



The views of Spanish HR managers on the role of internal communication in translating HR strategies into HRM systems



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ABSTRACT

Although the literature has broadly examined the effects of strategic human resource management (SHRM) on performance in the past two decades, the way the relationship manifests and the conditions the strategies must meet to influence organization-level outcomes are still unresolved. This paper discusses the association between SHRM and performance from a process perspective, analyzing the role of organizational communication as a factor that moderates the implementation of an HRM strategy. Applying partial least squares modeling to a sample of 120 Spanish HR managers, we confirm the moderating role of communication, and suggest that communication makes the outputs of the strategic decision-making process explicit and fosters a shared understanding of HRM in Spanish firms.

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1. Introduction

Although strategic human resource management (SHRM) as a discipline has evolved rapidly and has demonstrated its relevance in the past few decades, inconsistent results concerning the way in which human resources contribute to achieving strategic objectives are still common (Guest, 2011; Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009; Monks, Kelly, Conway, & Flood, 2013; Woodrow & Guest, 2014). Specifically, Huselid and Becker (2011) criticize most studies for focusing on HR *content*. Fewer models explain the *process* through which the HRM strategy is formulated and implemented, even though these internal dynamics have important implications. In this line of research, this paper proposes a process model that aims to extend prior research on HR communication to include the formulation and implementation of HRM systems. As explained below, success in the implementation of an HRM strategy requires that the system is implemented to be *distinctive*, *consensual* and *consistent* (Bowen & Ostroff, 2004). For this to occur, the HRM system should not only be designed on the basis of the vertical (external fit) and horizontal (internal fit) conditions, but should also be communicated adequately.

However, one of the most relevant problems in this context is the notable disparities between what senior management teams want to transmit, what is communicated (Khilji & Wang, 2006), and even what is finally perceived by managers and employees (Nishii & Wright, 2008). It is possible to generate an HR message at the strategic apex of the organization that will be transmitted to the rest of the company through different hierarchical levels and managers. In this long and complex dynamic, the central meaning of the message may change, producing different and in some cases conflicting HRM information: *formulated* at the top level, *implemented* at the operating level and *perceived* at the individual level. This pitfall leads us to pay special attention to the importance of HR communication processes, where the generation of consistent messages to avoid ambiguous interpretations and the transmission processes to maintain their original meaning require further attention.

Considering these arguments, the purpose of the paper is to examine, through HR managers' opinions, the influence of appropriate internal communication when translating HR strategies into HRM systems. In this analysis, we attempt to contribute to the existing SHRM literature exploring the moderating role of communication in the proposed model.

To show how the analysis was conducted, the remainder of the paper is organized into three sections. The second section (Literature review) examines previous work on SHRM to explain the complete process and presents the foundation on which the

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proposed model is built. Additionally, we review the factors that affect an organization's capability to formulate HRM strategies and implement consistent HRM systems. In the third section (Empirical study), we deepen our examination of the last stage of the process—implementation—by focusing on two aspects: (1) HR managers' perceptions of system strength and (2) the moderating influence of internal communication mechanisms. We propose a model derived from the theoretical discussion, which is empirically tested by applying partial least squares (PLS) modeling to a sample of 120 Spanish HR managers. The final section considers the conclusions, implications and limitations of the study, as well as future lines of research.

2. Literature review

2.1. The HRM strategic process: implications for the formulation and implementation of an HRM system

As explained above, the paper is an attempt to contribute to previous research by opening the “black box” of SHRM by exploring the “murky chain of links between HR goals and performance outcomes” (Boxall, Ang, & Bartram, 2011, p. 1508). To perform this analysis, we start from the classical distinction between the two main elements of SHRM described by Wright and Snell (1991), Martín-Alcázar, Romero-Fernández, and Sánchez-Gardey (2005) and Monks et al. (2013): (1) HRM strategy and (2) HRM systems. An HRM strategy is usually defined as the strategic orientation explicitly or implicitly adopted by organizations to manage their human resources. If it is consistently designed, the HRM strategy provides guiding principles for other HRM initiatives, and assures management coherence. An HRM system, on the other hand, reflects the co-ordination of a specific set of practices designed to implement the HRM strategy (Martín-Alcázar et al., 2005, p. 648). As previous studies suggest, both dimensions of SHRM are closely related, but more research seems to be necessary to explain the problems that organizations find in translating HRM strategies into specific management practices.

