

# HR Devolution: Rhetoric or Reality?

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## **ATTESTATION OF AUTHORSHIP**

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

*Sakib Imran Khan*

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## ABSTRACT

Devolution of HR responsibilities from HR to line managers is a key theme in the contemporary HR literature and research review suggests that increasingly organizations are devolving their HR functions to line managers. However, after more than two decades, literature is still divided regarding the relevance and appropriateness of the strategy. While some scholars optimistically promote devolution, others do not. Yet, few studies have focused on questioning and exploring the fundamental issues of the strategy that would help to decide the viability and applicability of HR devolution. This study aims to fill that gap and presents an analysis of why organizations decide to devolve the HR function, what are the challenges organizations face while devolving, how they cope with those challenges, and what are some of the potential gains from the strategy.

According to the participants of this study, the key rationales behind their organizations' adoption of devolution strategy were to empower the line managers, to make them more responsible, to achieve a strategic approach to HR, and to leverage line managers' close proximity to the employees. Overall, HR implemented devolution as a proactive strategy to improve the people management processes of the organization; a strategy that was quite well received as it did not elicit much resistance from any stakeholder group.

In general, respondents were satisfied with the overall outcomes of devolution, although only moderately. There was a close alignment between pre-devolution expectations and the outcomes of devolution. And some of the goals and outcomes were significantly and positively correlated, perhaps explaining why organizations were satisfied with the strategy.

However, while devolution results in improvements in various areas, it also brings with it new challenges and issues that can potentially undermine the positive outcomes of the strategy. This study found evidence of all the major challenges reported in the literature, including, lack of line managers' HR skills, their apathy towards HR, complaints about increasing workload, HR inconsistency, and line manager short-termism. However, despite these issues being prevalent, many respondents acknowledged that their organizations failed to manage the challenges and issues properly. And a clear

mismatch was evident between the challenges faced and measures undertaken in response for those challenges.

It was found that 44.1% of the organizations were devolved at the time of this study, while only 10.3% were planning to devolve and 44.1% had no such plan. This indicates HR devolution in New Zealand is perhaps reaching a plateau.

The overall implication from the study is that the challenges of devolution reported in the literature are found in New Zealand firms and at the same time, there are less-than-stellar gains and positive outcomes of devolution. Moreover, organizations generally failed to address the challenges properly, which suggests more than a hint of rhetoric in terms of the positive portrayal of devolution. However, if the challenges and issues associated with devolution could be properly addressed, organizations could expect to reap more benefits from implementing this HR strategy.

# CHAPTER 1 INTRODUCTION

## 1.1 Background

One of the key features of the human resource management (HRM) literature is the level of importance that has been attached to line managers (e.g. Budhwar, 2000; Currie & Procter, 2001; Gennard & Kelly, 1997, Legge, 1995; Perry & Kulik, 2008). While line managers have always been involved in some capacity in organization's people management process, the emergence of human resource management and strategic human resource management frameworks meant such involvement has now become more formal and structured. Since late 80's and early 90's, the HRM literature has increasingly stressed the importance of sharing HR responsibilities with line managers. For example, Guest (1987) stated that "line managers must accept their responsibility to practise human resource management although they may use specialist resources to assist in policy development, problem-solving, training and the like" (p. 512).

According to Valverde, Ryan and Soler (2006), the HR function is "all managerial actions carried out at any level regarding the organization of work and the entry, development and exit of people in the organization so that their competencies are used at their best in order to achieve corporate objectives" (p.618).

The concept of relocating HR responsibilities from the HR professionals to line managers is termed as 'HR devolution'. The degree or extent of this devolution varies; while many organizations may devolve parts of the HR activities to line managers, others devolve the whole HR function. Moreover, some devolve just the day-to-day operational activities to line managers, while others additionally devolve financial and decision making authority.

Devolution in this context is not the same as HR outsourcing. Outsourcing is where traditional in-house HR process and procedures are delegated to specialized external HR service provider(s); whereas in devolution, responsibilities are delegated internally to line managers.

Although literature tend to consider line managers as a 'homogeneous group' (Watson, Maxwell & Farquharson, 2007), the term line manager covers a wide range of management levels such as first-line managers, supervisors, middle managers, senior

managers and they all make important contribution towards implementing devolution (Thornhill & Saunders, 1998).

In this study, except for instances where the term ‘senior manager’ is explicitly mentioned, ‘line manager’ broadly includes any employee working at any level of managerial role whose core responsibility lies not with HR. On the other hand, ‘HR professionals’ refer to employees whose primary role is centred around HR.

It is also important here to make a distinction between devolution and decentralization. Although the difference between the concepts might be somewhat blurred, they have a distinctly different focus (Larsen & Brewster, 2003). Decentralization is predominantly concerned with changes in department structure, whereas devolution is about reallocation of authority (Kinnie, 1990). And while both can work together, but it is also quite common to find a decentralized organization where HR professionals are still in control, or vice versa where a devolved HR function exists within a centralized organization (Cascon-Pereira, Valverde & Ryan, 2006).

Review of the HR devolution literature in next chapter (Chapter 2) suggests that, there are some very strong reasons why organizations may consider devolving the HR function. There are also reports of various positive outcomes organizations experiencing following devolution. Yet, at the same time, a large number of studies reported a number of issues and challenges which hampered the overall progress of the strategy, and the majority of these issues have been repeatedly reported by studies conducted in different parts of the world in last two decades. Moreover, organizations quite often failed to deal with many of these challenges properly and therefore the gains and positive outcomes of the strategy were compromised.

The presence of such challenges suggests that despite HR devolution has often been recommended by studies in the past (e.g. Budhwar, 2000; Cunningham & Hyman, 1995; Renwick & MacNeil, 2002), the strategy is not without its own problems. Therefore, the process of devolution of HR responsibilities to line managers is not straight forward as often suggested. This observation is also evident in the recent literature reporting that after more than two decades of existence, although it is safe to say that HR devolution is certainly not a ‘fad’ and there is a definite trend towards devolution, it is by no means a “simple, unambiguous or trouble-free trend” (Larsen & Brewster, 2003, p.241). This suggests that something is definitely not working right and therefore it is a high time to bring the strategy of devolution under the microscope for a

detailed examination of the core aspects of the strategy, in order to gain a fresh understanding and perspective of the dynamics of HR devolution.

## **1.2 Aim and scope of the research**

This study contributes to the understanding of how the HR devolution strategy is taking place in organizations. While a number of studies have looked into different aspects of devolution in the past, the majority of them concentrated on areas such as what functions were devolved (e.g. Watson et al., 2007), extent of devolution (e.g. Cascon-Pereira et al., 2006), how HR professionals and line managers were sharing responsibilities (e.g. Budhwar, 2000), and the various challenges organizations faced while devolving the function (e.g. Renwick, 2003).

There has been almost a taken-for-grantedness about the whole issue, with hardly anyone questioning the fundamental basis of the strategy in terms of what are some of the potential gains from devolution, how the various challenges could possibly be addressed, or whether organizations that devolved the function were satisfied or not following the strategy. It is expected that insights into these areas will help to get a clearer picture of how devolution is taking place in organizations and therefore provide an opportunity to determine if the positive picture of devolution portrayed in the literature is indeed the reality, or mere rhetoric. Additionally, most studies on devolution so far followed the case study methodology; while case studies have their own advantages, such studies fail to capture how widely devolution is practiced in a particular region. Also, findings of various aspects of devolution may not be representative of the wider environment. This study aims to fill that void and objectively analyze the above issues and consequently present a thorough understanding regarding how and why devolution is taking place, how organizations are coping with the strategy and what are the outcomes.

This study is also significant because of the location where it was conducted. Most of the previous studies took place either in Europe or US, and only a single research was conducted in New Zealand in the past (see Lawson, Mouly & Dakin, 1999). And like most other studies, this one too followed a case study methodology, involving eight respondents from three organizations. Another study that in recent times looked into the area of devolution in New Zealand was by Rasmussen, Anderson and Haworth (2010),

which was based on the 2004 Cranet survey data. But devolution was not the primary focus of the study and therefore analysis was not extensive. Therefore, this study could be considered as the first major study on HR devolution in New Zealand.

### **1.3 Organization of the study**

This thesis consists of six chapters. Following this introduction, chapter two reviews literature on HR devolution that motivates and generates the research questions addressed in this thesis. The chapter is divided into four main sections. The first section discusses the key rationales of devolution, second section extensively illustrates the key challenges and issues associated with devolution, the third section discusses some of the measures organizations take in response to the challenges, and finally the fourth section illustrates some of the positive outcomes of devolution.

Chapter three depicts the detailed methodological approach followed in this study. It begins with a methodological justification of research design. Questionnaire survey method was utilized for data collection and a design description of the questionnaire is included. Also, discussed are the design and result of a pilot study and data collection and analysis procedure. A detailed analysis of the participants' demographic information is also provided. Finally the chapter ends with outlining the key ethical issues considered in this study.

Chapter four is about the research findings and discussion. This chapter contains data analysis and discussion in relation to past research findings. The chapter is divided into six sections: devolution status, key rationales, key challenges, key solutions, key outcomes and couple of comparative analyses between rationales and outcomes, and challenges and solutions.

Chapter five summarizes key study findings, implications and recommendations for practice, indicates some of the limitations of the study and finally identifies areas of further research.

## CHAPTER 2 LITERATURE REVIEW

### 2.1 Background

According to Storey and Sisson (1993), “central to the very idea of HRM is the notion that it entails a more strategic approach to the management of people than to the traditional personnel management or industrial relations models” (p.52). Broadly speaking, there are two key elements in the strategic HR approach: strategic integration of HR policies with the organization’s overall business strategy, and secondly, devolution of HR responsibilities to line management (Budhwar, 2000; MacNeil, 2003).

Devolution of HR responsibilities from HR to line is a key theme in the contemporary HR literature (e.g. Conway & Monks, 2010; Cunningham & Hyman, 1999; Currie & Procter, 2001; Hall & Torrington, 1998; Kulik & Bainbridge, 2006; Larsen & Brewster, 2003; Thornhill & Saunders, 1998; Whittaker & Marchington, 2003). Research review suggests that more organizations are devolving their HR functions, either partially or completely, and line managers now have far greater responsibility on HR issues than ever before. This includes various European countries such as UK, Scotland, Denmark, Switzerland, Sweden, Netherlands, Spain (Brandl, Madsen & Madsen, 2009; Budhwar, 2000; Hoogendoorn & Brewster, 1992; Cascon-Pereira et al., 2006), the US (Perry & Kulik, 2008), Australia (Kulik & Bainbridge, 2006) and New Zealand (Lawson, Mouly & Dakin, 1999).

Cascon-Pereira et al. (2006) define devolution as “the reallocation of personnel tasks or activities, and the related decision-making power, financial power and expertise power required to carry out these tasks, from other agents to line managers” (p. 147); where line managers refer to those who have “direct responsibility for achieving the objectives of the organization” (Heraty & Morley, 1995, p. 31).

Research often consider devolution as a ‘desirable output’ (Cascon-Pereira et al., 2005) and emphasizes on greater line management involvement in HR issues (e.g. Budhwar, 2000; Cunningham & Hyman, 1995; Currie & Procter, 2001; Heraty & Morley, 1995). Some of the common rationales behind devolution include: to improve efficiency and effectiveness of the HR function (Heraty & Morley, 1995), to leverage line managers’

proximity to employees (Purcell & Hutchinson, 2007), to achieve a more strategic approach to HR (Delmotte & Sels, 2008), to make line managers more responsible (Renwick, 2000) and to cut HR related costs (Budhwar, 2000).

However, there are inherent problems within the framework of devolution that can seriously undermine the positive outcomes reported in the literature. For example, line managers can lack HR skills (Stanton, Young, Bartram & Leggat, 2010), they may be reluctant to take on HR responsibilities (Renwick & MacNeil, 2002), line managers sometimes complain about increasing workload from devolution (Conway & Monks, 2010), they are focused on short term goals (Maxwell & Watson, 2006), and inconsistent HR service delivery by line managers (Nehles, Van Riemsdijk, Kok & Looise, 2006).

