, administrative expert, and employee champion to serve various intraorganizational needs (e.g., Brockbank, 1999; Conner & Ulrich, 1996; Ulrich, 1997). The previous research mainly focused on the antecedents and outcomes of the strategic partner of the HRBPM and showed an increase in HR effectiveness (Buyens & De Vos, 2001), organizational performance (Kuipers & Giurge, 2017) and financial performance (Hope-Hailey, Farndale, & Truss, 2005).

Notwithstanding these important insights, we identify the following research gaps that limit our understanding of the design of the HRBPM among different institutional settings and the internal processes of how the HRBPM relates to organizational performance. First, most of the extant research centered on fragments of the HRBPM, thereby either focusing on strategic HRM aspects (e.g., Bennett, Ketchen, & Schultz, 1998; Brandl & Pohler, 2010) or administrative-oriented remits (e.g., Caldwell, 2003; Truss, Gratton, Hope-Hailey, Stiles, & Zaleska, 2002). However, an assessment of all four roles at once is lacking. Second, the question remains as to whether the HRBPM is a universally applied concept or whether it differs among institutional settings. As far as we know, the HRBPM has not been examined in terms of cross-country differences to date. Third, knowledge is limited regarding the possible mediating mechanisms that explain the success of the HRBPM in terms of organizational

performance. Relatedly, the question remains as to whether these mediating mechanisms are subject to cross-country differences.

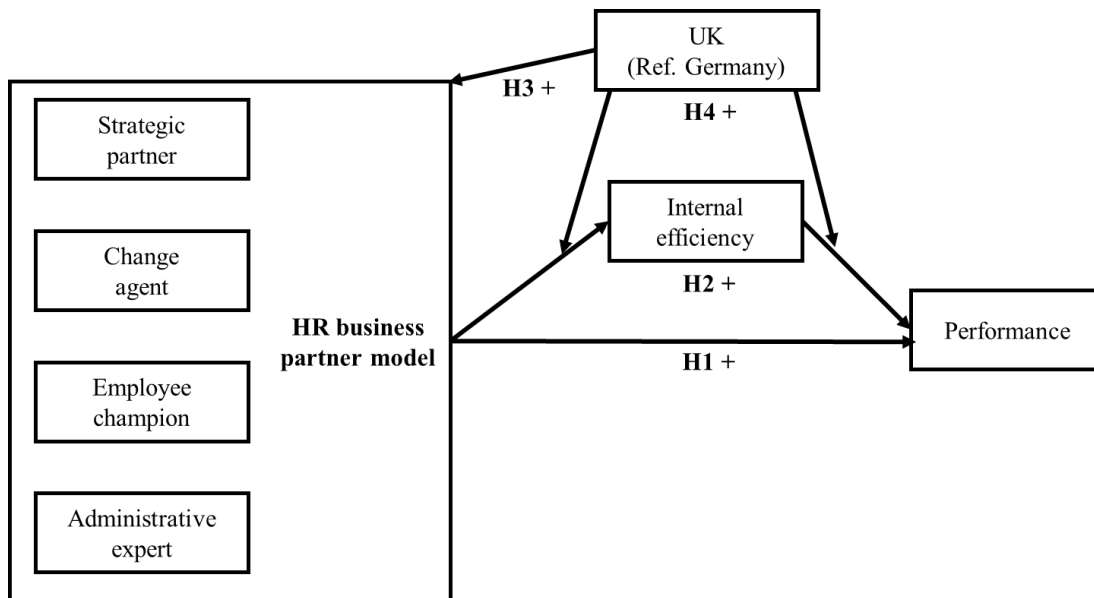
Therefore, the present paper has three different but interrelated aims to fill this research gap. First, we investigate the performance implications of all four HRM roles for the organization. Ulrich (1997) stressed the relevance of all four roles to serve various intraorganizational needs and to reduce frictions between stakeholders, while previous research primarily focused on parts of the HRBPM (e.g., Pritchard, 2010; Truss et al., 2002; Wehner, Kabst, Meifert, & Cunz, 2012). The notion that all four roles jointly create a competitive advantage was also supported by qualitative and conceptual studies (e.g., Buyens & De Vos, 2001; Ulrich, Younger, & Brockbank, 2008).

Second, we examine cross-country differences in terms of the HRBPM and its performance implications between Anglo-Saxon countries and Germanic Europe. In terms of international comparison, we draw on a prevalent economic typology that classifies the UK as a LME and Germany as a CME (Brewster, Brookes, & Gollan, 2015; Hall & Soskice, 2001). The HRBPM was initially promoted in Anglo-Saxon countries (Caldwell, 2001; 2003) and later diffused to organizations in the rest of Europe. Scholars agree that the institutional context is relevant for the success of new HR practices and management methods (Brewster, 1993). An empirical assessment of national differences in the design of the HRBPM or its implications is highly relevant, especially for multinational enterprises that implement the HRBPM in different institutional settings. Furthermore, it is possible that institutional differences within countries, such as the co-determination structure in Germany (Wächter & Muller-Camen, 2002), might outweigh certain strategic aspects.

Third, we suggest that internal efficiency is an important mediator of the relationship between the HRBPM and organizational performance. This suggestion is in line with scholars who stressed the relevance of mediators to explain the chain from HR-related antecedents to organizational outcomes (Becker, Huselid, Pickus, & Spratt, 1997). This approach ensures a

better understanding of the mediator and its impact on organizational performance. Hence, if internal efficiency is increased, organizational performance is increased as well. The underlying research model is displayed in Figure 3.1.

