

Chapter 5

One Size Fits All? Differences in HRM Partnership in the UK, China and South Africa

5.1 Abstract

HRM research advocates for a strategic integration of HRM in managerial decision-making. The present study draws on extant research that supports beneficial organizational outcomes of strategic integration of HRM in managerial decision-making and focuses on respective collaboration between HRM and line management. Such collaboration, also called HRM partnership, might unfold positive outcomes like organizational performance. The respective relationship is particularly assumed in countries that are categorized as archetypal liberal market economies like the UK. Furthermore, this relationship is tested in hybrids between liberal market economies and coordinated market economies like the People's Republic of China and South Africa. By drawing on data from the Cranfield Network on International Strategic Human Resource Management survey in 2015/16 that comprises responses from 524 respective organizations, findings support a positive relationship between HRM partnership and organizational performance in the UK. However, this link is neither supported for the People's Republic of China nor South Africa.

5.2 Introduction

Strategically integrating human resource management (HRM) in managerial decision-making is a prevalent topic in HR research (e.g., Allen & Wright, 2006; Bennett, Ketchen, & Schultz, 1998; Gerpott, 2015). The most popular practical implementation of strategic integration of HRM is the HR business partner model (HRBPM) (e.g., L. Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009; Ulrich, 1997). It is designed to overcome the traditional administrative-oriented HR function by focusing on strategic aspects and collaboration between HRM and line management (Ulrich & Brockbank, 2005). The HRBPM demands multiple HRM roles to serve various intraorganizational demands and accentuates the cooperation between HRM and line management to leverage organizational outcomes (Lemmergaard, 2009; Ulrich, 1997).

Positive practical outcomes of the concept of strategically integrating HRM relate to HRM effectiveness (De Bruyn & Roodt, 2009), HR performance (Teo & Rodwell, 2007), organizational performance (e.g., Katou & Budhwar, 2010; Kuipers & Giurge, 2017) and financial performance (Bhatnagar & Sharma, 2005). These connections are theoretically explained by the resource-based view (RBV) (Barney, 1991; Wernerfelt, 1984), stating that HRM is a valuable and unique resource that contributes to differentiation from competitors (Ulrich, 1987; 1997). Moreover, scholars like Darwish and Singh (2013) as well as Dany, Guedri, and Hatt (2008) support the beneficial outcomes of cooperation and partnership between intraorganizational stakeholders.

The international comparative HR literature contrasts HR practices in multiple countries (e.g., Gooderham, Nordhaug, & Ringdal, 1999; Lazarova, Morley, & Tyson, 2008) and explains differences by institutional regulations and culture (e.g., Björkman, Fey, & Park, 2007). HRM scholars primarily draw on the varieties of capitalism that classify countries into different types to reflect institutional differences (Hall & Soskice, 2001). Despite the plethora of international comparative research only few studies focus on excerpts of the strategic

integration and put it in an international perspective (e.g., Lazarova et al., 2008; Vaiman & Brewster, 2015). The respective research is primarily focused on organizations that reside and act in European and Anglo-Saxon countries (Brewster, Brookes, & Gollan, 2015a; Stavrou & Brewster, 2005). Countries belonging to country clusters like Confucian Asia and Sub-Saharan Africa as defined by the Globe study (House, Dorfman, Javidan, Hanges, & de Luque, 2013) have not been subject to many corresponding studies.

This study focuses on the collaboration between HRM and line management (i.e., HRM partnership) as a surrogate for the strategic integration of HRM and tests for a positive relation to organizational performance. By drawing on data from the recent Cranfield Network on International Strategic Human Resource Management survey the respective relationship is examined in the UK, the People's Republic of China and South Africa. The country selection relates to international classifications and ratings (Hall & Soskice, 2001; Heritage-Foundation, 2016; House, Hanges, Javidan, Dorfman, & Gupta, 2004) and complies with calls to investigate neglected locations (Farndale, Brewster, Ligthart, & Poutsma, 2017).

The underlying contribution is twofold. First, this study assesses a relevant surrogate of the strategic integration of HRM, namely the intraorganizational partnership between HRM and respective line management. According to the reasoning of the RBV this research extends the literature on strategic integration and supplements the debate on bolstering the link between the strategic integration of HRM and organizational success (e.g., Hope-Hailey, Farndale, & Truss, 2005). Second, this study extends academic knowledge in terms of liaising strategic integration of HRM (e.g., Allen & Wright, 2006; Gerpott, 2015) and international comparative matters according to the varieties of capitalism (Hall & Soskice, 2001). The respective international comparison provides acumen particularly in terms of Asia and Africa that have often been neglected in extant research.