Despite the apparent evidence of increasingly more line management involvement in people management processes, generally the outcomes experienced by organizations seem less than what is often suggested in the 'prescriptive literature' (Currie & Procter, 2001; De Jong, Leenders & Thijssen, 1999), and quite clearly there is a gap between the pictures portrayed by the proponents of devolution and what actually happens in practice.

Such contrasting viewpoints from the literature necessitate a reevaluation of the fundamental understanding of the concept of HR devolution strategy. Therefore, in the rest of the chapter, review of the literature discusses what devolution researchers so far reported about the key rationales behind devolution, the commonly encountered challenges, the measures organizations undertake in response to those challenges, and finally, some positive outcomes of the devolution strategy.

## **2.2 Rationales for devolution**

In today's volatile markets, organizations are under constant pressures to change: from increasing competition, globalization, government deregulation, privatisation, restructuring and new technologies. Such a challenging and competitive business environment means that even day-to-day routine management activities are not routine anymore; a continuous focus and effort is required to introduce more effective and innovative management methods and practices. And one such widely prescribed method

is to involve line managers in the process of people management activities of the organization by devolving HR responsibilities from the central HR function to the line.

One of the key rationales for devolution is to overcome the drawbacks of “slow central policies” (Heraty & Morley, 1995, p. 31). Increased competition demands organizations to strive for ways to enhance their overall productivity and hence it is imperative to improve the efficiency and effectiveness of the HR function as well (Heraty & Morley, 1995). HR is sometimes blamed for taking a *go-slow* and *play-safe* approach which turns out to be an unresponsive way to deal with business realities (Hutchinson & Purcell, 2010; Whittaker & Marchington, 2003). Some believe HR departments have turned into ‘over-controlling bureaucracies’ (e.g. Harris et al., 2002), and thus line managers need to step in as the delivery points of various HR services and policies.

Another criticism against HR is that rigid HR policies can limit the decision making autonomy of line managers. Moreover, HR is criticised for promoting policies that look good on paper, but not so in practice (Whittaker & Marchington, 2003). Such criticisms imply a need for line managers to get actively involved in an organization’s human resource management processes.

One view is that, HR professionals should not directly engage in delivering day-to-day operational services; rather it is the responsibility of line managers since they are seen as being in a much better position than HR professionals in executing HR policies (Currie & Procter, 2001; Harris et al, 2002; Kulik & Bainbridge, 2006; Renwick, 2000). The argument is that line managers work in close proximity to employees and when they assume HR responsibilities this can positively influence employee motivation, commitment and performance (Budhwar, 2000; Cunningham & Hyman, 1999; Thornhill & Saunders, 1998). Moreover, not only can line managers take appropriate measures, they can implement the decisions promptly without waiting for lengthy bureaucratic approvals, which is vital for improving efficiency (Kulik & Bainbridge, 2006). Such people management practices help ensure HR deliverables - HR outcomes that solve important business problems (Ulrich, 1997), are better aligned with business needs and thus have a direct positive impact on organizational goals and bottom line performance (Gilbert, Winne & Sels, 2011).

Devolution also forces line managers to take on the responsibilities and ownership of issues that were previously out of their scope and capacity. This can help them to develop as professionals by broadening their skill sets and comfort zones (Budhwar,

2000). Devolution does give line managers greater responsibilities which can enhance their ownership to these issues and improve the accountability of local management (Kulik & Bainbridge, 2006; Renwick, 2000). Some organizations devolve HR functions as an alternative to HR outsourcing as well (Kulik and Bainbridge, 2006; Renwick, 2003).

Organizations may also favour devolution as it can improve the quality of specific HR functions, such as training and development. Mindell (1995) studied a large UK pharmaceutical company and observed that since line managers usually did not own training and development in the organization, they did not come forward to defend the function at times of budget cuts and did not bother to improve the function either by making the function cost-effective or by exploring creative ways to conduct training. She identified some important reasons for organizations to engage line managers in delivering training and development to employees; she noted, in today's rapid changing environment centrally managed training and development is somewhat limiting. Workforce downsizing and delaying are ever increasing and this means employees need to continuously up-skill themselves to face the changing work demands. Mindell (1995) argued that in a constantly shrinking workforce, proper employee grooming and development is required to increase productivity. All these challenges require an organization wide buy-in from line managers to recognize training and development an integral part of organization's growth and stability. And without active line manager participation, delivering a successful training and development regime is virtually impossible.

Another rationale for devolution is that it helps to reduce costs (Kulik & Bainbridge, 2006; Renwick, 2003). As competition increases, organizations strive to become more efficient. And one way this is achieved is by cutting down costs and HR often has to bear the brunt as well as the function is generally viewed as a 'cost center' (Becker & Huselid, 2006). Devolution is thus seen as a way to curtail HR related costs by shifting away operational tasks to line managers (Hall & Torrington, 1998; Budhwar, 2000). Also, a focus on cost cutting means there is also a direct pressure to keep the number of HR personnel down and some organizations view devolution as a logical progression in response to reducing the number of HR professionals (Kulik & Bainbridge, 2006; Larsen & Brewster, 2003).

### ***2.2.1 Who initiates devolution?***

The literature shows that devolution is not always initiated by HR, but often senior managers and line managers are behind the adoption of the strategy (e.g. Watson et al., 2007). Identifying these key stakeholders also sheds some light on the possible reasons for devolution.

One reason for senior managers to favour devolution could be that senior managers have a more strategic view of the organization and they believe that HR function is of high strategic importance. Therefore they prefer a devolved HR function whereby HR professionals can spend more time on strategic activities by relinquishing their operational responsibilities to line (Cascon-Pereira et al., 2005). Moreover, senior management often devolve the HR function to secure increased motivation and commitment from HR professionals (Budhwar, 2000).

Devolution is not without interest to line managers either. Quite often it is the line managers who voice their concern regarding HR professionals' contribution, or the lack there of, to organizational performance. They claim HR professionals are disconnected from business realities and therefore policies and practices promoted by HR are often irrelevant (Hutchinson & Purcell, 2010; Whittaker & Marchington, 2003). Moreover, devolution gives line managers greater control and authority over their employees and work, which is especially true when budgetary control and decision making authority are devolved to line (Budhwar, 2000; Cascon-Pereira et al., 2005).

Devolution is also potentially attractive to HR professionals. For example, it presents an opportunity to get involved in strategic aspects of HR, away from traditional routine activities. This allows HR professionals the scope to work with big picture issues and a gateway to transform from being predominantly a 'watchdog' of rule books to one with an 'advisory' role (Harris et al., 2002).

## **2.3 Key challenges and issues**

Although some scholars promote HR devolution in a positive light, the devolution literature is replete with evidence that show devolution of HR is not an unmitigated good. Some even state that transferring HR responsibilities to line managers is

‘problematic’ (McGovern et al., 1997; Heraty & Morley, 1995). Moreover, those who report the success stories of devolution, are quick to note that the rate and extent of success is not at the desired level and there are a lot of issues still unresolved. Below we discuss some of these key issues and challenges that organizations around the world frequently grapple with when implementing the devolution strategy.

### ***2.3.1 A strategic role for HR?***

While it is suggested in the literature that HR specialists are keen to move away from their traditional operational activities and concentrate more on the strategic end of the spectrum (Delmotte & Sels, 2008; Kulik & Bainbridge, 2006; MacNeil, 2003), research results do not lead to any clear conclusion.

Those from optimistic viewpoints argue that devolution has provided HR specialists a way to relinquish some of their routine, administrative aspects of work and assume a more strategic role (Colling & Ferner, 1992; Whittaker & Marchington, 2003). A study by Torrington and Hall (1996) reported that, the HR function involved in strategic activities “to a significant extent” (p. 87). They found a general trend among HR professionals to shift many operational works away towards the line in a quest to achieve more strategic involvement. Many HR professionals are desperate to get away from the preoccupation with operational activities; and this is evident in the area of resource allocation, where strategic issues with high visibility are getting more importance compared to ‘less valued’ operational tasks. According to Hall and Torrington (1998), the evidence of this trade-off is very clear. And it is not that only HR professionals are eager to adopt a strategic approach to HR, many senior managers who work at the strategic level also consider HR to be strategically important (Watson et al., 2007).

However, not everyone shares such a bright picture and as researcher like Renwick (2003) concludes, the notion of HR obtaining a strategic role by shifting away the operational tasks to line following devolution is a ‘false one’. Cunningham and Hyman (1999) reported a “lack of executive authority” (p. 12) and no evidence was found to support the notion of increasing influence by HR function. Their case study findings suggested that HR departments were still involved in carrying out “short-term, finance-focused agenda” (p. 23) set by the management and the authors predicted that the devolved HR responsibilities would inadvertently be affected by this and therefore

achieving a strategic approach to HR would be difficult. In another of their study, Cunningham and Hyman (1995) found little evidence that majority of the organizations were adopting a strategic approach to HR.

The research suggests that many HR professionals are still acting as ‘fire-fighters’ as they frequently have to deal with internal conflicts and spend significant time and effort in ‘short-term, reactive issues’ (Hailey, Farndale & Truss, 2005). Some HR professionals complain that despite devolution, line managers frequently come back to them whenever they face any problem and this interrupts HR’s focus on strategic matters. According to these HR professionals, line is slow to assume and master their new responsibilities and not keen to solve problems on their own (Cunningham & Hyman, 1995). However, on the other hand, HR is already viewed by many as a function out of touch of reality and this obsession to get away from operational realities to a strategic domain means they appear less accessible when line managers need HR’s support and direction (Whittaker & Marchington, 2003).

Research evidence also shows that the strategic decisions made by HR are often reactive in nature (Torrington & Hall, 1996). And despite HR’s involvement in strategic decision making, there is little evidence of any ‘integrated HR strategy’ in action (Torrington & Hall, 1996). This was also reported by Thornhill and Saunders (1998). The authors found that their case study organization completely devolved the HR function and there was not a single HR professional in the organization. However, in the absence of a centralized HR function, there was no one to coordinate HR’s strategic integration with the organizations business strategy.

### ***2.3.2 Problem of managerial short-termism***

While devolution is championed because it enables a strategic approach to HR, the fact is there are some inherent challenges of devolution that can seriously undermine the success of devolution; and line manager short-termism is one such issue (McGovern et al., 1997). Line managers are generally short term goal driven and therefore they fail to attach due importance to HR issues, which by nature requires long term goal and commitment; for example, systematic and continuous process of employee selection, development and retention.

Line managers themselves often identify short term job pressures as the key obstacle in implementing devolution (Maxwell & Watson, 2006) and do express that their main concern is with their functional responsibilities and HR comes as a poor second. For example, a study by Nehles et al. (2006) reported that 83% of their line managers attached greater priority on business issues compared to HR. Similarly, Whittaker and Marchington (2003) reported that line felt “great difficulty in maintaining the softer people skills in the face of meeting hard targets” (p. 255).

Sometimes even with all the right intentions line managers fail to devote sufficient time on HR issues as they are preoccupied with “harder’ priorities” (Cunningham & Hyman, 1999, p. 25). For example, Watson et al. (2007) found that although there was overwhelming response from senior managers in support of HR activities, because of their short term job targets they could not devote as much time as they would have liked. They found that 91% managers opined that short term job pressure was a problem and this caused a great deal of frustration.

### ***2.3.3 HR consistency is affected***

Another issue that comes in the way to a strategic approach to HR is the inability to maintain consistency in delivering HR services by line managers, which is frequently regarded as a key concern in the literature (Budhwar, 2000; Heraty & Morley, 1995; McGovern et al., 1997; Perry & Kulik, 2008; Purcell & Hutchinson, 2007; Renwick, 2003).