To explain these dynamics fully, it is necessary to adopt a process perspective, differentiating between *formulation* stages, in which the HRM strategy is defined, and *implementation* processes, linked to the design of HRM systems. Drawing on traditional strategic arguments, Wright, Snell, and Jacobsen (2004) described the specific stages through which this process takes place, providing a valuable starting point for the analysis of the links between *formulated*, *implemented* and *perceived* HRM. The process starts with generic strategic stages, while final stages are much more HRM specific (Lundy, 1994). From a contingent point of view, the first part of the process contains three different but related activities: (1) *environmental scanning* by which managers analyze the environment to obtain relevant information to adapt, maintain or change the current strategy (Floyd & Lane, 2000); (2) *strategic issue interpretation* through which decision makers assign meaning to information gathered in the previous stage, categorizing it as opportunity or threat and assessing the feasibility, favourability and urgency of the possible strategic responses (Chatopadhyay, Glick, & Huber, 2001; Julian & Ofori-Dankwa, 2008); and (3) *critical HR identification* whereby top managers and HR executives examine the firm's stock of human capital from an internal viewpoint to determine human capital needs to face external challenges. Managers identify core employees who represent a basis for an HRM strategy, assessing their value and uniqueness, and how these factors contribute to sustainable competitive advantages (Lepak & Snell, 2002).

In the implementation phase of the strategic process, the system of HRM practices is designed and executed according to

information obtained in previous stages, namely, environmental scanning, strategic issue interpretation and critical HR identification. Hence, top managers and HR directors will jointly *define the HRM system* that needs to be designed as an integrated bundle of HR practices (Martín-Alcázar et al., 2005), a process whereby the strategy is translated into specific actions. As Fig. 1 shows, HRM systems describe the *implemented* strategy. Building a proper HRM system demands special attention because it must include implicit external and internal determinants to create a unique and specific set of policies and practices. In the SHRM literature, the contingent approach in the first part of the HRM strategy formation process is known as the *vertical fit condition*; it is internal in terms of business strategies and external in terms of environmental conditions.

However, designing HRM systems not only requires this contingent view, but also the configurational perspective to ensure that HR policies and practices are internally coherent and consistent, reaching the *horizontal fit* (Martín-Alcázar et al., 2005; Samnani & Singh, 2013). In this context, the step between formulated, implemented and perceived HRM systems is communication. As with the HRM system definition, communication strategies are determined by the results of prior stages. Consequently, their design will not be universal, but will suit particular HR strategies and systems. As explained in the following sections, the main argument for the proposed model (Fig. 1) is that because of the notable disparities between the strategies defined by senior management teams and what is actually communicated and perceived (Khilji & Wang, 2006), the role played by internal communication needs to be reconsidered. As Fig. 1 shows, we propose to examine communication as a moderator of the HRM strategy formation—implementation process, which has a strong impact on individual reactions to HRM practices.

The perceived dimensions of our model will include the system strength construct (Bowen & Ostroff, 2004). Following Bowen and Ostroff's (2004) logic, we argue that if the HRM system is defined consistently concerning both vertical (contingent approach) and horizontal (configurational approach) dimensions, it will be positively received by different organizational members, leading to a stronger impact on their behavior and performance. HR managers' perceptions of the “strength” of the implemented system will determine their understanding of how well the HR practices function. In fact, because the three dimensions of the system strength construct are closely related to vertical—distinctiveness and consensus dimensions—and horizontal fit—consistency dimension, respectively (Delmotte, De Winne, & Sels, 2012), they may be particularly useful in assessing the formulation—implementation—perception cycle.

2.2. Determinants of HRM system definition

After identifying core employees, senior management teams must specify HR policies based on the information obtained from both inside and outside the organization. Previous studies suggest that two factors determine a firm's capability to define a consistent HRM system: (1) HRM system flexibility or the ability to reconfigure established HR policies, and (2) the degree of managerial discretion held by executives responsible for strategic HRM decisions. The literature stresses the complexity of the definition of flexibility in HRM. Some authors explain it using multidimensional constructs (Bhattacharya, Gibson, & Doty, 2005; Ketkar & Sett, 2009). Wright and Snell (1998) suggest that HR flexibility includes three dimensions: flexibility related to *skills*, *behaviors* and *HRM practices*. In this study, we focus on the flexibility of practices, measuring the flexibility of HRM systems as a whole. We propose that the greater the flexibility is, the greater a firm's capability to adapt to environmental and organizational conditions.

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