5.3 Theoretical Background and Related Constructs

HR researchers advocate for a strategic integration of HRM in managerial decision-making (e.g., Bennett et al., 1998; Kelly & Gennard, 1996) to leverage competitive advantages (Barney & Wright, 1998). Scholars explain this beneficial relationship with less intra-company friction and better internal coordination (Brockbank, 1999; Huselid, 1995). The strategic integration of HRM in managerial decision making enables HRM to be involved in an early stage. Consequently, HRM anticipates issues, involves relevant stakeholders and takes respective measures. Such an approach strengthens the intraorganizational coordination and collaboration between HRM and line management to ensure alignment of HRM and organizational goals (Marchington, 2015).

The most prevalent practical implementation of strategic integration is the HRBPM (e.g., Ulrich, 1997; Lengnick-Hall et al., 2009). The HRBPM is mainly driven by Ulrich who postulates that the strategic involvement of HRM is a crucial determinant of the success of an organization (Ulrich & Lake, 1990; Ulrich, 1997, 1998). Various scholars endorsed the HRBPM's relevance (e.g., Lawler, 2005; Wehner, Kabst, Meifert, & Cunz, 2012) and stressed the partnership between HRM and line management (Conner & Ulrich, 1996; Ulrich, 1997). Extant research reported that a strategic integration of HRM increases organizational performance (Bennett et al., 1998; Stavrou & Brewster, 2005), improves HR effectiveness (Bennett et al., 1998), and change management, (Lawler & Mohrman, 2003). Nevertheless, there are critical studies that demonstrate, for instance, an alienation of the traditional HRM role (Francis & Keegan, 2006) and an unclear HRM role model (Caldwell, 2003). Further criticism refers to a lack of HR identity due to the enlargement of the HRM remit (Caldwell & Storey, 2007).

Lazarova et al. (2008) inaugurate various views and studies that relate to the connection of strategic integration and organizational performance in an international context and stress their relevance in research. Moreover, Goergen, Brewster, and Wood (2013) found that

institutional settings affect practices. Vaiman and Brewster (2015) identified that internationally different HR practices like the concept of strategic integration, are likely to be influenced by institutional factors, for example, national legislation. In terms of international comparative research T. Edwards, Edwards, Ferner, Marginson, and Tregaskis (2010) support the reasoning that organizations have to consider relevant national and institutional factors. Similarly, Mesner-Andolšek and Štebe (2005) underline the importance of international comparative matters and posit that institutional differences affect the degree of devolving HR responsibilities to line management.

5.4 Hypotheses

Various scholars discussed an emancipated HRM that is integrated in managerial decision making and creates essential organizational value (e.g., Bennett et al., 1998; Kelly & Gennard, 1996). This is in line with arguments that are in favor of the positive relationship between HRM practices—particularly strategic ones—and organizational performance (Schuler & Jackson, 2005). A practical sample for such strategic integration is the cooperation between HRM and line management that is part of the HRBPM (Ulrich, 1997). The idea of strategic integration refers to the strategic HRM research stream (e.g., Boxall, 1996; 2003; Devanna, Fombrun, & Tichy, 1981) and is theoretically explained by the RBV that relates to Wernerfelt (1984) and Barney (1991). The RBV centers on resources that are valuable, rare, difficult to imitate, overall supported by the organization and consequently provide a differentiation from competitors (Barney, 1991; Barney & Wright, 1998). Thus, any sort of technological knowledge, efficient procedures and intangible assets like personnel and skills might be essential for leveraging respective organizational capabilities (Barney, 1991).

In this study the strategic integration of HRM is perceived as *HRM partnership* which is a form of cooperation that requires both HR specialists and line management to be decisively involved in HR-related decisions. Merely a cooperation of both stakeholders prevents HRM from sticking inflexibly to HR processes and losing sight of business related aspects (Boselie,

Dietz, & Boon, 2005). On the contrary line managers might struggle to balance their tasks in terms of HR-related implications which might refer to detrimental outcomes (Renwick, 2003). By drawing on Darwish and Singh (2013) as well as Dany et al. (2008) who support the beneficial organizational outcomes of intraorganizational stakeholder collaboration, one can assume that HRM partnership affects organizational outcomes positively. The relationship between HR practices that are similar to HRM partnership and organizational performance is supported by various scholars (Apospori, Nikandrou, Brewster, & Papalexandris, 2008; Kuipers & Giurge, 2017).