While there is little doubt that when line managers are given the freedom and authority to manage their employees it provides them flexibility, this comes with a price as inconsistencies creep in. For example, employees can feel that they are not treated fairly and equally by the managers compared to their peers (Nehles et al, 2006). One reason could be that line managers may remain unclear about the application of various HR processes and procedures because of lack of training and experience and therefore results in inconsistency (Stanton et al., 2010). Studies have noted line inconsistency in areas of employee promotion, training and development, performance appraisal and employee pay and benefit (Nehles et al., 2006; Renwick, 2003; Renwick & MacNeil, 2002). However, many line managers are not ready to accept the blame and according to them, it is the ‘vagaries of the system’ rather than their own short falls that result in such inconsistencies (Harris et al., 2002).

#### ***2.3.4 Quality of HR deliverables affected***

Devolution can also negatively impact the quality of HR deliverables. Whether devolution will be successful or not depends not only on line's commitment to HR, but also on HR's level of support. However, research suggests that line managers often complain about HR's lack of visibility when they need them the most (Cunningham & Hyman, 1999; Perry & Kulik, 2008).

But a firm presence of HR is vital to keep things in check since line is often ill prepared to do HR work, lack capability and responsibility (Renwick, 2003). There is always the possibility that, in the absence of continuous HR support and direction, line will cave in to their short-term hard objectives and thus people management issues will take a back seat (Whittaker & Marchington, 2003).

While some line managers may enjoy the autonomy that devolution brings, others appreciate the guidance and advice from HR on matters they do not feel comfortable, such as on grievance and disciplinary issues. Line managers regard HR support and training as highly important and they prefer HR to be more visible, as HR support not only provides guidance to line, it also gives them assurance (McConville & Holden, 1999; Watson et al., 2007; Whittaker & Marchington, 2003). Paradoxically, organizations using devolution to opt for slimmer HR units by reducing the number of HR professionals results in decreasing visibility and support for the line, which ultimately leads to below par HR service quality by line managers (Gennard & Kelly, 1997; Larsen & Brewster, 2003).

HR professionals are also not always ready to take on their new roles as advisers or counsellors for various reasons and thus result in inadequate support to line. Cunningham and Hyman (1999) found that some line managers expressed concerns about HR professionals' capability to solve problems. At the same time, although some managers expressed satisfaction regarding the support and advice they received from HR, this was associated with support in terms of providing advises on administrative issues, clarifying policies and practices, and there was hardly any evidence of HR promoting "integrative approaches to managing people" (Cunningham & Hyman, 1999, p. 17).

### ***2.3.5 Line managers lack HR skills***

One of the key reasons why problems such as inconsistency and lack of quality in HR services occur is because of the absence of the required HR skills. There is evidence that line managers generally lack the necessary skills and expertise to properly carry out their devolved HR responsibilities and that the phenomenon has not changed over the years (e.g. Currie & Procter, 2001; Harris et al., 2002; Hoogendoorn & Brewster, 1992; Hutchinson & Purcell, 2010; Nehles et al., 2006; Stanton et al., 2010).

While line managers may perform their HR activities, they do not necessarily execute them particularly well (Renwick, 2003). Some line managers also admit their weakness in doing HR work, as they find it difficult (Renwick, 2003). Because of lack of training, line managers often are not clear about the various policies developed by HR (Stanton et al., 2010) and they show ‘genuine concerns’ regarding their own expertise to manage HR issues (Harris et al., 2002). Moreover, many line managers complain that this lack of HR skills affects their overall job performance (Cunningham & Hyman, 1999).

One study by Nehles et al. (2006) reported that 30% of first line managers lacked the required HR skills and competencies and this was observed across all the four multinational business units that they studied. Cunningham and Hyman (1995) reported in their study how the traditional roles of line managers had changed in UK and questioned whether they were prepared to take on the new responsibilities. It was clear that HR professionals did not think line had the necessary skills or desire to assume HR responsibilities, while line managers thought they were adequately equipped. The authors termed this an ‘inherent difficulty’ of devolution, which then begs the question whether in the long run transferring responsibilities to line would bring any good.

### ***2.3.6 Inadequate training***

While lack of HR related skills is undoubtedly a problem, studies show that line managers generally do not receive adequate training to overcome their weaknesses (Bond & Wise, 2003; Conway & Monks, 2010; McConville & Holden, 1999; Harris et al., 2002; Hutchinson & Purcell, 2010; Stanton et al., 2010). Perry and Kulik (2008) noted that devolving HR responsibilities to line would be a ‘big risk’ for organizations if line managers receive very little training before assuming HR responsibilities. This is highly problematic because without adequate training and support from HR

professionals, line managers are always vulnerable in carrying out their HR tasks (Hutchinson & Purcell, 2010; Whittaker & Marchington, 2003).

Hutchinson and Purcell (2010) reported that 37% of line managers in their study did not receive any management training; while in another study by De Jong et al. (1999), the authors found 40% first line managers stated that lack of training was one of the major impediments towards devolution. This concern is further supported by Cunningham and Hyman's (1999) findings where training budgets in their case study organizations was merely 1% of total employment related cost.

It is also reported that quite often these trainings are arranged on ad hoc and reactive basis without doing proper need assessments (Hutchinson & Purcell, 2010; Stanton et al., 2010). Similarly, HR is sometimes guilty of providing trainings which are rather 'broad brush' and not focused on line's particular requirements (Conway & Monks, 2010). Studies also show that sometimes HR is responsible for not providing enough development opportunities to employees and when these very employees become managers or supervisors, they do not appreciate the value of trainings for their subordinates (Heraty & Morley, 1995).

Line managers also opined that training, along with experience, is necessary to develop required competencies. Especially training on leadership skills is important to carry out HR roles (Nehles et al., 2006). Stanton et al. (2010) reported that in all three of their case study organizations, line managers mentioned that they would appreciate further training from HR. Hutchinson and Purcell (2010) found that in the absence of training, learning HR skills by 'doing' was quite common among line managers.

But merely arranging training programmes for line managers is not enough. As observed by Cunningham and Hyman (1999), even though line managers talked positively about the amount of HR related training they received, the quality of the training could be questioned since according to half of the participants the trainings failed to close their skill gaps. Consequently some researchers go as far as stating that, in effect, HR professionals have not actually transferred any responsibilities to line managers as line has failed to successfully take up the responsibilities due to their inadequate skills (Hall & Torrington, 1998).

In contrast, research also shows that some line managers believe managing HR issues is merely common sense, best learnt through experience, and therefore formal training on

people management is not necessary (Cunningham & Hyman, 1999; Renwick, 2003). Line managers often claim that they have the required competencies to perform HR activities, although “whether their skills in it are imaginary or real” could be questioned (Renwick, 2003, p. 275). Studies reported that line managers were often found absent in training programs because managers and their bosses did not regard the trainings important enough (Cunningham & Hyman, 1999) or line managers were not released for attending trainings (Hutchinson & Purcell, 2010); while others were not simply interested to spend time on these trainings (Hoogendoorn & Brewster, 1992).

### ***2.3.7 Line managers do not develop their employees***

While at one hand some line managers do not value the importance of training for their own personal development, there is also this concern that line managers often do not do enough in developing employees working under them. HR professionals question line’s commitment in dealing with employment issues and are concerned that line managers are preoccupied with their functional duties and take a minimalist approach when it comes to nurturing their employees (Harris et al., 2002; Renwick, 2000). As noted previously, one reason behind this lack of effort in employee development is that since line managers are short term goal driven, they are too busy to meet their business objectives and thus do not have much incentive to invest in long term employee career development as this does not bring any immediate gain (McGovern et al., 1997). Others such as Renwick and MacNeil (2002) note that line managers are generally poor in dealing with employment issues, and this results in inadequate nurturing and development of their staffs’ career.

### ***2.3.8 Line managers’ reluctance to take on HR responsibilities***

Another major challenge towards implementing an HR devolution strategy in any organization is securing the line managers’ commitment to their changing roles. And the devolution literature clearly shows the apparent lack of interest from many line managers in undertaking HR responsibilities (Hailey et al., 2005; Hutchinson & Purcell, 2010; Kulik & Bainbridge, 2006; McGovern et al., 1997; Renwick & MacNeil, 2002). Evidence shows that line managers may not be keen to assume HR responsibilities, and when they do, they do not take the HR aspects of their role seriously. This is

particularly the case when HR responsibilities are devolved without associated decision making authority (Harris et al., 2002; McConville & Holden, 1999). Moreover, some line managers can be weary of taking up HR activities as they fear this would eventually negatively affect their core functional responsibilities (Perry & Kulik, 2008).

Harris et al. (2002) in their case study organization found line managers felt HR work was 'dumped' on them. The organization had a predominantly 'blame culture' which meant line managers were not comfortable undertaking HR responsibilities and whenever they faced any problem, they pushed it back to HR to avoid possible criticism and thus not be accountable for. The same observation was shared by Cunningham and Hyman (1995); they found line was 'shying away' from specific HR tasks like grievance and discipline and this resulted in inconsistency in HR service delivery. Brandl et al. (2009) observed that managers at lower levels attached less importance to HR and people management tasks compared to mid-level or top managers, while Hutchinson and Purcell (2010) reported lack of senior management support to HR issues. Also, as mentioned previously, many consider people management is nothing more than common sense and does not require much training. Such disregard towards training suggests that line do not put much importance to HR issues.

This whole issue is also exacerbated by people management aspects not usually being included in line managers' performance criteria and thus there is not much institutional pressure on line managers to perform their HR activities with care (McGovern et al., 1997). Therefore, without the required incentive, support and recognition from senior management, it is understandable why line managers do not give the due importance to HR issues.

However, contrasting findings reported in many other studies do not agree with above reports against line managers (see e.g. McConville, 2006; Stanton et al., 2010; Whittaker & Marchington, 2003; Wright, McMahan, Snell & Gerhart, 2001). Watson et al. (2007) reported that senior managers in their case study organization showed 'strong sense' of responsibility towards people management and were generally confident in undertaking HR responsibilities. The authors also observed that a large number of line managers were very positive in assuming their HR roles as they felt they had responsibility towards their staffs. In fact, they found managers who were positive about devolution numbered twice than those who held a negative view. Nehles et al. (2006) reported that not a single of the 30 first line managers the authors interviewed were

reluctant to take up HR responsibilities. The line managers stated that they were closer to employees and teams, and therefore it was natural that they would be responsible for HR issues. Similarly, Conway and Monks (2010) reported that middle managers in their study considered HR responsibilities as part of their ‘managerial role’. Renwick (2003) reported that although line managers did not like doing performance appraisals, they were quite happy doing other HR activities. However, the reason could be that line was compelled to do HR work as a result of “a climate of fear and mistrust driven by HR” (Renwick, 2003, p. 265), rather than being committed to the cause.

### ***2.3.9 Regulatory compliance issues***

One reason for line managers’ apparent reluctance to take on HR responsibilities could be that they do not feel comfortable taking decisions that have legal or policy implications, especially considering the increasing legal and regulatory complexities and escalating litigation. Consequently, line managers insist on HR’s active involvement, as HR professionals have the required specialist skills, knowledge and experience to deal with such issues (Whittaker & Marchington, 2003). Line managers may be of the view that they receive insufficient training on the above matters and are not equipped to take decisions on their own (Harris et al., 2002). Some are so uncomfortable dealing with disciplinary issues that they tend to avoid the process all together and would rather HR take care of the matter.

In response, HR is often asked to actively take part in meetings involving grievance and discipline (Perry & Kulik, 2008; Renwick & MacNeil, 2002). However, such an approach also brings increasing monitoring from HR which is often not favoured by line managers.

### ***2.3.10 Increased workload for line managers***

Another key reason why line managers resist taking on HR responsibilities is that it puts pressure on their already tight schedules. Except for one study (see Stanton et al., 2010), the devolution literature generally reports that line managers complain about heavy workloads (Conway & Kathy, 2010; De Jong et al, 1999; Maxwell & Watson, 2006; McConville, 2006; McConville & Holden, 1999; Nehles et al., 2006). Line managers object that they are already preoccupied with their functional roles and do not have

enough time to carry out additional HR responsibilities (Hoogendoorn & Brewster, 1992; McConville & Holden, 1999). And this phenomenon is not limited to any particular group of managers, rather across all the levels (Watson et al., 2007).