The contribution of this paper to the literature is twofold. First, the examination of all four roles of the HRBPM contributes to a better empirically driven understanding of the model. The rigorous approach of this study supports that HRM roles are equally important and jointly unfold their full potential (Hope-Hailey et al., 2005; Ulrich, 1997). This result adds to the ongoing critical debate concerning attempts to confirm the link between the HRBPM and organizational success by scientific means (e.g., Caldwell, 2003; Hope-Hailey et al., 2005). Second, shedding light on an important mediator (i.e., internal efficiency) between the HRBPM and organizational performance allows for an in-depth comprehension of the underlying mechanisms and processes. Furthermore, additional knowledge will strengthen the HRBPM, as it was primarily driven by consultants and practitioners in the past (Afiouni, Karam, & El-Hajj, 2013; Francis, Parkes, & Reddington, 2014). Finally, HRM profits from the international context of this study. Respective managers consequently know whether the conditions in a jurisdiction are either positive or adverse in terms of HRBPM implementation. Potential consequences include refraining from an implementation or adapting the HRBPM to match national circumstances to leverage the model's success.

Figure 3.1. Research model

3.3 Theoretical Background

3.3.1 HRBPM and Strategic Integration of HRM

Many studies have developed and covered a broad range of HRM roles (e.g., Schuler, 1990; Storey, 1992), although the most prevalent HRM role concept derived from Ulrich (1997). Ulrich postulates that HRM participates in strategic decisions and, therefore, creates essential value to the organization (Ulrich, 1997). The concept stipulates an alignment between HRM and line management, which is driven by two strategic roles, namely, the strategic partner and the change agent. Two operational roles, the employee champion and the administrative expert, however, primarily create organizational efficiency. The strategic partner addresses strategic alignment and anticipates issues of line management, whereas the change agent is concerned with managing corporate changes to maintain or achieve competitive advantages (Conner & Ulrich, 1996; Ulrich, 1997). The two operational roles are the administrative expert, who is assigned with traditional HRM-related process efficiencies, and the employee champion, who acts as an advocate for employees to mitigate their issues (Conner & Ulrich, 1996; Ulrich, 1997). Nevertheless, Ulrich (1997) contends that all four

HRM roles are relevant for success and are equally important. He explains that different HRM roles serve different internal demands (Ulrich, 1997). The underlying reasoning for this refers to a composite score of all four HRM roles; the higher this composite score is, the higher the expected positive outcomes, e.g., an increase in the score is associated with an increase in HR efficiency (Ulrich & Brockbank, 2005; Ulrich, 1997). If one role was not properly fulfilled, the overall HR operation will experience detrimental effects, similar to a cast where one actor behaves arrogantly (Ulrich, 1997). Despite numerous extensions and revisions (D. Ulrich, Younger, Brockbank, & Ulrich, 2012), the original model remains the most cited model in terms of HRM roles (Kuipers & Giurge, 2017). The relevant theoretical foundation of Ulrich's concept is the RBV (Barney, 1991; Barney & Wright, 1998). Many studies have used the RBV to demonstrate the impact of HRM on creating competitive advantages (Barney & Wright, 1998; Wright, Dunford, & Snell, 2001a).

One research stream that is closely connected to the HRBPM is the strategic integration of HRM in managerial decision making, primarily referring to Ulrich's strategic partner. Previous research has shown that the strategic integration of HRM has several positive outcomes, such as an improvement in firm performance, a facilitation of HRM effectiveness, and improved career planning or change management (e.g., Bennett et al., 1998; Lawler & Mohrman, 2003). Scholars have also underlined the influence of HRM integration on organizational performance (Stavrou & Brewster, 2005), including a positive influence on shareholder value (Becker et al. 1997), less intraorganizational friction and higher overall firm performance (Barney & Wright, 1998; Brockbank, 1999).

However, there are also studies that have found no positive results. For example, scholars have argued that the extension of HRM responsibilities ends in a lack of HRM identity (Caldwell & Storey, 2007), identified an unclear role model resulting from the different interests of stakeholders (Caldwell, 2003) and noted the insufficient mindset of HRM employees to implement strategic aspects (Francis & Keegan, 2006).

3.3.2 Investigation of HRM Business Partner Roles

Many scholars agree with Ulrich (1997) that all HRM roles are equally important (Buyens & De Vos, 2001; Hope-Hailey et al., 2005). Nevertheless, the existing research covering multiple HRM roles at a time is sparse. Exceptions are, for example, Antila (2006), who investigated all four roles qualitatively in the context of M&A processes, and Yusoff, Abdullah, and Baharom (2010), who found beneficial results for a strategic HRM remit. Raub, Alvarez, Khanna, and Khanna (2006) and Kuipers and Giurge (2017) differentiated between one strategic role and one operational role by combining the strategic partner and change agent into one composite and combining the administrative expert and employee champion into another composite. These two studies conducted quantitative analyses and found a positive outcome for the strategic composite but not for the operational composite (Kuipers & Giurge, 2017; Yusoff et al., 2010). However, despite the limited evidence of an association between the two operational roles and organizational outcomes, Conner and Ulrich (1996) have stressed the importance of both operational roles to improve internal efficiency and the achievement of organizational goals.