HR practices and respective outcomes are subject to HRM and international HRM research. The latter is based on the notion that HRM and HR practices vary on an international level due to institutional and cultural differences (Brewster, 2004; Brewster, Wood, & Goergen, 2015b; Vaiman & Brewster, 2015). A prevalent typology in terms of conducting cross-country comparisons in international HRM research are varieties of capitalism (Dore, 2000; Hall & Soskice, 2001). Scholars differentiate between liberal market economies (LMEs) like the US and coordinated market economies (CMEs) like Germany or other European countries (Hall & Soskice, 2001). LMEs center on shareholder-value, provide latitude to owners and are characterized by sparse regulatory requirements, whereas CMEs are stakeholder oriented, feature more governmental coordination and foster a balance between employers and employees to benefit the community (Hall & Soskice, 2001). Scholars contend that the institutional factors are more significant than cultural influences in a LME in terms of labor management (Brookes, Croucher, Fenton-O'Creevy, & Gooderham, 2011). Based on this institutional argument is the reasoning that Anglo-Saxon LMEs are more liberal in terms of diversity of practices (Amable, 2003) and provide significant latitude to organizations and firms to develop HRM strategies and subsequent practices autonomously (Brewster, 1995). Nevertheless, recent research restricts this argument by showing that a strategic HRM is also feasible in a CME environment (Croucher, Gooderham, & Parry, 2006).

Various studies examined the autonomy of firms and HRM's latitude to determine strategic aspects in the context of the LME/CME dichotomy (Croucher et al., 2006; Gooderham & Nordhaug, 2010). The respective underlying notion is that LME-based organizations face more pressure to implement changes more quickly due to the shareholder value orientation, whereas CME-based organizations have to tackle a prescriptive environment in terms of regulations and duties (Hall & Soskice, 2001). Due to the habituation to correspond to shareholders' demands it is more likely that HRM is more used to change and to adapt to new practices such as business partnering in a LME environment like the UK. This is also in line with research showing that certain strategic HRM practices are more likely to occur in LMEs rather than in CMEs whose regulations often stipulate a mandatory enforcement by default (Marler & Parry, 2016).

The UK is represented in relevant extant studies and is often used as a reference point for international comparative matters (e.g., Brewster et al., 2015a; Mayrhofer, Brewster, Morley, & Ledolter, 2011; Stavrou & Brewster, 2005). Its archetypal LME orientation enables UK-based HRM to act more independently compared to other European countries that provide strict labor regulations (Brewster, Mayrhofer, & Morley, 2004). Besides, its Anglo-Saxon roots make the UK a unique reference point within Europe for trends and practices from the US. Both the LME orientation and the close ties in terms of language and culture to the US make the UK a reference in terms of adapting to new practices (Caldwell, 2003). Such conditions will impact the professionalization of HRM and the education of respective HR managers positively, and will in turn foster the ability to act as a meaningful partner for business. Thus, in the UK the economic conditions and the organizational setup allow HRM to take a cooperative role and act as a partner for line management. Given these arguments the first hypothesis is constructed as follows.

Hypothesis 1: In UK-based organizations HRM partnership is positively related to organizational performance.

In a globalized world it is sensible to test whether there are international differences in terms of HRM in general (Bowen, Galang, & Pillai, 2002) and in terms of HRM partnership in particular. Yet there are also drivers for convergence that explain a reduction of international differences. A respective explanation relates to the new institutionalism (DiMaggio & Powell, 1983). The new institutionalism states that organizations adapt practices from the market leader to leverage their reputation and legitimation according to social conventions and expectations (DiMaggio & Powell, 1983; Powell & DiMaggio, 1991; Suchman, 1995). Discussions that are driven by professional networks additionally pressure in favor of isomorphism and require key players to adapt to predominant industry practices (Powell & DiMaggio, 1991). Hence, such isomorphism lead to the assumption that international differences are moderate, particularly for organizations that belong to the same variety of capitalism.

Research has primarily focused on either typical CMEs or LMEs as hybrid varieties in terms of capitalism are not supposed to be economically successful (Hall & Gingerich, 2011). Yet, there are calls to look into interesting country examples apart from the prevalent ones (Farndale et al., 2017). Extant studies conducted international comparisons in terms of the adaptation of HRM, however, the focus lied primarily on European and Anglo-Saxon countries (e.g., Brewster et al., 2015a; Mayrhofer et al., 2011; Stavrou & Brewster, 2005).