De Jong et al. (1999) reported that the most frequently mentioned challenge by line managers in their study was increasing workload, and as many as two-thirds of the managers cited this as a key issue. Nehles et al. (2006) found that 30% of first line managers complained that operational pressure prevented them from spending adequate time on HR activities. And in many instances these increasing responsibilities and workloads were due to the lengthy HR documentation required than to assuming new range of tasks (Conway & Kathy, 2010). Watson et al. (2007) in their study provided evidence of high level of discontent among line managers regarding increasing workload. The authors noted that managing HR activities and associated workload had a direct negative impact on line managers' functional performance as devolution forced them to take their "focus off customers and staff" (p. 40). Similar impression is also evident from the study by Harris et al. (2002) where the authors reported that line managers complained that increasing amount of time spent on HR activities diverted their attention from 'real work'; and this worried them since it was the real work against which their performance was measured.

### ***2.3.11 Line managers find it difficult to balance their roles***

Such increasing workload as a result of additional HR responsibilities sometimes make line managers' job difficult as they find it hard to maintain a balance between their functional roles and their HR responsibilities. Watson et al. (2007) found as many as one third of line managers identified role conflict as a barrier to devolution. Moreover, sometimes organizations devolve their HR function within a very rigid framework and line managers are not given enough scope to exercise their personal judgement. Such delegation of responsibility without associated authority can backfire as it eliminates any chance for line managers to exercise creative and novel HR solutions (Harris et al., 2002), and rather than ownership of people management issues being a source of empowerment, line managers may feel burdened by them (McConville, 2006).

### ***2.3.12 HR professionals reluctant to let go responsibilities***

Not only line managers, but HR professionals too sometimes display reluctance to transfer HR responsibilities to line. There is this concern that devolving too much of HR responsibilities to line poses a threat to their existence (Bredin & Soderlund, 2007; Conway & Kathy, 2010). Also, expertise on operational roles gives HR professionals credibility and thus they have a ‘vested interest’ on this particular issue (Currie & Procter, 2001; Renwick & MacNeil, 2002). According to Mindell (1995), HR professionals like to “preserve a mystique about their area of specialism” (p. 17). At the same time they fear that devolving responsibilities to line will result in fewer opportunities for HR professionals to practice their specialist skills and thus they might eventually lose their valuable skills and knowledge. For example, Conway and Kathy (2010) reported that line managers in their case study organizations wanted HR to translate and simplify complex regulatory policies, but HR professionals were very reluctant to simplify and share their specialist knowledge this way.

Devolution also worries HR professionals because of the fear that they may lose their power as a result. For example, they sometimes show reluctance to hand over budgetary control to line fearing this will drastically reduce their control and influence (Hall & Torrington, 1998). Also, transferring too much of HR responsibilities to line may threaten their very existence, provided line performs them successfully. And these concerns are not without substance, as it is not always easy to measure HR’s contribution, and once devolution happens, it becomes all the more difficult (Renwick & MacNeil, 2002).

Hall and Torrington (1998) went one step further and questioned HR professionals’ genuine commitment to devolution. Although they found HR professionals were keen about devolution, the authors were not convinced that that was the true picture. They suspected that HR professionals were “putting a positive face on a shrinking function” and were concerned that devolution might be an “unwanted casualty in the rush for strategic involvement by a tightly- staffed function” (Hall & Torrington, 1998, p. 51). Also, according to the authors, their HR respondents showed enthusiasm towards devolution perhaps because they were senior HR professionals and their jobs were not at risk even after the introduction of devolution.

However, sometimes it’s not due to their personal insecurities, but a genuine concern about the future of the function that makes HR professionals weary of devolution. Not

everyone has confidence on line's ability and willingness to do HR work, and the concern is real that what would happen once critical HR issues are line's responsibility (Harris et al., 2002). As a result, a number of authors argue that HR professionals should still play a central role in HR (Cunningham & Hyman, 1999; Thornhill & Saunders, 1998).

### ***2.3.13 HR professionals are uncomfortable in their new role***

Although HR professionals are willing to assume a more strategic role through devolution, but such a move is not without its challenge. Devolution transfers traditional day-to-day operational responsibilities to line and thus demands a new kind of role from HR - a role that is not about solving problems hands-on, but involves consultancy, coaching and counselling. The role changes from that of a 'do'er' to more of an 'advisor' (McConville & Holden, 1999; McGovern et al., 1997; Rasmussen et al., 2010). In this changing role, while HR professionals need to work on long term strategic issues, at the same time they need to serve as internal advisors for line managers dealing with short-term problems (Hailey et al., 2005). But not everyone feels prepared or comfortable to take the leap. HR professionals might not be capable enough to respond to problems raised by line managers because they are not skilled or trained (Mitsubishi, Park, Wright & Chua, 2000). Others state that while HR professionals are quite capable and effective at operational activities, they are not so good in strategic aspects (Becker & Huselid, 2006). Also, many of these professionals are in the role of traditional HR for a long time and do not wish to get out of their comfort zone (Hall & Torrington, 1998).

### ***2.3.14 HR and line relationship***

Another issue that often hampers the successful implementation of devolution is the failure to maintain a power balance between HR and line managers (Budhwar, 2000). Sometimes line managers take decisions on HR matters which are later intervened by HR, as HR professionals lack confidence on line's ability to carry out HR activities properly. Studies also confirm instances of 'conflicts' and 'tensions' between line and HR on various aspects (Chen, Hsu & Yip, 2011; McConville & Holden, 1999; Renwick, 2003).

It is also reported that HR professionals are often directed by top management to have a close control and vigilance on line's activity and such a policing atmosphere tends to create mistrust between the two sides (Renwick & MacNeil, 2002). In one study, Harris et al. (2002) observed that there were differences as to what HR professionals thought they should be doing versus what line managers wanted them to do; and despite devolution, line had this expectation that HR would continue their operational services, which was against the very essence of devolution and thus resulted in conflicts between the two sides.

While there are reports of tension between HR and line, there are also plenty of evidences that suggest that HR and line enjoy working in partnerships. Torrington and Hall (1996) observed that HR specialists showed enthusiasm about working together with line and they implemented partnerships through measures such as "cross-functional semi-permanent groups" (p. 89), where HR and line jointly discussed about important people management issues. The authors in fact found HR working with line mostly in partnership when managing HR strategies. Similarly, Chen et al. (2011) reported in their study involving 527 companies from Hong Kong that HR managers were keen for 'interdepartmental collaboration' when working on strategic matters. Gennard and Kelly (1997) too reported that both HR and line worked jointly on problem solving and other business related issues. A study by Whittaker and Marchington (2003) found a general consensus among HR specialists and line regarding the 'need' to work in partnership. Key areas for joint collaboration identified were recruitment and selection, grievance and discipline. It was noted that while line managers were comfortable in sorting out minor disciplinary issues, HR expertise was critical in complex cases to avert potential complications.

However, how these partnerships work in practice is not very clear (Currie & Procter, 2001), and a lot of the time talks about partnership is rhetoric in nature as there remains considerable tension and disagreement between HR and line (Renwick, 2000). For example, in one study it was reported that conflicts emerged between line and HR when dealing with appraisals, pay and conditions although they were working in 'partnership' (Renwick, 2003). Similarly, Whittaker and Marchington (2003) observed partnerships formed in workplaces, however, they also found that there was a sense of uncertainty due to the shrinking size of HR function and lack of investment in HR which meant line managers failed to get adequate cooperation from HR.

### ***2.3.15 What HRM functions to devolve?***

The devolution literature reports a wide range of HR functions and activities that organizations generally devolve. Perry and Kulik (2008) reported that HR issues that had a legal or policy implication were preferred to be concern of HR professionals. While HR took care of policy formulation, it was line that was in charge of practices involving resourcing and employee relations, although HR was still very much involved in employee development and reward issues. Generally HR is involved more in areas where it requires specialist skills and knowledge, and areas where maintaining consistency is critical (Whittaker & Marchington, 2003).

Some commonly devolved activities noted in the literature include recruitment and selection, remuneration and benefit, training and development (Budhwar, 2000; Larsen & Brewster 2003; McConville & Holden, 1999), disciplinary and grievance procedures (Cunningham & Hyman, 1995), performance appraisal (Nehles et al., 2006), employment relations and trade union responsibilities (Kulik & Brainbridge, 2006), occupational health and safety (MacNeil, 2003), redundancy and dismissal, quality initiatives, HR planning (Torrington & Hall, 1996) task distribution (Cascón-Pereira et al., 2006), promotion process (Kulik & Brainbridge, 2006), staffing level (Budhwar, 2000), career planning, organizational culture development and maintenance (Perry & Kulik, 2008), motivation and morale of employees, team building and communication, induction of new employees, employee budgeting and forecasting (Watson et al., 2007).

One of the most extreme cases of devolvment was reported by Thornhill and Saunders (1998). The authors studied a company which completely devolved its entire HR function to the line managers and there was not a single HR professional in the workplace; the authors termed this scenario the ‘absentee specialist’. However, they concluded that such complete devolution would most likely end up in failure since in the absence of any centralized and co-ordinating HR function, line managers were uncertain regarding any strategic direction, they increasingly felt ‘isolated’ and ‘vulnerable’ (Thornhill & Saunders, 1998), and the scope for integration between strategic HR and business objectives was severely weakened.

### ***2.3.16 Extent of devolution***

To what extent HR responsibilities should be devolved remains ambiguous too. While some HR departments only devolve operational tasks to line managers, others devolve the corresponding decision making authority. Heraty and Morley (1995) found that in most cases devolution happened in operational issues and much less on the strategic aspects such as policy development.

Cascón-Pereira et al. (2006) highlighted four different dimensions of devolution: tasks or responsibilities, decision-making power, financial power and expertise power. Breaking down devolution into such different dimensions gives a clearer picture of any particular instance of devolution and helps to determine whether the claim of devolution is in fact real or rhetoric. Also, it helps organizations to set goals for each of the separate dimensions and thus help to gauge the progress easily and objectively.

Hall and Torrington (1998) observed HR specialists were split both for and against financial devolution. At one hand some participants stated the importance of devolving both operational tasks and financial aspects to line, while many others were against devolving any budgetary controls. Both Keen (1994) and McConville and Holden (1999) argue that if line managers are not given budgetary control along with the responsibilities, this then becomes nothing but ‘liability’ for them. However, the counter argument is that, if line managers own budgetary control, then HR issues perhaps will be a likely causality of line manager short-termism (Marginson, Buitendam, Deutschmann & Perulli, 1993).

Some authors advocate for not only devolving tasks and responsibilities, but also decision making authority to empower the line management (Cunningham & Hyman, 1999). For example, Cascon-Pereira et al. (2005) found that in their case study organization line managers conducted appraisals of their subordinates, but ironically did not have the power to set objectives for them or take any action on their own in response to the appraisal results. The same issue was also noted regarding training and development. While line managers proposed training programmes for their employees, it was up to the senior managers to decide the fate of these programmes, as line did not have the financial power to make the decisions on their own. This made line managers very frustrated.

To summarize so far, the main issues identified in this review of challenges of devolution are:

- a. There is quite a long list of problematic challenges of devolution that can potentially undermine the process and success of devolution.
- b. Many of these challenges are inherent to the concept of devolution and therefore every devolving organization should more or less expect to encounter them.
- c. However, at the same time, impacts of many of these challenges could be minimized if organizations properly deal with them, which were not always the case according to many of the study reports.
- c. While studies were unanimous in reporting some particular challenges, in other instances contrasting findings have been reported.

## **2.4 Key solutions**

As the detailed discussion of the review of the literature in the previous section would suggest, there are quite a number of issues and challenges that can impede the overall progress of devolution, and therefore it is very important that such issues are properly managed. While no study has so far specifically focused into this aspect of devolution i.e. the measures that organizations undertake in response to the various challenges, devolution literature still gives some insights into the type of solutions that organizations come up with to manage such issues.