At the same time, there is also criticism, including the view that the model is too complex, overburdens HRM, provides insufficient guidance and correlates with role ambiguities (Caldwell, 2003). A further detrimental outcome is the potential alienation between HRM and line management due to fewer contact points (Francis & Keegan, 2006). Other issues refer to the fact that HRM is willing, though not sufficiently skilled (Wright, McMahan, McCormick, & Sherman, 1998), and a dearth of support among line managers in the case of HRM devolvment that reduces trust between corporate stakeholders (Harris, 2008). In the case of positively discriminating strategic roles over operational roles, the occurrence of intraorganizational competition is more likely (Wright, 2008) and, in turn, reduces the positive outcome of HRM involvement (Wehner et al., 2012).

3.4 Hypotheses

Scholars advocate for emancipated HRM that is integrated in managerial decision making (e.g., Buyens & De Vos, 2001; Kuipers & Giurge, 2017; Ulrich, 1997). The HRBPM is based on two dimensions: the timeline of actions (strategic vs. operational) and the type of remit (processes vs. people) (Ulrich, 1997). This setup leads to four HRM roles, each of which covers a distinct remit and addresses different intraorganizational needs, such as cooperation between relevant stakeholders, drastic transformation processes, employee engagement, and the streamlining of HRM-related processes. Several studies support the positive relationship between a strategically emancipated HRM (i.e., a HRBPM) and organizational outcomes (Bhatnagar & Sharma, 2005; Kuipers & Giurge, 2017). One explanation for the positive relationship is that if relevant stakeholders, such as HRM experts, were involved in an early stage of managerial decision making, they would be able to anticipate problems, raise relevant issues with management, and adapt measures and practices (Bhaskar, 2012; Ulrich, 1997). This approach fosters the collaboration between HRM and line management and ensures an alignment of HRM and organizational goals (Marchington, 2015).

Barney and Wright (1998) explain the respective positive outcomes by the RBV and state that organizations are striving for unique and critical resources that are difficult to imitate and that contribute to competitive organizational advantages. Ulrich (1997) basically argues in line with the RBV and stresses the positive impact of the HRBPM. He contends that the strategic partner and the change agent ensure a higher level of professionalism and quality by aligning HR and business goals (Ulrich, 1997). At the same time, the two operational roles advocate for employees, leverage process efficiencies (Truss, 2008), and consequently diminish costs (Conner & Ulrich, 1996). The result is a lean setup that increases the overall organizational performance (Ulrich, 1997). Hence, there is a theoretical explanation that HRM roles relate to improved organizational performance.

Scholars provided empirical support for the relationships among a subset of HRM roles, organizational performance (e.g., Kuipers & Giurge, 2017) and HRM effectiveness (Yusoff et al., 2010). Since all HRM roles are equally important and jointly unfold their full potential (Hope-Hailey et al., 2005; Ulrich, 1997), we extend extant research and hypothesize that all four original HRM roles (i.e., the HRBPM) affect organizational performance.

Hypothesis 1: The HRBPM enhances the performance of an organization.

Strategically oriented HRM manages relevant sources, such as HR skills, and consequently contributes to organizational competitive advantages (Barney & Wright, 1998). The underlying mechanism of creating such organizational capabilities relies on the managerial involvement of HRM, in turn enabling a contribution of HRM expertise. Previous studies supported this reasoning and demonstrated that strategically oriented HRM facilitates innovation, new internal processes, organizational change, and HR effectiveness (Brockbank, 1999). However, Dany, Guedri, and Hatt (2008) argued that a more detailed empirical assessment of the intermediary mechanisms is required.

We follow this argument and propose that *internal efficiency* is a relevant mediator. Such an approach is in line with the research of Becker et al. (1997) that proposes a chain from the HR organizational setup to productivity, performance and shareholder value. We chose *internal efficiency* because it represents the connection between intraorganizational changes and organizational outcomes, as it is directly influenced by HRM (Boselie, Dietz, & Boon, 2005). Thus, the HRBPM should contribute to anticipating potential issues and inefficiencies that might have detrimental outcomes on organizational performance (Ulrich, 1997). Such an approach will eventually increase the cost efficiency of an organization. Hence, we test for a mediator, which has largely been neglected in HR research (Boselie et al., 2005), and hypothesize the following:

Hypothesis 2: Internal efficiency mediates the positive relationship between the HRBPM and organizational performance.

HR scholars underline the relevance of national differences in HR practices and seek explanations using cultural and institutional theories (e.g., Vaiman & Brewster, 2015). We follow this line of reasoning to identify the potential differences between the focal UK- and German-based organizations. In terms of an international comparison, we draw on the typology of LMEs and CMEs, which is rooted in the capitalism literature (Hall & Soskice, 2001). LMEs are characterized by deregulated markets and a strong shareholder-value orientation, whereas CMEs are centered on coordinated and more regulated markets and foster a meaningful employee–employer relationship that is flanked by eminent employment protection regulations (Hall & Soskice, 2001). The underlying notion is that the characteristics and institutions produce, bolster and reinforce a peculiar value for each type of market economy (Hall & Soskice, 2001; Höpner, 2005). Hence, extant studies draw on the LME/CME typology to explain the differences in terms of practices and model implementations (Farndale, Brewster, Ligthart, & Poutsma, 2017; Jackson & Deeg, 2008). We follow this line of reasoning and assume that due to institutional differences between LMEs and CMEs, there will also be differences in terms of HRM practices, particularly with regard to the HRBPM. Given the short-term shareholder-value orientation in connection with liberalized markets, new trends and models are probably implemented faster and easier in LMEs than in CMEs. Therefore, one might assume that the HRBPM is more prevalent in the CME location, the UK. Hence, we hypothesize the following:

Hypothesis 3: The HRBPM is more prevalent in UK-based organizations compared to their German equivalents.