In terms of the varieties of capitalism classification the People's Republic of China closely resembles a LME, especially in terms of its industrial relations, its education and training system as well as its inter-company relations (Witt, 2010). Due to reforms and policy changes, China is a best case for quick marketization and increasing foreign direct investments (Ngo, Jiang, & Loi, 2014). These macro economical changes imply adjustments

on the micro economical level, like the implementation of market-oriented HRM policies and practices (Liang, Marler, & Cui, 2012). Various scholars support this notion. Kim, Wright, and Su (2010) state that Chinese organizations implement western HR concepts to leverage organizational outcomes and Law, Tse, and Zhou (2003) posit that a strategic HRM impacts firm performance positively under certain conditions. Given these aspects and a predominant LME orientation it is hypothesized that the HRM partnership in Chinese organizations will be similar to the British equivalents.

Hypothesis 2: In Chinese organizations HRM partnership is positively related to organizational performance.

South Africa is another interesting sample as it contains elements of CMEs and LMEs and can be classified as a hybrid (Nattrass, 2014). South Africa is one of the most economically developed regions in Africa and target of billion dollar foreign direct investments from western and Chinese organizations (Kamoche, 2001). Respective progressing internationalization and macro-economic adjustments should have enabled South African organizations to adapt their organizations to best-practices, however, only a limited number of organizations followed such new trends (Budhwar & Debrah, 2001). Moreover, the increasing labor costs in connection with internationalization and trade liberalization trigger labor-related issues (Nattrass & Seekings, 2012). In addition to such liberal aspects there are governmental coordination and CME facets that affect parts of the economy, particularly labor legislation (Nattrass, 2014). Such CME orientation might relate to a conservative and administrative-oriented attitude of HRM to focus on its institutional mandate (Marler & Parry, 2016). In such a setting HRM might implement best practice solutions; yet rather than strategically developing and shaping HR practices according to the demands, western trends might be copied, primarily for legitimization reasons as done in Eastern Europe (Strohmeier

& Kabst, 2009). Nevertheless, scholars found partial support for the strategic integration of HRM in South Africa (Pietersen & Engelbrecht, 2005). This finding provides a basis for testing the HRM partnership reasoning in this very setting. Given the relevance of institutional factors (Brookes et al., 2011) and the CME-like hybrid setting it can be assumed that HRM partnership in South Africa is not as successful as in a LME environment. Besides, due to its potential positivistic and less intrinsic need for establishing western HR practices the actual objective of HRM partnership might be suffocated. Hence, a flattened relationship between HRM partnership and organizational performance is assumed.

Hypothesis 3: In South African organizations HRM partnership is positively related to organizational performance, but the relationship is less strong than in an archetypal LME, like the UK.

5.5 Methods

5.5.1 Sample

The three hypotheses are tested by using data from the Cranfield Network on International Strategic Human Resource Management (Cranet) survey in 2015/16. The Cranet survey was created by an international team of researchers in HRM. Since its start in 1989, the survey has been conducted every three to five years. For further details regarding Cranet and its methodology, please see the work of Brewster and colleagues (e.g., Brewster, Hegewisch, & Lockhart, 1991) as well as Steinmetz, Schwens, Wehner, and Kabst (2011). The Cranet questionnaire was sent to the most senior HR managers of organizations in the public and private sectors. The Cranet network received a total of $n = 210$ responses in the UK, $n = 256$ responses in China and $n = 121$ responses in South Africa. In consequence of the fact that a specialist personnel function requires a critical mass in terms of employees only organizations with more than 99 employees were considered (Brewster et al., 1991; Croucher

et al., 2006; Gooderham, Morley, Parry, & Stavrou, 2015). This threshold and the adherence to the Cranet methodology (Tregaskis, Mahoney, & Atterbury, 2004; Gooderham et al., 2015; Steinmetz et al., 2011) reduced the final sample to $n = 173$ for the UK, $n = 237$ for China and $n = 114$ for South Africa. According to our sample 67 % of the participating organizations in UK operate in the private sector (65 % in China, however, just 33% in South Africa). The percentage of public and nonprofit organizations is 14 % in UK and 34 % in China, but 67% in South Africa. The three distinct main economic sectors for the UK organizations are wholesale and retail (9.5%), financial industry insurance activities (8.2%) and human health services (6.8%). The remaining 75.5% are spread across another 13 sectors. Responding organizations in China primarily operate in accounting, management, scientific research (13.1%), manufacturing of machinery and equipment (8.6%), and manufacturing of basic products (7.6 %); the remaining 70.7 % are distributed across 17 further sectors. Organizations in South Africa mostly operate in public administration and social security (30.6%), agriculture (7.2%), manufacturing of food, beverages, textiles, wood, coke and petroleum (5.4%), the remaining 56.8% relate to 16 other sectors. The number of employees in the organizations in the sample range from 100 to 92,000 (median 450) in UK, from 100 to 160,000 in China (median 800) and 100 to 130,000 (median 523) in South Africa.