One major challenge of devolution is the lack of HR related skills among line managers and therefore identifying line managers' skill gaps and providing them proper training and development opportunities is critical (Boselie, Dietz & Boon, 2005; Gilbert et al., 2011; Nehles et al., 2006; Stanton et al., 2010). This is supported by the evidence that there is a positive correlation between organizations providing extensive training and supports for line managers and the success of devolution (Currie & Procter, 2001; Hall & Torrington, 1998). Many line managers also rate training and development highly as they consider such programmes as key contributors towards their own development and performance. It is also reported that when line managers are trained and receive proper

organizational support, they feel valued and exhibit discretionary effort (Perry & Kulik, 2008).

Facilitation from senior management is another key factor towards successful implementation of any devolution scheme (Mitsuhashi et al., 2000). Without active top management support, line managers themselves can only do little (Heraty & Morley, 1995; Watson et al., 2007). Therefore it is very important that senior managers are convinced about the value that devolution can bring and that they actively participate in its implementation. Because the way senior managers manage the line management has a bearing on how those very line managers manage their own subordinates. Research evidence shows that when senior level managers enjoy a closer relationship with HR, it is more likely that they also understand HR's goals and visions and therefore act as role models for the rest of the management and employees to follow (Whittaker & Marchington, 2003).

Senior or strategic line managers, as compared to first-line managers, also work more closely with HR which is an important factor towards developing a business partnership approach (Watson et al., 2007). Similar finding was also reported by Whittaker and Marchington (2003), as they observed senior managers in their case study organizations clearly stated that success depended on both HR and line working together as a team. Moreover, when working in partnership with HR, line managers can actually influence the strategy itself, than merely implementing the strategy set by HR (Currie & Procter, 2001). Also, if the strategy is developed jointly by HR and line, then this ensures the resulting strategy is all encompassing that integrates both HR and business issues and thus more robust and sustainable (Torrington & Hall, 1996).

Making the devolution process formal and structured is another important measure that organizations often resort to, especially when dealing with the problem of inconsistency (Perry and Kulik, 2008; Renwick & MacNeil, 2002). With the rise of litigation costs and legal compliance complexity, such clear cut guidelines are vital. Centrally developed HR policies and procedures are most easy to follow and it ensures consistency in HR processes and thus minimizes risk of litigation. Moreover, if the policies and procedures are relevant and written in simple formats, then non-specialists such as line managers can easily understand and execute those without the need of interpreting certain ruling according to their own understanding and therefore avoid inconsistency (Conway & Kathy, 2010; Stanton et al., 2010). Having structured

procedures and formal manuals ensure line managers know what is expected of them and how to carry out their HR tasks. Research evidence shows that presence of such structured guidelines ensures ease of implementation, stable transition and helps to eradicate inconsistent treatment by line managers (Hall & Torrington, 1998; Harris et al., 2002). Similarly, if HR roles and responsibilities are clearly articulated in line manager job descriptions and business policies, then this ensures such issues are well communicated and there is no scope for ambiguity (De Jong et al., 1999; Nehles et al., 2006).

It is also important to realize that devolution is not a one-off event, rather a gradual process and therefore implementation of devolution is better done in phases (Hall & Torrington, 1998). From initiation to completion, there are different stages of devolution and functions can be incrementally devolved to the line managers (Perry & Kulik, 2008); while initially HR professionals may work closely with the line, eventually the line takes full control. Understandably, at the early stages HR's presence and support is most vital as line slowly comes into terms with their new responsibilities, but with the passage of time as they get more experience and training, they become more skilled and confident and become less dependent on HR. How long this takes depends, but as Perry and Kulik (2008) found in their study, within five years period a number of the organizations achieved 'nearly-complete' devolution.

Success of devolution is also largely dependent on the nature and quality of working relationship between HR and line. While tension between the two sides can jeopardize the outcome of devolution, working in partnership can result in a smooth transition. The concept of partnership between HR and line managers is starting to get traction and there is a growing understanding that devolution is more about 'partnership' than 'trade-off' (Bredin & Soderlund, 2007). Whittaker and Marchington (2003) reported strong evidence of partnership between HR and line management on issues like recruitment, selection and grievance handling; in all these aspects line managers took decisions, but HR was always there offering support and specialist advice when needed.

Success of devolution is also largely dependent on line managers' overall perception towards HR activities. If they consider HR as a critical element for their and organization's success, they will most likely buy-in to the idea of devolution and play a positive role in implementing the strategy (Hall & Torrington, 1998; Watson et al, 2007). Torrington and Hall (1996) provide some insights on how organizations can go

about achieving this: some organizations involve line managers from the very inception of the strategy and incorporate their inputs at every stage of the process; others form cross-functional groups where HR and line sit together and discuss relevant issues. Organizations sometimes also arrange formal conferences or meetings where the strategy is discussed and debated; while in other instances HR professionals use their negotiating skills to convince senior management about the value of devolution and consequently win the support of line management.

Currie and Procter (2001) opine that, ideally any HR strategy should constitute of broad themes which the line managers can then implement at the local level taking the different contexts into consideration. This will result in more tailored HR solutions that are closer to reality and thus result in improved HR effectiveness overall. This will also give line managers the much needed autonomy and line will own the strategy since this is something not imposed upon them, rather their own creation.

While it is often discussed that line managers lack the required skills to take up their HR responsibilities, but HR professional themselves also need to pick up new skills. As devolution happens, HR professionals morph from being a support provider to more of an advisor. Devolution demands introduction of new HR policies and frameworks and now HR professionals not only need to create these policies, but provide line managers the required guidelines, support and specialist advices when needed; and this requires new skill sets and competencies and necessitates training for HR professionals (Whittaker & Marchington, 2003).

Incorporating people management issues into line managers' performance targets is another important measure adopted by organizations, as this creates a direct link between line's dealings with HR issues and their reward and recognition and therefore helps to increase line managers' personal incentives and motivation (De Jong et al., 1999; Gilbert et al., 2011; Hailey et al., 2005; Nehles et al., 2006).

Some organizations also try to make line managers realize that they need to take a more facilitative approach towards dealing with their employees and rather than providing solutions and directions all the time they need to take a hand-off approach and let the employees come up with solutions. This type of facilitative people management process is a great way to manage and nurture employees (Cunningham & Hyman, 1995).

Devolving the decision making authority and budgetary power to line, as opposed to only operational responsibilities, was another important measure identified in the literature because lack of authority associated with devolved operational responsibilities is sometimes perceived by line managers as “labour intensification without empowerment” (Cascon-Pereira et al., 2005, p. 146). Moreover, without appropriate financial power, line managers cannot always take the most appropriate decision and in such a case line manager autonomy becomes merely a rhetoric.

## **2.5 Devolution outcomes**

The previous sections reviewed the literature focusing on the rationales behind devolution, some of the challenges and issues organizations face while devolving and how those are managed. This final section will discuss some of the key outcomes that organizations reportedly experienced following devolution.

One of the key reasons organizations devolve their HR functions is to improve the overall effectiveness and efficiency of the function; and research results, though scarce, show that improvements in this aspect do happen. For example, Perry and Kulik (2008, p. 262) found evidence of greater “perceived people management effectiveness” as a result of devolution, i.e. devolving HR responsibilities to line management resulted in better and more effective management of employees. Similarly, in another study, Kulik and Brainbridge (2006) reported that both HR and line agreed that the overall quality of people management has increased in their participating organizations following devolution.

Another major outcome of devolution is that it helps HR to take a more strategic approach towards dealing with people of the organization; since devolution frees up HR professionals from day-to-day routine jobs and provides the opportunity to work on the big picture issues (Budhwar, 2000; Chen et al., 2011). Whittaker and Marchington (2003) found in their case study that when the organization’s HR function was downsized, there was a need for a new way of doing things. To counter the fewer number of HR professionals, the workload was redistributed between both HR and the line. At the same time, traditional personnel ‘fire-fighters’ assumed new roles like ‘advisors’ and ‘changemakers’ (Whittaker & Marchington, 2003); old way of managing

HR made way for strategic approach, and day-to-day operational activities were relocated from HR to line. Similar observation was also noted by Rasmussen et al. (2010) and McConville and Holden (1999), as the authors found evidence of HR professionals' roles morphing from do'er to that of a consultant or an adviser following devolution.

Renwick (2003) found that line managers showed a lot of positive intent, they integrated their HR responsibilities with their work well and were eager to add value to the organization. Line managers in general accepted "HR work as line work" (Renwick, 2003, p. 271), and were keen to support and develop employees working under them. Line also believed engaging in HR activities has potential benefits on their future career as well.

Mindell (1995) found that line managers were very enthusiastic about providing training and development opportunities to the employees when the associated responsibilities were devolved to them. This was quite refreshing since pre-devolution line did not value trainings much citing it was not their concern. However, following devolution, the realization came that as managers of their employees, they were in a far better position to weigh up the skills and competencies of their employees and could better decide the kind of training and development the employees needed to achieve organizational goals. Such extensive and comprehensive training regime meant employees were now far better informed about organization's goals and vision and felt confident that their personal skills were closely aligned with that. Employees received tailored development programs followed by extensive follow up meetings by line managers and this resulted in employees putting their classroom learning into practice and making an organization wide positive impact.

Devolution also results in improved service delivery and decision making speed by cutting down often redundant steps of organizational processes and the associated "mountain of paper work" (Harris et al., 2002, p. 223). Devolution also gives line more control on how they manage employees working under them and thus results in line becoming more responsible and more committed towards their job, organization and their subordinates (Budhwar, 2000).

Devolution is claimed to have a favourable effect on firm performance too (Becker & Huselid, 2006; Gilbert et al. 2011; Kulik & Brainbridge, 2006). Line manager involvement directly impacts the HR strategy which in turn affects the overall business

strategy and thus results in a bottom line impact. For example, Mindell (1995, p. 20) found that better training and development strategy had had a direct impact on the firm's performance as it led to "the most successful UK drug launch ever" since the product training and support was very well planned and executed. Moreover, when line managers are engaged with HR, they become an important link between top management and employees which helps executing organizational change management (Budhwar, 2000; MacNeil, 2003).

Studies also report that due to devolution, some line managers are taking a developmental role by actively engaging in activities such as managing performance of their subordinates (Cunningham & Hyman, 1995). And when employees perceive that line managers are supporting them, this in turn improves their motivation and commitment as well (Thornhill & Saunders, 1998).

Budhwar (2000) in his research found a range of positive outcomes following devolution; these include improved problem solving at the lower level, line managers becoming more responsible and employees becoming more efficient. Gennard and Kelly (1997) reported that following devolution, importance of HR professionals' expertise and specialist knowledge went up and HR professionals became more proactive in their approach.

Some other notable positive outcomes of devolution reported in the literature include line's involvement in delivering HR services resulting a more 'comprehensive approach' to HR, HR related cost going down since line managers started managing their own employees (Renwick, 2003), HR and line communicating more, line managers receiving more training on people management skill development and declining employee turnover (Kulik & Brainbridge, 2006).