Given that HR business partnering was initially promoted in Anglo-Saxon countries (Caldwell, 2001; 2003) and diffused to Germany at a later point, one might draw comparisons to early and late movers (Makadok, 1998). Consequently, due to different maturity stages, the assessment of HR business partnering in two different countries at the same time might lead to different results. Respective comparisons draw on international differences and classify the UK as a LME and Germany as a CME (Brewster et al., 2015; Hall & Soskice, 2001). The LME orientation enables UK-based organizations to act more freely, for instance, in terms of employee communication (Brewster, Mayrhofer, & Morley, 2004). In addition, its Anglo-Saxon roots make the UK an adequate reference point within Europe for trends and practices from the US. In Germany, things are supposed to be different. The strong co-determination regulations in Germany (Wächter & Muller-Camen, 2002) might impede or even supersede HRM's strategic aspects and its role as an employee advocate. Therefore, we expect cross-country differences between the pioneering Anglo-Saxon countries, such as the UK and Germany.

Hypothesis 4: The positive relationship between the HRBPM and organizational performance is moderated by the country variable, UK (Ref. Germany), such that in UK-based organizations the effect is higher than in German-based organizations.

3.5 Methods

3.5.1 Sample

We targeted HRM representatives from large and medium-sized organizations. A specialist personnel function requires a critical mass of employees (Brewster, Hegewisch, & Lockhart, 1991); thus, we only focused on organizations with more than 99 employees (Croucher, Gooderham, & Parry, 2006; Gooderham, Morley, Parry, & Stavrou, 2015;

Steinmetz, Schwens, Wehner, & Kabst, 2011). Respondents who did not meet the requirements were excluded. Prior to the survey, we conducted a pretest with eight German HR managers and applied minor adjustments.

In Germany, the survey was conducted from May to July 2017. We drew on two sources for respondent identification: first, the career-oriented social network (XING), and second, a company database (DAFNE). We randomly addressed potential respondents by searching for the terms HR business partner, senior HR manager, HR lead and HR team lead. Over the course of our initial contact with respondents, which was via either email or phone, we stressed that the respondent must hold a management position and be acquainted with the HR-related consulting of line managers. Overall, we reached out to 1,015 HR managers and received responses from 172 organizations. Therefore, 168 organizations met our requirements, including minimum organizational size (response rate of 16.5%). The responding organizations manufacture machinery (7.7%); operate in telecommunications and IT (7.7%); and manufacture food, beverages, or textiles (7.7%). The remaining 76.9% of organizations are spread among 16 other industries. The number of organizational employees ranges from 100 to 342,000 (median 618). Most organizations belong to the private sector (87.6%), and the remaining organizations (12.4%) are spread between the public and nonprofit sectors.

In the UK, we conducted the survey from May to June 2018. Again, we randomly addressed potential respondents who matched the search criteria that were used in Germany. Overall, we received responses from 132 organizations that met our criteria. The number of organizational employees was measured in ranges in the UK. The sample covers organizations that employ 100 to more than 10,000 employees. The responding organizations operate in human health services and social work activities (6.5%); wholesale (5.6%); and the production of food, beverages, or textiles (3.5%). The remaining 84.4% of organizations are spread among 15 other industries. Most organizations belong to the private sector (68.5%),

while the remaining 31.5% of organizations are spread between the public and nonprofit sectors.

3.5.2 Measurement

All items including factor analysis, response format, and Cronbach's alpha values are depicted in Table 3.1. We conducted a confirmatory factor analysis (CFA) (Hair, Black, Babin, & Anderson, 2010). The HRM role items were adapted from previous work by Conner and Ulrich (1996), Ulrich (1997), Ulrich and Brockbank (2005), and Wehner et al. (2012). Since the related research has struggled to confirm the relevance of each operational role rigorously (Kuipers & Giurge, 2017; Yusoff et al., 2010), we mainly built on the plethora of the HRM role items provided by Conner and Ulrich (1996) but revised and refined their questions to capture new insights.

Strategic partner. This variable relates to the work by Wehner et al. (2012). We used three items to measure strategic alignment, involvement in decision making, and the strategic contribution to managerial decision making.

Change agent. This variable relates to Ulrich (1997) and Ulrich and Brockbank (2005). The variable consists of three items and covers whether HRM anticipates challenges, secures organizational competitiveness and demonstrates the importance of HRM initiatives for organizational change.

Administrative expert. We drew on the work of Conner and Ulrich (1996) and adapted three items to measure the influence of administrative experts. The items relate to whether administrative expertise ensures efficient HRM processes, continuously improves HRM processes, and identifies cost savings.

Employee champion. Again, we adapted the work of Conner and Ulrich (1996). This variable consists of three items: advocating employee interests, creating an adequate work-life balance for employees and improving organizational morale.