5.5.2 Measurement

To ensure comparability in the sample, similar countries in terms of economic layout and labor freedom were selected based on the labor freedom index. This index is calculated by the Heritage-Foundation and compares countries in terms of legislation, and institutional regulations regarding the labor market and employment, whereas economic friendly regulations yield higher ratings (Heritage-Foundation, 2016). By drawing on data from 2016 the respective procedure leads to the selection of UK (labor freedom index: 72), China (labor

freedom index: 62) and South Africa (labor freedom index: 59)¹. Moreover, all three countries range around a medium score (in terms of a 1–*very low* to 7–*very high* scale) with regard to relevant cultural practices dimensions from the 2004 Globe project (House et al., 2004).

Respective dimensions are assertiveness that is the degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships (UK = 4.2, China = 3.8, South African white sample = 4.6); future orientation that is the degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying individual or collective gratification (UK = 4.3, China = 3.8, South African white sample = 4.1), and performance orientation that refers to the extent to which high level members of organizations and societies encourage and reward group members for performance improvement and excellence (UK = 4.1, China = 4.5, South African white sample = 4.1).

HRM partnership. Based on previous research in which the variable was defined as HR devolvement the author modified this variable to capture the cooperative aspects (Dany et al., 2008; Gooderham et al., 2015; Gooderham, Parry, & Ringdal, 2008; Mesner-Andolšek & Štebe, 2005). The items measure the primary responsibility for HRM-related decisions that are associated with fundamental HRM topics. The related topics refer to HR expertise remits like employee recruitment and selection, training and development, and workforce expansion/reduction. Responses were “line management alone”, “line management in consultation with the HR department”, the “HR department in consultation with the line management”, and the “HR department alone”. In contrast to previous research, this study focuses on the strategic cooperation between line management and the HR function. Therefore, responses have been recoded to be in line with the concept of partnership and strategic integration of HRM (Dany et al., 2008; Ulrich, 1997). The coding is as follows: *line*

¹ The labor freedom index 2016 comprises 186 countries and ranges from 5 to 91 points. The index consists of seven equally weighted quantitative factors like mandatory severance pay or rigidity of hours.

management alone = 0, line management in consultation with the HR department = 1, the HR department in consultation with line management = 1, and the HR department alone = 0. The Cronbach's Alpha is .72.

Organizational performance. This variable consists of three items and is adapted from Apospori et al. (2008). The variable reflects the organizational success by questioning the productivity, innovation rate and stock market performance. For example it was asked “please rate the performance of your organization compared to competitors in the same industry in terms of profitability”. The response format ranges from 1 (*clearly worse*) to 5 (*clearly superior*). The Cronbach's Alpha is .78. Relevant research argued that such perceived measures highly correlate with objective performance measures and are therefore valid (Pearce, Robbins, & Robinson, 1987; Wall et al., 2004). This study draws on relevant publications that used a comparable approach in terms of linking HR practices with a relatively distal outcome variable like organizational performance (e.g., Apospori et al., 2008; Kuipers & Giurge, 2017).

Country variables. The Cranet survey is conducted on a country basis. For correlations two dummy variables *China* and *South Africa* were created; both variables relate to UK as a reference point. For the *SEM* a group comparison approach was applied (coding: 0 = “UK”, 1 = “China” and 2 = “South Africa”). The control variables relate to both the sector the organization is operating in and company size (e.g., Reichel & Lazaro, 2013). *Sector* is dichotomous and differentiates between pure private sector organizations and mixed organizations that are at least partly related to private domains on the one hand and public sector and not for profit organizations on the other hand (coding: 1 = “private sector and mixed”, 0 = “public sector and not for profit”). *Company size* is the natural logarithm of the number of employees.

An overview of the measured items, factor loadings, and Cronbach's alpha values is depicted in Table 5.1.