## **2.6 Summary**

Based on the above review of the literature, a framework for HR devolution is proposed (see Figure 1). This literature review brings up a number of important and interesting issues. At one hand, the HR literature suggests that line managers are key players in the HRM framework and that they should be an integral part of the organization's people

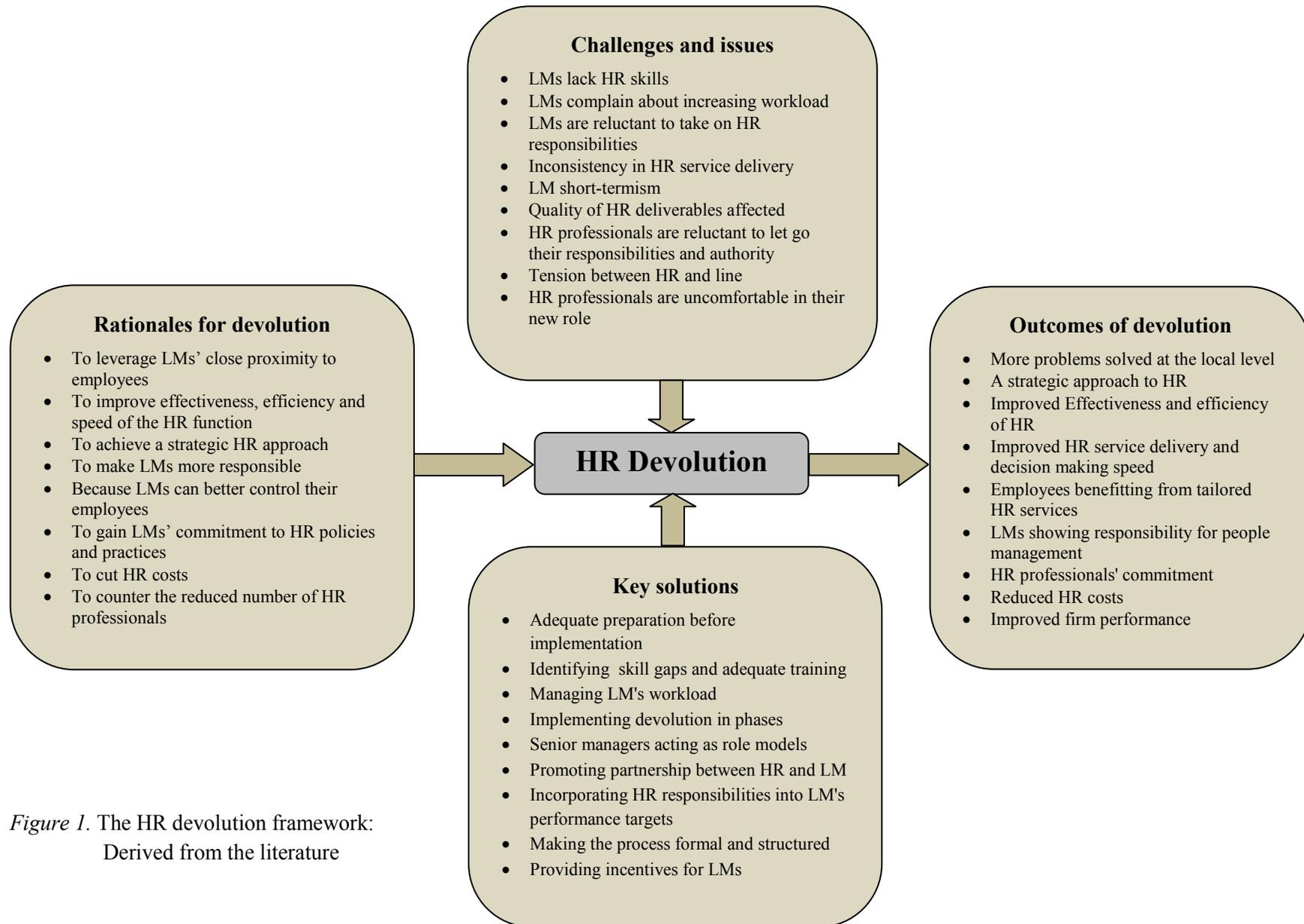


Figure 1. The HR devolution framework:  
Derived from the literature

management process; on the other hand, as discussed above, there are still a number of unresolved issues and challenges that can severely hinder devolution progress.

A key observation is that, there is little literature reporting the positive outcomes of devolution. This is striking, especially considering the literature regarding the various problematic issues and challenges. Moreover, some of the challenges and negative issues that were highlighted in various studies are not always supported in other studies. To illustrate the point, while it is true that problems such as line managers' unwillingness to take on HR responsibilities, lack of training arrangement for line managers, conflictual relationship between HR and line, and HR's failure to take on a strategic role are experienced by many organizations; but at the same time, literature also often report exactly opposite findings, i.e. line managers are happy to carry out their HR tasks, they are satisfied with the training they received, line and HR working in partnerships and HR assuming a strategic role. Based on such findings, while some scholars advocate for devolution (e.g. Budhwar, 2000; Currie & Procter, 2001; Heraty & Morley, 1995), others are reserved to share such optimistic view (e.g. Harris et al., 2002; Renwick, 2003). This suggests that, after more than two decades of existence, the relevance and appropriateness of the strategy of devolution is still far from settled, and further research, especially in form of empirical analysis is still required. Moreover, while studies so far have explored various aspects of devolution, yet, few studies focused on questioning and exploring the fundamental issues of the strategy that would help to decide the viability and applicability of HR devolution. Therefore this current study aims to fill that void through exploration of the following fundamental research questions concerning devolution:

- 1) Why do organizations choose to devolve their HR function?
- 2) What are some of the common challenges and issues organizations face while implementing the strategy?
- 3) What solutions are taken to tackle the above challenges and issues?
- 4) And what are some of the improvements or outcomes noticed following devolution?

While answering the above research questions will shed light on key aspects of devolution, this research will be valuable for one more reason: so far, almost all the research studies have been conducted either in Europe or the USA and very few

research has been done in other parts of the world to explore whether the findings in those regions mirror elsewhere. Since this study will be based in New Zealand, which offers a slightly different workplace context compared to Europe or the USA (for example, low power distance, prevalence of SMEs), it will make an additional contribution to the growing HR devolution knowledge base.

## **CHAPTER 3 METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the methodological approach followed to explore the research questions set out in the last chapter. It begins with a methodological justification of research design. Questionnaire survey method was utilized for data collection and a design description of the questionnaire is included. Also, discussed are the design and result of a pilot study, and data collection and analysis procedure. A detailed analysis of the participants' demographic information is provided. Finally, the chapter concludes with outlining the ethical issues considered in this study.

### **3.2 Methodology rationale and research design**

This study was largely descriptive in nature as the aim of this research was to explore and describe the various aspects of HR devolution phenomenon in contemporary organizations. Like any descriptive study, this study also focused on the 'what is' or 'what exists' aspect of HR devolution in order to present an in-depth and thorough understanding about the strategy. Descriptive research is mainly conducted when a researcher wants to gain a better understanding of a topic. Such studies generally utilize survey method to collect descriptive data and analyze frequencies, averages, and other statistical calculations to describe data and characteristics about the population or phenomenon being studied (Oppenheim, 1992).

Two of the most widely popular data collection methods for such studies are questionnaire surveys and interviews. While both methods have their own advantages, questionnaire survey method was chosen for this study as it provided a better fit with the research interests. A study by Gibson and Hawkings (2004) investigated whether participants' responses vary because of the choice of survey method, namely interview and questionnaire and the authors concluded that "when surveying a relatively homogeneous group, asking questions about which the group can be assumed to be familiar, and promising anonymity of response, the questionnaire may produce substantially the same results as interviews at a much smaller cost" (p.84). This study design met all the above criteria: the participants were all HR professionals and thus

fairly homogeneous; they were expected to be familiar with the research topic because of their professional background; and finally, participants were completely anonymous throughout the research process. Therefore, a questionnaire method was chosen for this study as the method was expected to produce similar quality result as interviews, but involving less time, cost and effort (Gibson & Hawkings, 2004).

Questionnaires are widely used in surveys because they ask same questions to all participants and thus provide a simple and efficient way of constructing a structured data set (Lewis-Back, Bryman & Liao, 2004). Questionnaires are also better suited for collecting data from a sample that is geographically widely dispersed (Bryman, 2008). Moreover, one research aim of this study was to examine the overall extent of devolution in organizations across New Zealand, and therefore a survey that covered organizations representing a wide range of industries, organization types and sizes provided a snapshot of how widely HR devolution is practiced in the region – something a case study approach cannot deliver (Kulik & Perry, 2008).

The survey was conducted online, because survey participants were all members of Human Resources Institute of New Zealand (HRINZ) (see Section 3.5), and HRINZ only allowed email or internet web based surveys for collecting responses from their members.

### **3.3 Survey instrument**

For data collection purpose, a self-completion questionnaire was developed specifically for this study (see Appendix A), as the research approach and questions were unique and no similar questionnaire was available in previous literature.

The first step of developing the questionnaire was to identify variables that could be measured to answer the research questions. The devolution literature was extensively reviewed and all the relevant variables were identified. Later these variables were filtered, merged, split into smaller parts and subsequently arranged under different sections. Finally a total of 68 variables were selected for measurement. A table was created showing how these variables related to different sections, corresponding number of questions and also the source of these variables (see Appendix B).

The questionnaire was developed using Survey Gizmo online survey tool (www.surveygizmo.com). To avail the service, a student account was created which provided enterprise level features for free of cost. Hence, despite it being a free account, almost all the paid account features were present. This was a great tool as it provided complete flexibility in developing the questionnaire and the feature rich interface helped to create a professional looking questionnaire.

The questionnaire consisted of six sections. 1) Devolution status; 2) Key rationales; 3) Key challenges and issues; 4) Key solutions; 5) Key outcomes; and 6) Demographic information. Sections 2, 3, 4 and 5 were directly concerned with the four research questions.

### ***3.3.1 Section 1: Devolution status***

The first question in this section asked participants to indicate the status of devolution in their respective organizations, i.e. whether they had a devolved HR function or not. For those who already devolved the function, were also asked to provide the length of the period of devolution.

### ***3.3.2 Section 2: Key rationales***

Fourteen rationale statements were used as rating items to identify the key reasons why organizations decided to devolve their HR function. For example, one of the items was: “to make line managers more responsible”. Rating categories ranged from ‘extremely important’ (5) to ‘not at all important’ (1). Additionally there was a ‘don’t know’ (0) option. This was followed by an open text box where respondents could add any additional rationale or comment.

There was also a question asking participants to identify who initiated the devolution scheme in their organizations (for example, “Senior Management Team”). There were four rating items with rating options ‘yes’ (3), ‘uncertain’ (2) and ‘no’ (1).

### ***3.3.3 Section 3: Key challenges and issues***

This section again started with fourteen rating items to measure how critical were various challenges and issues that organizations faced while devolving. An example item was: “line managers do not devote enough time in developing employees working under them”. Five rating categories ranged from ‘very critical issue’ (5) to ‘not an issue at all’ (1). Also, included was the ‘don’t know’ (0) option followed by an open text box.

A question asking participants to rate the level of resistance against the devolution strategy from various stakeholders was also included. There were five items with rating categories ranging from ‘very high resistance’ (5) to ‘no resistance at all’ (1), in addition there was also a ‘don’t know’ (0) option.

#### **3.3.4 Section 4: Key solutions**

Fifteen solution statements, advised from the literature, were included as rating items for participants to rate using categories ranging from ‘strongly agree’ (5) to ‘strongly disagree’ (1). Option for ‘don’t know’ (0) was also included, and there was an open text box. An example item was: “promoting a partnership approach between line managers and HR”.

This was followed by five rating items asking participants to indicate the extent of devolution for different dimensions. Categories ranged from ‘complete devolution’ (5) to ‘zero devolution’ (1), and ‘don’t know’ (0).

And finally a scale was provided to mark the overall percentage of devolution that the organizations experienced, anywhere between 0% (zero devolution) to 100% (complete devolution).

#### **3.3.5 Section 5: Key outcomes**

This section followed the usual pattern of the previous sections. Fifteen outcome statements were used as rating items for participants to rate the level of improvement noticed in their respective organizations following devolution. For example, one rating item was: “more problems being solved at the local level”. Five rating categories ranged from ‘very high improvement’ (5) to ‘no improvement at all’ (1). Again, there was an option of ‘don’t know’ (0) and an open text box to inform about any additional improvement.

This was followed by thirteen HR functions as rating items where participants were asked to rate how much improvement was noticed in each of the function following devolution. Rating categories were ‘very high improvement’ (5) to ‘no improvement at all’ (1), and ‘don’t know’ (0). An example item: “induction of new employees”.

And finally, a semantic differential scale was used to rate the overall level of satisfaction from the devolution experience. The seven rating scales included two bipolar options ‘extremely satisfactory’ (7) and ‘extremely unsatisfactory’ (1).

### ***3.3.6 Section 6: Demographic information***

This final section asked participants to identify their industries, organization types, how many employees and HR professionals were employed, participants' job titles and how long the participants were in the particular roles and in the organizations.