Internal efficiency. To assess internal efficiency, three items based on the work of Mahmood and Soon (1991) were adapted. The respective items measure the realization of cost savings, the efficient use of resources, and the creation of cost awareness.

Performance. This variable builds on the work of Stavrou and Brewster (2005) and relates to questions on the service quality, productivity and stock market performance of the organization compared to other organizations within the same industry.

UK (Ref. Germany). This country variable is dichotomous (coding: 1 = “UK”, 0 = “Germany”).

Control variables. We controlled for various influences and followed studies that demonstrated their validity (Reichel & Lazarova, 2013; Vanhala & Stavrou, 2013). Industry is dichotomous (coding: 0 = “manufacturing”, 1 = “services/other”) and was selected as differences in the overall orientation might affect HRM practices (Lengnick-Hall, 1996). Organizational size is the number of employees categorized into five levels from 1 (less than 100) to 5 (more than 10,000). In terms of HRBPM established, we asked, “Is a so-called HRBPM established in your organization?” The response format is dichotomous (0 = not established; 1 = established).

Table 3.1. Measured items

Constructs	Items	CFA	Response format	Cronbach's α
Strategic partner	HRM acts strategically and ...			
	... ensures accordance of HRM-strategy and business strategy	.88	1 (not at all) to	.88
	... is involved in important meetings and decisions	.89	7 (very high degree)	
	... contributes to decision making processes of line managers	.92		
Change agent	HRM contributes to organizational change and...			
	... anticipates future organizational challenges	.89	1 (not at all) to	.91
	... secures the competitiveness of the organization	.93	7 (very high degree)	
	... demonstrates the relevance of HRM-initiatives for organizational change	.93		
Administrative expert	HRM is responsible for efficient HRM-processes and...			
	... ensures a swift and efficient handling of operational tasks (e.g., payroll, sick notes)	.89	1 (not at all) to	.87
	... continuously identifies improvements regarding extant HRM-processes	.93	7 (very high degree)	
	... looks for cost savings regarding HRM-administration	.86		
Employee champion	HRM advocates employees' needs and...			
	... approves personnel's interests against the management	.86	1 (not at all) to	.82
	... creates a framework for an adequate work-life-balance of employees	.86	7 (very high degree)	
	... contributes to an improved shop morale	.86		
Internal efficiency	How do you rate the development of your organization's internal efficiency in the past three years compared to competitors in terms of ...			
	... realizing cost savings	.91	1 (clearly worse) to	.88
	... using resources efficiently	.91	7 (clearly better)	
	... creating cost awareness	.88		
Performance	How do you rate the performance of your organization compared to other organizations within the same industry in terms of...			
	... service quality	.84	0 (clearly worse) to	.76
	... productivity	.84	5 (clearly better)	
	... stock market performance	.80		
UK (Ref. Germany)	Where is your organization based?		0 (Germany); 1 (UK)	
Control variables	Industry		0 (manufacturing); 1 (service/other)	
	Company size (number of employees)		1 (< 100); 2 (100-199); 3 (200-499); 4 (500-10,000); 5 (> 10,000)	
	Is a HRBPM established in your organization?		0 (not established); 1 (established)	

CFA: Confirmatory Factor Analysis (factor loadings).

3.5.3 Analytical Procedures

We conducted two robustness checks regarding the influence of common method variance (Podsakoff & Organ, 1986). First, we applied Harman's single-factor test based on the model's items. The results display three factors, with an eigenvalue above 1, comprising a summed variance of 63.66% (1st factor: 47.1%, 2nd factor: 11.0%, 3rd factor: 5.5%). Second, we conducted a confirmatory factor analysis that included a single unmeasured common latent factor in the *CFA* (P. Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). By drawing on structural equation modeling, we did not observe significant differences (threshold was set to $\beta > .20$) in the standardized estimates when comparing the regular model with the model that included the common latent factor.

To rule out the potential issue of multicollinearity, we calculated the variance inflation factors (Hair et al., 2010). The variance inflation factors are approximately 2.0, and only the *VIF* relating to the change agent was 4.9; given these outcomes, we do not see a risk of multicollinearity.

3.6 Results

3.6.1 Descriptive Results

The sample size, mean values, standard deviations, and correlations are reported in Table 3.2. The highest correlation is between the strategic partner and the change agent ($r = .85$; $p < .01$). The correlation between the operational roles ($r = .67$; $p < .01$) is also high and significant, but there are even higher correlations between the strategic and operational roles like the change agent and the administrative expert ($r = .78$; $p < .01$). Such high correlations between the HRM roles basically support the concept of HRBPM and the relevance of all four original roles.

Table 3.2. Correlations and descriptive statistics

Variables	<i>n</i>	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9
1. Industry	291	.42	.50									
2. Company size	300	4.00	1.09	.04								
3. HRBPM established	216	.90	.30	.02	-.01							
4. Strategic partner	299	5.14	1.51	.06	.26	-.03						
5. Change agent	300	4.97	1.51	.09	.26	.11	.85					
6. Employee champion	299	4.80	1.33	.13	.14	.18	.59	.71				
7. Administrative expert	300	5.06	1.44	.12	.22	-.02	.74	.78	.67			
8. UK (Ref. Germany)	300	.44	.50	.19	.46	-.26	.46	.44	.33	.42		
9. Internal efficiency	299	4.84	1.22	.04	.14	.04	.49	.45	.42	.52	.31	
10. Performance	296	3.77	.77	-.08	.11	.14	.30	.26	.28	.34	.08	.56

n = sample size; *M* = mean value; *SD* = standard deviation; correlations with absolute values above .19 are statistically significant at $p < .01$.