Table 5.1. List of measured items

Constructs	Items	Factor Loadings	Coding of Responses	Cronbach's α
HRM partnership	Who has the primary responsibility for major policy decisions on recruiting and employee selection?	.87	0 (either line management or HRM is responsible) 1 (there is a joint responsibility)	.72
	Who has the primary responsibility for major policy decisions on employee training and development?	.80		
	Who has the primary responsibility for major policy decisions on workforce expansion/reduction?	.73		
Organizational performance	How do you rate the performance of your organization compared to competitors in the same industry in terms of productivity?	.80	1 (significantly lower) to 5 (significantly higher)	.78
	How do you rate the performance of your organization compared to competitors in the same industry in terms of innovation rate?	.89		
	How do you rate the performance of your organization compared to competitors in the same industry in terms of stock market performance?	.81		
Country	Country variable	-	SEM: 0 (UK), 1 (China), 2 (South Africa)	-
Control variables	The sector the organization is operating in	-	1 (private sector and mixed companies) 0 (public sector and not for profit organizations)	-
	Company size	-	natural logarithm of the number of employees	-

5.5.3 Analytical Procedures

The analytical procedures are primarily conducted by *SEM*.

Discriminant validity. Table 5.2 shows that our hypothesized model 1 comprising two constructs provides excellent goodness of fit measures ($\chi^2 = 17.37$; $df = 16$; $p = .36$; $CFI = .99$, $TLI = .99$; $RMSEA = .01$) (Bollen, 1989; Hu & Bentler, 1995). In terms of *SEM* analysis, no error terms were correlated (Steinmetz, 2014).

Table 5.2. CFA model fit analysis

	χ^2	df	p	CFI	TLI	$RMSEA$
Model 1 – 2 constructs	17.37	16	.36	.99	.99	.01
Model 2 – 1 construct	293.36	19	.00	.56	.17	.17

Robustness checks. In terms of testing for common method variance, a Harman's single-factor test is applied (P. Podsakoff, MacKenzie, Lee, and Podsakoff, 2003). There are two factors with an eigenvalue above 1 comprising a summed variance of 64.7% (1st factor: 39.5%, 2nd factor: 25.2%). Thus, there is no significant support for a common method bias.

5.6 Results

5.6.1 Descriptive Results

Sample size, mean values, standard deviations, and correlations are reported in Table 5.3. The highest correlation apart from the ones referring to the country dummies is negative and relates to the relationship between HRM partnership and South Africa (Ref. UK) ($r = -.30$; $p < .01$). Moreover, the correlation between China (Ref. UK) and organizational performance is negative and highly significant ($r = -.15$; $p < .01$). Overall the correlations between the country variables, HRM partnership and organizational performance indicate heterogeneous relationships. Furthermore, to ensure sufficient variance per construct per country respective analyses were conducted.

Table 5.3. Correlations and descriptive statistics

Variables	<i>n</i>	<i>M</i>	<i>SD</i>	1	2	3	4	5
1. Sector	495	.53	.50					
2. Company size	524	6.71	1.49	-.04				
3. HRM partnership	521	.73	.36	-.08	.08			
4. China (Ref. UK)	524	.45	.50	.02	.06	.02		
5. South Africa (Ref. UK)	524	.22	.41	-.01	-.05	-.30	-.48	
6. Organizational performance	439	3.47	.95	-.04	.01	.03	-.15	.10

n = sample size; *M* = mean value; *SD* = standard deviation; company size is the natural logarithm of the number of employees. Correlations with absolute values above .15 are statistically significant at $p \leq .01$. The observations are split per country as follows: $n_{UK} = 173$; $n_{China} = 273$; $n_{South\ Africa} = 114$.

5.6.2 Hypothesis Testing

To test the hypothesized research model a *SEM* was applied as recommended by Steinmetz et al. (2011). Further reasons for the selection of *SEM* relate to the ability to test entire models, the assessment of latent variables, and the aptitude to estimate the magnitude of effects (Kline, 2011). The model fit of the *SEM* is excellent ($\chi^2 = 23.87$; $df = 18$; $p = .16$; $CFI = .99$; $TLI = .98$; $RMSEA = .03$). Detailed results are depicted in Table 5.4. The influence of the moderator country is reflected as a group comparison approach in the *SEM* and follows the recommendations of relevant scholars (Kline, 2011; Steinmetz, 2013). As assumed the effect from HRM partnership on organizational performance in the UK is positive, moderate and highly significant ($B = .44$; $SE = .15$; $\beta = .31$; $CR = 2.85$; $p = .00$). A further indication that UK is significantly related to HRM partnership is the *CR* value of 2.85 which is above the necessary threshold of 1.96 (Kline, 2011). Moreover, critical ratios were calculated to test the differences between the country groups (Steinmetz, 2014). The z-values support, for instance, the assumption that the effects of the UK group are significantly different from the Chinese group (critical ratio for difference = -2.5). In the UK HRM partnership is positively related to organizational performance, hence, Hypothesis 1 is supported.