As mentioned above, in many of the rating questions, the option 'don't know' was provided. This was included to ensure respondents did not feel compelled to rate an item when they were unsure of the answer and thus avoid any possible erroneous response. Also, the open ended questions in each section allowed participants to provide additional comments, perspectives and insights (Kinght, 2002).

### **3.4 Pilot study**

Before publishing the survey online, a small pilot study was conducted to ensure the survey instrument served the intended research purpose and also to iron out any remaining issue. Since the questionnaire was new, pilot testing was necessary. Pilot study usually checks clarity, any possible ambiguity, length or difficulty to complete the questionnaire (Punch, 2003). Five participants participated in the pilot study. Three of these participants were senior HR professionals, while two others were from non-HR background. The pilot study resulted in a couple of minor and one major amendment. Overall feedback was that in terms of the design and flow of the questionnaire, the quality was quite good; the questions were unambiguous and easily understandable, and on average the survey took 10-15 minutes to complete, which was on an acceptable standard.

### **3.5 Procedure**

The survey population was HR professionals working in New Zealand who were members of the HRINZ. HRINZ has more than 3000 registered members. However, they also have a separate Research Stream with approximately 600 members where members voluntarily opt-in to participate in research studies.

The study aimed to collect responses from participants working in organizations that had devolved the HR function and therefore could share their first-hand experience and

observations regarding the strategy. However, for organizations to devolve the HR function, they need to have a formal HR function to begin with, and considering majority of New Zealand organizations are SMEs with less than nineteen employees (Small and medium, n.d.), it was a challenge to identify organizations large enough to have a devolved HR function. Therefore, it was reasoned that HR professionals who were members of HRINZ would be an appropriate population for the survey as it was expected that most of this professionals would represent organizations that had a formal HR function, and possibly many of them devolved. This assumption turned out to be quite accurate as 91% of the participants were from non-SMEs. Moreover, these members were expected to represent a wide variety of organizations and therefore a potential pool of participants who not only had expertise and experience on HR issues, but also willing to take part in research.

The unit of analysis for the study was set as a single HR professional's view of the organization. Moreover, after the responses were collected, examination of demographic data failed to identify any definite evidence of multiple respondents from the same organization. Therefore, all the respondents' organizations were treated as unique organizations during the analysis.

The survey questionnaire link was sent to HRINZ once the necessary approval was received from Auckland University of Technology's Ethics Committee (AUTEK) (see Appendix C). HRINZ then sent the survey link along with a covering letter to the research participants. The first mail-out was on February 16, 2011. However, after an initial burst, the responses slowed down very soon. At this time only a 6% response rate was registered. Following this poor response, a reminder email was sent on March 23rd. But unfortunately the responses were still quite low and the response rate was around 8%. So a one last request was made to HRINZ for a final reminder and this eventually resulted in 11% response in total (N=68). The survey was closed on April 15, 2011.

After the deadline was over, all the responses were downloaded to computer in both Excel and SPSS data format for analysis. Data analysis was performed using Statistical Package for Social Sciences (SPSS) version 18 and Microsoft Excel version 2007.

Item non responses and 'don't know' answers were treated as missing values. In total, there were less than 1% non responses and approximately 6% 'don't know's. Moreover, the missing values were not systematic, rather quite random and therefore it was

expected that no significant data bias would occur if the missing values were excluded from analysis.

The questionnaire used mostly Likert-type rating items where the level of measurement was ordinal, and some nominal questions. Normality test showed that most of the questionnaire items were quite normal, with few approximating the normal (see Appendix D). Therefore, both parametric and non-parametric statistical tests were valid and consequently both mean and median values were reported in the Findings and Discussion chapter. However, for correlation analysis, non-parametric Spearman's rank correlation coefficient (Spearman's rho) was used to be on the safe side.

Some of the participants also provided additional comments through open ended texts (see Appendix E), although thematic analysis failed to identify any common theme from the comments. However, some of the relevant comments were included in the Findings and Discussion chapter (Chapter 4) where appropriate.

### **3.6 Participants' demographics**

Majority of the survey participants were from mid and senior level positions. Managers topped the list (n=20), followed by Advisors (n=16), Consultants (n=4), Senior Advisors (n=3) and HR Business Partners (n=2). Few senior level professionals such as GMs (n=3) and Directors (n=3) also participated. The rest (n=5) were positions such as HR Project Officer, Principal etc.

The number of years participants worked in their current organizations ranged from 1 month (n=3) to 26 years (n=1); median number of years was 3.15. This shows that generally respondents were in the organizations for a fair amount of time and therefore expected to be well informed about the devolution strategy. Also, considering the seniority of their roles, the responses provided were quite insightful and valuable. The number of years participants have been in their current roles ranged from 1 month (n=3) to 26 years (n=1); the median number of years participants worked in their current roles was 2. The survey also asked participants about the number of HR professionals working in their respective organizations and the responses ranged from 126 (n=1) to 1 (n=15); median number was 5.5.

Table 1 illustrates the various industries that were represented in the questionnaire survey. The industry list was adopted from ANZSIC classification categories (Appendix A: ANZSIC, n.d.). Government Administration and Defence topped the list (n=13), closely followed by Education and Health & Community Services (both n=9). No one from Mining or Cultural and Recreational Services took part in the survey.

Table 1 *Industries represented in the study*

<b>Industries</b>	<b>n</b>
Government Administration and Defence	13
Education	9
Health and Community Services	9
Manufacturing	6
Personal and Other Service	5
Agriculture, Forestry and Fishing	3
Retail Trade	3
Transport and Storage	3
Electricity, Gas and Water Supply	2
Communication Services	2
Finance and Insurance	2
Property and Business Services	2
Construction	1
Wholesale Trade	1
Accommodation, Cafes and Restaurants	1
Mining	0
Cultural and Recreational Services	0
<b>Total</b>	<b>62</b>

*Note:* Total n (=62) is less than N (=68), because six participants did not respond to this particular question.

Table 2 shows the types of organizations the participants represented. The highest number (n=21) of participants were from privately owned companies. Next was publicly funded organizations (n=10), but the number was only half of the first group. Lowest number of respondents (n=2) were from overseas based multinationals. But importantly, there were representations from all organization categories.

Table 2 *Organization types represented in the study*

<b>Organization type</b>	<b>n</b>
Privately owned company or firm (including those self employed)	21
Publicly funded organization (e.g., school or hospital)	10
Government department	9
Non-government not-for-profit organization or charity	9
Company listed on the NZ Stock Exchange	4
Local government	4
Other (Crown entity and Crown research institute)	4
Overseas based multinational	2
<b>Total</b>	<b>63</b>

Table 3 shows the size of the participants' organizations. Highest number (n=19) of respondents came from organizations with 101-500 number of employees, while organizations with 501-1000 number of employees were lowest (n=8). Median number of employees of these organizations was 535, which indicates mostly mid and large sized organizations were represented in the survey.

Table 3 *Size of organizations in terms of employee numbers*

<b>No. of employees</b>	<b>n</b>	<b>Devolved</b>	<b>Non Devolved</b>
5001 or more	9	4	5
1001-5000	15	9	6
501-1000	8	3	5
101-500	19	10	9
100 or less	11	4	7
<b>Total</b>	<b>62</b>	<b>30</b>	<b>32</b>

By definition, organizations which have nineteen or fewer employees are considered as SMEs in New Zealand and as many as 97.2% of New Zealand organizations fall into that category (Small and medium, n.d.). According to that classification, participants from only seven SMEs took part in this survey. However, this is not surprising as most SMEs generally do not have a formal HR function or dedicated HR professionals (Cardon & Stevens, 2004) - who were the target respondents for this survey and therefore less likely to be HRINZ members and/or feel that a devolution survey was relevant.

### **3.7 Ethical issues**

Ethical approval for the study was obtained from the AUTEK (see Appendix C). Application was submitted on last week of October 2010 and after couple of minor amendments, finally the AUTEK approved the application on February 2011.

Two major issues considered by AUTEK during the approval process were: informed consent from participants and participants' anonymity during the entire research process. Information regarding the survey was provided in the Participants Information Sheet following the prescribed format from AUTEK (see Appendix F). Completion of the questionnaire implied a participant's informed consent.

During the study, complete participant anonymity was maintained. No question was asked in the questionnaire that could in anyway reveal a participant's identity. The survey questionnaire was emailed to participants by HRINZ and HRINZ Research Stream liaised between the researcher and participants all the time. So there was no scope of direct communication between the researcher and the participants, unless of course the participant wished so. If anyone wanted to contact the researcher to clarify some points or raise issues regarding the survey, they could do so using the contact details provided in the Information Sheet attached to the questionnaire or via the Research Stream.

### **3.8 Summary**

This chapter illustrated the rationale of methodological approach followed and also included was a design description of the self-completion questionnaire. Data collection and analysis procedure was discussed. Participant demographic data was analysed which showed a good cross section of New Zealand organizations were represented in the survey. The next chapter will highlight the findings and discussion of the study.

## CHAPTER 4 FINDINGS AND DISCUSSION

### 4.1 Introduction

The chapter starts with an analysis of the state of devolution in participants' organizations. The next four sections are directly concerned with the four research questions laid out in the last chapter: the rationales of devolution, key challenges and issues, key solutions and the positive outcomes of devolution. The chapter also includes a couple of comparative analyses between rationales and outcomes, and challenges and solutions to explore any alignment between them.

### 4.2 Devolution status

The first section in the questionnaire explored the devolution status of the participants' organizations. There were two questions: the first question asked the respondents to indicate their organizations' status of devolution, while the second question was about identifying the time the strategy was commenced.

Of the 68 organizations, 44.1% had already devolved the HR function (including 1.5% who partially abandoned the strategy) at the time of this study (Table 4). This number is less than the 59% reported in the US (Perry & Kulik, 2008) and 87% in the UK (Hall & Torrington, 1998). And of the ones who did not devolve yet (54.4%), 19% were planning to devolve, while the remaining 81% had no such plan.

Table 4 *State of devolution in participants' organisations*

<b>Devolution status</b>	<b>n</b>	<b>%</b>
Currently devolving	20	29.4
Finished devolving	9	13.2
Partially abandoned devolution strategy	1	1.5
Completely abandoned devolution strategy	1	1.5
Did not devolve yet, but plan to devolve in future	7	10.3
Did not devolve and do not plan to	30	44.1
Total	68	100

Eighteen of these organizations devolved during 2006 to 2011, while seven organizations devolved during 2000 to 2005. That means the number of devolved organizations more than doubled in the second half of the last decade compared to the first half. A closer look at the data also suggests that a large number of the organizations (n=12) devolved between 2008 to 2010, while two others devolved within the first four months of 2011. While this may suggest that organizations are increasingly devolving, however, considering only 19% of the non-devolved organizations were planning to devolve in future, perhaps suggests the peak has already been reached.

In terms of the extent of devolution, two-thirds of the organizations devolved at least half or more of the whole HR function, while two organizations achieved complete devolution. And on average, organizations devolved 56% of the total function.

Devolved and non-devolved organizations were quite evenly spread among different organization types (Table 5). For two types of organizations (Company listed on the NZ Stock Exchange and Government department), there were more devolved than non-devolved organizations. A cross tabulation between year of devolution and organization types revealed that all six ‘government departments’ devolved after 2005.

Table 5 *Devolved and non-devolved organizations according to organization types*

<b>Organization type</b>	<b>Devolved (n)</b>	<b>Non-devolved (n)</b>
Privately owned company or firm (including those self employed)	9	12
Company listed on the NZ Stock Exchange	3	1
An overseas based multinational	1	1
Government department	6	3
Publicly funded organization (e.g., school or hospital)	5	5
Local government	1	3
Non-government not-for-profit organization or charity	4	5
Other (Crown entity and Crown research institute)	2	2
Total	31	32

Except two industries (Mining and Cultural and Recreational Services), all other industries were represented in the survey (Table 6). And although in some industries all the organizations were either devolved or non-devolved, but that was probably due to the relatively small sample size of this survey. Again, devolved and non-devolved

organizations were generally evenly spread among different industries. But two industries stood out: all five organizations from ‘personal and other services’ were non-devolved, while seven organizations from ‘health and community services’ were devolved against two non-devolved.