3.6.2 Hypothesis Testing

We conducted an OLS regression analysis to test for the impact of the HRBPM (composite of all four HRM roles) on internal efficiency. The results are depicted in Table 3.3. First, we tested the direct effect of HRBPM (composite of all four HRM roles) on performance in step 1, which was positive and highly significant ($B = .23$; $\beta = .30$; $p \leq .01$). The effect size is moderate ($f^2 = .10$) (Cohen, 2013). Hence, we accept hypothesis 1.

Second, we tested the direct relationship between HRBPM (composite of all four HRM roles) and internal efficiency, which was positive and significant ($B = .44$; $\beta = .38$; $p \leq .01$), as shown in Table 3.4, step 6. The effect size is moderate ($f^2 = .20$). To scrutinize the HRBPM, we also tested diverse effects role by role in step 1, but only the strategic partner ($B = .31$; $\beta = .31$; $p \leq .01$) and the administrative expert ($B = .26$; $\beta = .27$; $p \leq .01$) provided significant results.

The mediation from the HRBPM to internal efficiency and performance is further tested in Table 3.3, steps 1 and 3. The direct effect of HRBPM (composite of all four HRM roles) on organizational performance is positive and significant ($B = .23$; $\beta = .30$; $p \leq .01$; $f^2 = .10$) and becomes insignificant once internal efficiency is included in the regression (HRBPM, $B = .06$; $p > .10$; internal efficiency $B = .32$; $\beta = .48$; $p \leq .01$). The respective effect size is moderate ($f^2 = .24$). Following the mediation test procedure from Baron and Kenny (1986), we find support that there is a full mediation by internal efficiency that is positive and significant. Thus, we accept hypothesis 2.

Third, as shown in Table 3.3, step 7, we tested for the effect of UK (Ref. Germany) on HRBPM (composite of all four HRM roles). The effect is positive and highly significant ($B = .48$; $\beta = .24$; $p \leq .01$), yet the effect size is small ($f^2 = .05$). Given these results we can accept hypothesis 3.

Fourth, we included the country variable, UK (Ref. Germany), as a relevant moderator. However, neither the interaction with the UK (Ref. Germany) nor the effect role by role or in terms of a composite of roles on internal efficiency or performance is significant (see Table 3.3 and 3.4). Moreover, the moderated mediation shown in Table 5 provides insignificant results, as the confidence interval of the index of the moderated mediation includes zero (lower limit of the confidence interval = $-.13$; upper limit of the confidence interval = $.35$) (Preacher, Rucker, & Hayes, 2007). Hence, we reject hypothesis 4.

Table 3.3. OLS regressions

Dependent variables																Performance			Composite (all four HRM roles)			
Steps		1			2			3			4			5			6			7		
Independent Variables		B	β	SE	B	β	SE	B	β	SE	B	β	SE	B	β	SE	B	β	SE	B	β	SE
1.	Industry	-.17	-.12	.10†	-.15	-.10	.10	-.16	-.11	.09†	-.17	-.12	.10†	-.16	-.11	.10†	-.16	-.11	.09†	.09	.05	.13
2.	Company size	.09	.14	.05†	.08	.12	.04†	.09	.13	.04*	.09	.14	.05†	.08	.12	.04†	.08	.12	.04†	-.08	-.09	.06
3.	HRBPM established	.20	.08	.17	.23	.09	.16	.20	.08	.16	.21	.08	.18	.24	.10	.16	.22	.09	.16	.54	.17	.23*
4.	UK (Ref. Germany)	.19	-.12	.12	-.20	-.13	.10†	.22	-.14	.11*	-.17	-.11	.13	-.17	-.11	.11	-.17	-.11	.11	.48	.24	.15**
5.	Composite (all four HRM roles)	.23	.30	.05**				.06	.07	.05	.26	.34	.09**				.09	.12	.09			
6.	Internal efficiency				.34	.51	.04**	.32	.48	.05**				.42	.63	.07**	.40	.59	.07**			
7.	Composite (all four HRM roles)*UK (Ref. Germany)										-.04	-.05	.11				-.04	-.05	.11			
8.	Internal efficiency*UK (Ref. Germany)													-.12	-.15	.08	-.12	-.15	.09			
R²				.13			.30			.30			.13			.30			.31			.06
Adjusted R²				.11			.28			.28			.10			.28			.28			.05
Delta F				5.88**			16.93**			14.30**			4.91**			14.56**			11.12**			3.46**

$n = 299$; B = unstandardized estimators. SE = standard error; significance levels: ** = $p < .01$; * = $p < .05$; † = $p < .10$.