However, the same relationship is insignificant for China ($B = -.19$; $SE = .18$; $\beta = -.09$; $CR = -1.01$; $p = .31$) and for South Africa ($B = .02$; $SE = .10$; $\beta = .02$; $CR = .16$; $p = .87$).

Given the insignificant results it is obsolete to conduct further comparison tests between the countries. Hypothesis 2 and Hypothesis 3 cannot be accepted.

Table 5.4. Estimated coefficients for direct, and indirect effects in SEM

Hypothesized Relationship ^a				<i>B</i>	<i>SE</i>	β	<i>p</i>	<i>CR</i>
UK	HRM partnership	→	Organizational performance	.44	.15	.31	.00	2.85
China	HRM partnership	→	Organizational performance	-.19	.18	-.09	.31	-1.01
South Africa	HRM partnership	→	Organizational performance	.02	.10	.02	.87	.16

B = unstandardized estimator; *SE* = standard error; β = standardized estimator; *CR* = critical ratio.

^aFixed measurement intercepts; including control variables

5.7 Discussion

Results show that there is a positive relationship between HRM partnership and organizational performance. Nevertheless, this link is merely supported for the UK, for China and South Africa, however, no significant relationships were found. These findings contribute to the literature on strategic integration, extend respective empirical knowledge and shed light on countries that have not been in the center of academic research so far. Furthermore, these outcomes also contribute to the argumentation that the country location is a relevant factor for organizational performance (Rizov & Croucher, 2008).

For the UK, this study contributes to the realm of scientific findings that relate to the Anglo-Saxon country cluster. The significant relationship between HRM partnership and organizational performance in the present study could be explained by various reasons. One potential explanation relates to the LME orientation of the UK as a shareholder economy compared to more constrained CMEs (Hall & Soskice, 2001). Dispositions for flexibility and openness enable HRM in a LME setting to develop skills that are relevant to fill strategic

roles. HRM might also fill a strategic remit in CMEs, however, HRM is less used to such situations and therefore less likely to succeed. Moreover, such conditions will also impact the professionalization of HRM and the education of respective HR managers positively, and will in turn foster the ability to act as a meaningful partner for business. Thus, in the UK the economic conditions and the organizational setup allow HRM to take a cooperative role.

A further explanation might relate to institutions and culture. According to the Heritage-Foundation, the UK scored higher in the labor freedom ranking than the other two countries with regard to employer and owner friendly regulations (Heritage-Foundation, 2016). The gaps in terms of the ranking between the countries were not large (74 in the UK vs. 61 in China and 60 in South Africa), however, the more deregulated market in the UK might be an important factor for the success of HRM partnership. In terms of the cultural dimensions that relate to the 2004 Globe project the situation is blurred as all three countries scored similarly (House et al., 2004). Although, one explanation might relate to the dimension of future orientation that mirrors future-oriented behaviors such as planning and investing in the future. This aspect resembles the concept of HRM partnership as the collaboration of relevant stakeholders is particularly relevant for future projects. Besides, in the tradition of strategic integration of HRM, the collaboration between HRM and line management also implies an anticipation of potential issues by HRM to act as a meaningful partner for business (Ulrich, 1997). In this regard the UK is ranked higher compared to China and South Africa (UK = 4.3, China = 3.8, South African white sample = 4.1), nevertheless the difference in scores is not highly significant (House et al., 2004).

Moreover, another explanation refers to the close ties between the US and the UK that enable the UK to adapt early to practices in terms of strategic integration (Caldwell, 2003). Due to joint Anglo-Saxon roots, similarities in economic typology, culture and language it is obvious to adapt recent trends from the US in the UK. The early adaptation leads to the assumption that the UK is in a progressed maturity stage once drawing on a lifecycle

metaphor in terms of strategic integration. Other developed European countries usually adapt later to Anglo-Saxon trends. Given this reasoning as of today, the UK organizations are probably in a more mature stage of strategic integration compared to other countries that might undergo an early stage of adaptation. Consequently, such a diffusion of strategic integration might positively influence the relationship between HRM partnership and respective outcomes in the UK.