Table 3.4. OLS regressions

Dependent variable							Internal efficiency											
Steps	1			2			3			4			5			6		
Variables	<i>B</i>	β	<i>SE</i>	<i>B</i>	β	<i>SE</i>	<i>B</i>	β	<i>SE</i>	<i>B</i>	β	<i>SE</i>	<i>B</i>	β	<i>SE</i>	<i>B</i>	β	<i>SE</i>
1. Industry	-.01	.14	.14	-.01	-.01	.14	-.01	-.01	.14	-.01	-.00	.14	-.02	-.01	.14	-.05	-.02	.14
2. Company size	.01	.06	.07	.01	.01	.07	.01	.01	.07	-.01	-.01	.07	.01	.01	.07	.03	.03	.07
3. HRBPM established	.15	.24	.25	.15	.04	.25	.01	.00	.24	.11	.03	.25	-.04	-.01	.24	-.04	-.01	.24
4. Strategic partner (SP)	.31	.10	.10 **	.31	.31	.10 **				.22	.22	.12 †						
5. Change agent (CA)	-.11	.12	.12	-.11	-.12	.12				-.10	-.10	.12						
6. Employee champion (EC)	.11	.08	.08	.11	.12	.08				.02	.02	.12						
7. Administrative expert (AE)	.26	.09	.09 **	.26	.27	.09 **				.21	.21	.12 †						
8. Composite SP & CA							.27	.27	.10 **				.18	.17	.12			
9. Composite EC & AE							.26	.24	.10 *				.15	.14	.15			
10. Composite (all four HRM roles)																.44	.38	.12 **
11. UK (Ref. Germany)				.01	.00	.16	.02	.01	.17	-.15	-.07	.18	-.11	-.05	.18	.01	.00	.17
12. SP*UK (Ref. Germany)										.25	.19	.17						
13. CA*UK (Ref. Germany)										-.28	-.26	.18						
14. EC*UK (Ref. Germany)										.34	.31	.21						
15. AE*UK (Ref. Germany)										.06	.05	.18						
16. Composite SP & CA*UK (Ref. Germany)													.22	.17	.19			
17. Composite EC & AE*UK (Ref. Germany)													.10	.08	.20			
18. Composite (all four HRM roles)*UK (Ref. Germany)																.17	.13	.15
19. Internal efficiency																		
R ²		.25			.29			.22			.28			.24			.24	
Adjusted R ²		.22			.26			.20			.23			.21			.22	
Delta F		9.39 **			8.13 **			9.64 **			6.22 **			7.90 **			10.77 **	

$n = 299$; B = unstandardized estimators. SE = standard error; significance levels: ** = $p < .01$; * = $p < .05$; † = $p < .10$.

Table 3.5. Results of OLS regressions for testing the moderated mediation

Moderator: UK (Ref. Germany)					
Effect from HRBPM to internal efficiency and performance					
	Moderator value	Conditional indirect effect	<i>SE</i>	<i>LLCI</i>	<i>ULCI</i>
	Germany	.20	.09	.03	.39
	UK	.31	.08	.17	.50
Index of moderated mediation (difference between conditional indirect effects)					
		.11	.12	-.12	.35

n = 207; *B* = unstandardized estimators. *SE* = standard error. *LLCI* = Lower limit confidence interval. *ULCI* = Upper limit confidence interval; including control variables; number of bootstrap samples = 5,000.

3.7 Discussion

This study examined the performance implications of all four HRM roles for the organization and followed the reasoning that all four roles jointly create a competitive advantage (Ulrich et al., 2008). We further examined cross-country differences in the design of the HRBPM and its performance implications between the UK and Germany, as well as the mediation through internal efficiency for the relationship between the HRBPM and organizational performance. The results show that the HRBPM enhances the performance of the organization. In particular, we provide support for a full mediation of the relationship between the HRBPM and organizational performance through internal efficiency. We further identify a contextual influence on the design of the HRBPM, thereby showing that the HRBPM is more prevalent in the UK than in Germany. Such prevalence potentially comes with a higher level of professionalization for HRM. However, we did not find support for a moderated mediation for the performance implications of the HRBPM and internal efficiency. The HRBPM seems to be universally effective among different institutional settings, although its design and professionalization are apparently different in the two studied countries, which might partially explain the success of the HRBPM around the globe. We discuss these findings in more detail below.

First, to the best of our knowledge, this is one of the first studies that corroborates the positive outcomes of all four roles, as conceptually assumed by various scholars (e.g., Conner & Ulrich, 1996; Ulrich, 1997). Extant research on the HRBPM focuses on the strategic roles (Bhatnagar & Sharma, 2005; Lawler & Mohrman, 2003), while other studies shed light on the operational roles (Huselid, Jackson, & Schuler, 1997; Kuipers & Giurge, 2017; Yusoff et al., 2010). Our results provide insights into the remit and benefits of the HRBPM for an organization. A simultaneous strategic and operational orientation of HRM is a feature that creates transparency among stakeholders, ensures better intraorganizational exchange of information, and enhances employee skills and motivation while simultaneously diminishing costs (Conner & Ulrich, 1996). This study, compared to primarily conceptual studies (Buyens & De Vos, 2001; Ulrich et al., 2008), provides empirical support for the beneficial organizational outcomes of the HRBPM. We find that the interplay of all four HRM roles at a time contributes to respective outcomes. The extant studies assume such mechanisms or argue qualitatively, but this study provides insights by drawing on quantitative methods.

Second, the contextual assessment of the HRBPM allows for a closer examination of the design and development of the HRBPM, given the different maturity levels in the UK and Germany. The LME orientation enables UK-based organizations to act rather independently and deliberately (Brewster et al., 2004). Moreover, its shareholder-value orientation and cultural ties to the US create beneficial conditions for the early implementation of trends. In Germany, presumably due to stricter co-determination regulations (Wächter & Muller-Camen, 2002), the HRBPM is less prevalent. A potential explanation might refer to the fact that the mandatory co-determination impedes organizational change and supersedes HRM's role as an employee advocate. Despite a lower level of dissemination and consequently less diffusion of strategic and operational roles, the outcomes are comparable to those of UK organizations. This interesting finding contributes to the ongoing debate of the varieties of capitalism literature (Hall & Soskice, 2001) and the comparison of LMEs and CMEs. According to this

literature, we assumed differences in the design of the HRBPM and performance implications. While we found, in fact, differences in the design of the HRBPM, there were no differences in terms of the mediating mechanism or the performance. One potential explanation relates to isomorphic pressures (Powell & DiMaggio, 1991). Isomorphism refers to the fact that individuals adapt their behavior based on predominant environmental paradigms (Powell & DiMaggio, 1991). There might be an urge to differentiate from highly cost-efficient competitors, deriving, for instance, from Asia, which might impact Western organizations to ensure an efficient organizational setup. Hence, regardless of the jurisdiction, there might be competitive pressures that flatten the international discrepancies within Western Europe.

Third, we found support for the relevance of internal efficiency as an intervening variable. The extant research has demonstrated that strategically oriented HRM facilitates innovation, enhances HR effectiveness (Brockbank, 1999), and relates to the chain from HRM to productivity and performance (Becker et al., 1997). Despite the relevance of internal efficiency as an intervening mechanism, we are well aware that our approach is just one of many potential relationships. Nevertheless, this study addresses an important shortcoming that was articulated by Boselie et al. (2005), who critically observed that mediating effects have largely been neglected in HR research. A better understanding of these HR-related mediating effects is relevant for practitioners and scholars alike. Particularly, it contributes to the ongoing debate about the HRM-performance relationship that relates to the chain from HR practices to knowledge, capabilities and performance (e.g., Jackson & Schuler, 1995; Katz & Kahn, 1978). Hence, our findings support and partially extend the notion that the HRM system (i.e., the HRBPM) defines roles that eventually affect organizational performance (Katz & Kahn, 1978).

3.7.1 Managerial Implications

We support that the HRBPM enhances organizational performance. By covering multiple HRM roles, HRM is linked to other corporate functions, receives relevant

information in an early stage and can intervene proactively. Due to the functional and business-related expertise that derives from the HRM role, HRM is in a position to improve internal processes (Brockbank, 1999; Huselid et al., 1997), to anticipate potential future issues, and to initiate appropriate measures (Caldwell, 2003). Nevertheless, merely emphasizing the strategic remit of the HRBPM is not enough. The importance and impact of the HRM in terms of supporting competitive advantages shall also be signaled to other functions within the organization. Thus, the entire HR function, including the operational HRM roles, will gain reputation as a relevant internal service provider for line management. This approach facilitates organizational communication and internal efficiency and enables the organization to leverage its core capabilities (Ulrich, 1997).

3.7.2 Limitations

First, the dataset is based on single respondents, namely, senior HR managers, and might bear the risk of single-respondent bias. However, we assume that two requirements limit the respective risks. One aspect is that the targeted respondent and responses are less biased if the person was the most knowledgeable and highly experienced person in the organization to answer the questions (Wright et al., 2001b). Another aspect refers to the robustness tests that we conduct in terms of common method variance. Since both requirements are met, we assume that there is only a limited threat of single-respondent bias.

Second, one might be concerned about not assessing the actual implementation and design of the HRBPM (i.e., the HR organizational structure). However, in this study, we took another approach, followed previous research (Caldwell, 2003; Lawler & Mohrman, 2003), and examined the HRM roles and their performance implications. We did not focus on the organizational structure that derives from such an implementation. However, we deliberately included the control variable asking about the existence of a HRBPM, which was considered a proxy for the organizational structure that follows a business partner strategy. The results of the OLS regression (see Table 3.4) support this assumption because this control variable

seems relevant for the design of the HRBPM. Nevertheless, the detailed comprehension of the organizational structure of HRM due to the HRBPM seems to be a fruitful research avenue for future studies.

Third, we only investigated the difference between the UK and Germany by applying a dummy variable. This is a prevalent approach in empirical research (e.g., Atwater, Waldman, Robie, Ostroff, & Johnson, 2005; Goergen, Brewster, & Wood, 2013), but there is no detailed information on the different setup of the HRBPM across countries. Furthermore, using a dummy variable confounds informal (e.g., culture) and formal (e.g., laws and legislation) institutions, and we are not able to draw inferences about whether cultural or institutional differences are the cause of the differences that we found in the design of the HRBPM. Given the cross-country comparison of only two countries, it might be fruitful to examine and compare several countries from the CME or LME cluster. Furthermore, a multilevel approach with several countries would allow us to assess the differential outcomes of culture and institutions either on the design of the HRBPM or the proposed mechanisms between the HRBPM and organizational performance.

3.7.3 Outlook

The interesting findings of this study contribute to the ongoing debate in the capitalism literature (Hall & Soskice, 2001) and the comparison of LMEs and CMEs. According to the capitalism literature, we assumed differences, but unlike our assumption, there were no disparities in terms of outcomes. Future research should investigate the respective underlying direct and indirect relationships and mechanisms, particularly in an international research setting, to explain such startling results. Furthermore, the comprehension of the organizational structure of HRM might be a fruitful avenue for future studies to extend our findings with, for example, the attributions that employees or line managers have with the HRBPM.

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