Despite latent isomorphism and a LME orientation of the Chinese economy, the relationship between HRM partnership and organizational outcomes is insignificant. A potential explanation might refer to the slightly lower scores in terms of the labor freedom index and the cultural dimensions of the Globe (Heritage-Foundation, 2016; House et al., 2004). Another aspect might be that the HRM partnership in China is hampered due to divergently perceived intraorganizational HR effectiveness, whereas line management discerns lower values than HR managers (Mitsuhashi, Park, Wright, & Chua, 2000). Notwithstanding certain trends to convergence with western practices there are particular social, economic and political characteristics that might hinder a respective implementation in general and the positive impact of HRM partnership in particular (Liang et al., 2012).

In terms of South Africa the present study cannot provide any support for the relation between HRM partnership and organizational outcomes. It seems that there are currently too many challenges that need attention in managing South African workforce (Nattrass, 2014). Despite a beginning professionalization of HRM in South Africa, a developed status that might be relevant for HRM partnership might not yet be reached (Van der Westhuizen, Van Vuuren, & Visser, 2003). Given these challenges, there are hardly any resources left to venture such management practices, so HRM is sticking to its administrative role (Budhwar & Debrah, 2001). Besides, the majority of South-African organizations in the sample relates to the public sector. It was controlled for this, however, there might be inherent specific characteristics that might impede the potential to find significant effects for the relationship

between HRM partnership and organizational performance. A public sector organization might not be subject to tough international competition as it might be protected by the government and might not have an utmost liberal market orientation. Hence, there is less pressure on such organizations to adapt to trends that shall improve the efficiency. This reasoning might be another explanation for insignificant effects in South Africa in terms of strategic integration of HRM.

5.7.1 Managerial Implications

This research provides meaningful implications for practitioners as it displays the relevance of strategic integration of HRM. The collaboration between HRM and line management unfolds positive outcomes in the UK. Hence, practitioners in the UK and potentially in other Anglo-Saxon CMEs shall consider to foster the collaboration between relevant intraorganizational stakeholders. However, given the findings of this study, practitioners might refrain from bolstering HRM partnership in China and South Africa. Respective reasons might relate to institutional and cultural circumstances that do not conduce to the success and to organizational outcomes.

5.7.2 Limitations

There are limitations to this study. First, the dataset is based on single respondents (Gerhart, Wright, & McMahan, 2000; Podsakoff et al., 2003), namely the (most senior) HR managers. Yet, the single-respondent bias is reduced if the most knowledgeable and highly experienced person in the organization answered the study questions (Wright et al., 2001). As this holds true for Cranet and due to the rigorous Cranet methodology, various measures are taken from the outset to reduce any data related issue or bias (Steinmetz et al., 2011).

Second, there are several international differences that impact the findings in this study. It was controlled for such differences in terms of appropriate country selection and the choice of control variables. Nevertheless, there is still a plethora of partially hidden influential factors that impact the findings indirectly. Future research shall try to provide further insights, for

instance, in terms of scrutinizing respective mediating effects (Becker, Huselid, Pickus, & Spratt, 1997).

Third, the underlying study does neither assess different types of HR activities nor the forms of the collaboration between HRM and line management. Further criticism might be that the level of measuring HRM partnership is too crude and might not pick up the variety and quality of relationship that may be in play. The underlying measurement was initially used to assess the concept of HRM devolvment. HRM devolvment measures the degree to which HRM practices are devolved from HR experts to line managers (Brewster & Larsen, 1992). HRM partnership rests on the same items as HRM devolvment, yet the coding is different. Instead of stressing the separation, the measurement captures the cooperation between the intraorganizational stakeholders. Given the publications on HRM devolvment and similar concepts (e.g., Brewster & Larsen, 1992; Budhwar & Sparrow, 1997; Mesner-Andolšek & Štebe, 2005) and the large overlap between the concept and measurement of HRM devolvment and HRM partnership, the criticism is qualified. Although future research that might draw on qualitative methods might tackle these aspects to provide further meaningful insights.

5.7.3 Outlook

This study provides insights for both scholars and practitioners by drawing on a practical sample of strategic integration of HRM. Cranet provides a good basis in terms of international comparisons, yet it is hardly possible to identify subtle mechanisms and causal relationships on this basis (Brewster, Brookes, Johnson, & Wood, 2014). Future studies shall investigate the underlying mechanisms in detail to provide an even better understanding why HRM partnership is successful or not. Particularly the embedment of research on HRM partnership in an international context provides an interesting remit and shall be pursued due to its relevance for practitioners and managers.

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