Table 6 *Devolved and non-devolved organizations according to industries*

<b>Industries</b>	<b>Devolved (n)</b>	<b>Non-devolved (n)</b>
Agriculture, Forestry and Fishing	3	-
Mining	-	-
Manufacturing	2	4
Electricity, Gas and Water Supply	-	2
Construction	-	1
Wholesale Trade	1	-
Retail Trade	1	2
Accommodation, Cafes and Restaurants	-	1
Transport and Storage	2	1
Communication Services	2	-
Finance and Insurance	2	-
Property and Business Services	-	2
Government Administration and Defence	8	5
Education	3	6
Health and Community Services	7	2
Cultural and Recreational Services	-	-
Personal and Other Service	-	5
<b>Total</b>	<b>31</b>	<b>31</b>

### **4.3 Rationales for devolution**

This section had two questions. The first question asked the respondents to rate a list of rationales by indicating the level of importance that their organizations attached to each of the rationales when initiating the devolution strategy. And the second question identified the key stakeholders who initiated the strategy.

The most important reason for implementing the HR devolution strategy was to empower the line managers (Table 7). Most respondents identified this as either a ‘very

Table 7 *Key rationales for devolution*

<b>Key rationales</b>	<b>n</b>	<b>Extremely important (5)</b>	<b>Very important (4)</b>	<b>Moderately important (3)</b>	<b>Somewhat important (2)</b>	<b>Not at all important (1)</b>	<b>Mdn</b>	<b>M</b>	<b>SD</b>
To empower line managers	31	16	10	3	2	-	5.00	4.29	0.90
To make line managers more responsible	31	13	14	2	1	1	4.00	4.19	0.95
To enable HR to concentrate more on strategic issues rather than with day-to-day operational HR activities	31	12	14	1	2	2	4.00	4.03	1.14
Because line managers are in a better position to understand and quickly respond to local HR issues	31	12	10	4	3	2	4.00	3.87	1.23
Because line managers can better motivate employees	31	10	9	7	4	1	4.00	3.74	1.15
Because line managers can maintain effective control on employees	30	4	15	7	4	-	4.00	3.63	0.89
To gain line managers' commitment to HR policies and practices	31	10	8	7	2	4	4.00	3.58	1.36
To improve effectiveness of the HR function	27	5	13	2	3	4	4.00	3.44	1.34
To improve HR decision making and service delivery speed	30	5	10	9	2	4	3.50	3.33	1.24
To improve efficiency of the HR function	30	5	11	6	3	5	4.00	3.27	1.34
To empower employees of the line managers	29	5	9	8	2	5	3.00	3.24	1.33
For better change management	29	4	6	9	7	3	3.00	3.03	1.21
To reduce HR related costs	30	4	7	7	7	5	3.00	2.93	1.31
To counter the falling number of HR professionals	30	1	-	1	6	22	1.00	1.40	0.86

*Note.* Items are ordered based on decreasing mean scores

important' or 'extremely important' rationale, while not a single respondent thought this was not an important rationale at all ( $M=4.29$ ;  $SD=0.90$ ). This suggests that organizations considered this a significant reason to devolve and regarded human resource devolution as a strategy for empowerment. And this is further supported when the second most important rationale is taken into consideration: to make line managers more responsible. Empowerment results in increased responsibility, and empowerment literature is replete with evidences which suggests that taking responsibility or accountability of one's work is a core aspect of empowerment (Pastor, 1996; Randolph & Kemery, 2011; Rothstein, 1995; Wallace, Johnson, Mathe, & Paul, 2011; Yang & Choi, 2009).

Generally, empowerment refers to providing employees the "authority, opportunity, and motivation" to solve organizational problems (Johns & Saks, 2005, p. 382). The core idea behind empowerment is based on the belief that no one knows a job better than the one who does it and therefore allowing those who are in the best position to make knowledgeable decisions, organization become more efficient (Conger & Kanungo, 1988; Denham, Ackers & Travers, 1997; Ergeneli, Ari & Metin, 2007).

There are two different conceptions of empowerment in the organizational empowerment literature: structural and psychological (Mathieu, Gilson, & Ruddy, 2006; Wallace et al., 2011). Mathieu et al. (2006) define structural empowerment as "a practice or set of practices that involve the delegation of authority and responsibility to employees" (p. 97), while psychological empowerment is "a constellation of experienced psychological states or cognitions" (p. 98). In other words, empowerment can be viewed both as a process (e.g. delegation of work) or a person's cognitive state (Menon, 2001). However, these two concepts are not unrelated and according to structural view of empowerment, putting proper organizational processes in place eventually enhances individual's psychological empowerment (Mathieu et al., 2006; Seibert, Silver & Randolph, 2004).

Therefore it could be assumed that, organizations of this study largely implemented devolution as a form of *structural* empowerment. This finding is quite revealing because except one study by Cunningham and Hyman (1999), no other study in devolution literature so far reported empowerment as a reason for devolution.

Although HR was keen to empower line managers through devolution, empowering the employees received comparatively low priority ( $M=3.24$ ;  $SD=1.33$ ). However,

considering study evidences that show that managerial empowerment practices are positively related with employee psychological empowerment (Randolph & Kemery, 2011; Seibert et al., 2004), it could be expected that employee empowerment too would eventually increase if line managers experience meaningful empowerment. This focus on line managers is also echoed by a number of scholars who concede that line managers must take the lead in deployment of empowerment because success of empowerment depends a lot on this group of people, especially middle managers, due to their unique position in the organizational hierarchy (Denham et al., 1997; Kanter, 1983; Seibert et al., 2004).

The third most important rationale was: to enable HR to concentrate more on strategic issues rather than with day-to-day operational HR activities. More than a third of the respondents considered it as ‘extremely important’, while nearly a half of them regarded this as a ‘very important’ rationale. This concept of relinquishing operational responsibilities in a quest for greater engagement in strategic aspects of work is well documented in both devolution and strategic HR literature (e.g. Delmotte & Sels, 2008; Kulik & Bainbridge, 2006; Kulik & Perry, 2008; MacNeil, 2003; Stanton et al., 2010). Delmotte and Sels (2008) opined that when operational activities are delegated to line managers, HR can focus their attention more towards strategic HR activities, so much so that the extent of HR devolution is often regarded as an indicator of organization’s involvement in strategic HR.

The next rationale was concerned with line managers’ proximity to HR issues. As line managers directly interact with shop floor level employees, it is expected that they would be in a better position compared to HR professionals in terms of understanding and quickly responding to local HR issues (Budhwar, 2000; Renwick, 2000). Respondents of this study also identified this as a key rationale for devolution as nearly three-quarters identified this either an ‘extremely’ or ‘very’ important reason for devolution. For example, one respondent commented that:

*Line managers have day to day contact and communication with employees, so influence of HR strategies can be implemented quicker. (Executive Director)*

Another important rationale identified by the respondents was that line managers can maintain effective control on employees when people management responsibilities are devolved to them. Nearly two-thirds of the respondents considered it either ‘extremely’ or ‘very’ important rationale. This finding is again consistent with the notion that

respondents of this study devolved the HR function to empower line managers, because empowerment gives individuals more control. A study on empowerment by Cunningham, Hyman and Baldry (1996) found that organizations were introducing empowerment by devolving people issues to line managers, because empowered managers expressed “higher levels of competence and preparedness in employee control issues” (p. 149). Budhwar (2000) also reported that one of the core reasons behind devolution in his study was “to give the line more control” (p. 153).

Some respondents identified an additional rationale for devolution which was not included in the original questionnaire, and that was to make line managers understand that their responsibilities go beyond managing the business side of work, and that people management issues are also a core aspect of their role:

*Helping managers understand that HR is not separate from their management responsibilities – but is part of their role as a manager of staff. It is eye opening when managers learn that they could be personally held accountable for the death of a direct report in the workplace - this opens their eyes to H&S compliance. (OD Manager)*

*To reinforce that a manager's job is about managing people and not just about managing tasks. (GM, OD)*

*To improve the management skills of managers and improve the relationships and understanding they have of their people. (HR Manager)*

While some of the above rationales received strong approvals from the respondents, few others did not. For example, the rationale ‘to reduce HR related costs’ received the second lowest mean score (M=2.93; SD=1.31). This finding is interesting because HR function is often viewed as a ‘cost centre’ (Becker & Huselid, 2006), and many organizations devolve the HR function mainly to keep the HR related costs down (Hall & Torrington, 1998; Renwick, 2003). This was also reported by Lawson et al. (1999), who in their earlier study on devolution in New Zealand workplaces found that reducing HR costs was one of the two most important drivers for devolution for organizations at that time. However, considering the HR function is now more strategy focused, and HR is increasingly considered as a ‘core part’ of organizations’ business strategies (Rasmussen et al., 2010), perhaps explains why the respondents of this study attached relatively low importance to this particular rationale. Having said that, considering the respondents of this study were all HR professionals, who are part of the *cost*, may also have contributed to this low rating.

A couple of inferences can be drawn from this analysis of rationales. Firstly, a key finding is that the two topmost justifications for devolution according to the respondents of this study were: to empower the line managers and to make them more responsible. It gives the impression that HR professionals were worried about line managers' performance and that perhaps line managers somewhat failed to take charge of their work. This is also evident from the findings of Lawson et al. (1999), who reported that one of the principal reasons that prompted organizations in New Zealand to devolve the HR function was to increase line managers' accountability or responsibility. This suggests that, after more than a decade, the view is still the same, and organizations in New Zealand indeed consider devolution as a key means to increase line manager responsibility.

From the responses of the HR professionals of this study it is also evident that they would like to be strategic in their approach, and from strategic HR point of view, organizational empowerment is also very important because strategic HR considers empowerment as a key element for sustained competitive advantage (Birdi, Clegg, Patterson, Robinson, Stride, Wall & Wood, 2008).

Another key observation is that, rationales for devolutions such as increasing effectiveness and efficiency of the HR function and improving HR service delivery speed were ranked quite low in the list. This is surprising as one would think these are the prime reasons why the HR function would be devolved – to make the function better in terms of quality of HR service delivery. However, the low importance attached to rationales such as falling number of HR professionals, HR cost, along with efficiency and effectiveness perhaps indicate that organizations in New Zealand were introducing and implementing the HR devolution strategy as a proactive strategy, and not in reaction to challenges such as threat of jobs cuts, to keep HR related costs down or to address perceived inefficiency and ineffectiveness of the function.

#### ***4.3.1 Devolution initiators***

As Table 8 indicates, in more than one-third of the organizations HR professionals took the devolution initiative, either alone or collectively; while only in two instances HR was not involved at the time of introducing the strategy.

Table 8 *Devolution initiators*

<b>Devolution initiator</b>	<b>N</b>	<b>Yes (3)</b>	<b>Uncertain (2)</b>	<b>No (1)</b>	<b>Alone (n)</b>
HR	28	20	6	2	10
Senior Management Team	25	14	7	4	1
CEO	26	11	10	5	0
Line managers	24	3	8	13	0

*Note.* Total is more than the number of respondents due to multiple responses.

Line managers were not much active in terms of initiating devolution, as only in three instances they actively took part. However, senior managers were quite involved with the process and in over half of the organizations they played an active part in introducing the strategy. Such strong involvement and enthusiasm displayed by senior management is consistent with previous study findings that reported that senior managers were comparatively more interested in HR issues than line managers (Watson et al., 2007; Whittaker & Marchington, 2003).

In 10 cases HR took the devolution strategy decision alone, i.e. in as many as half of the organizations HR was solely responsible for initiating devolution. This suggests HR professionals had significant decision making authority and therefore they could take such decision on their own without the involvement of senior management. Only in one instance senior managers decided to devolve the function all by themselves, while CEO or line management never took the devolution decision alone. Out of all the devolved organizations, only in one case HR, CEO, senior managers and line managers were all involved in jointly taking the decision, while in other four organizations HR, CEO and senior managers jointly initiated the strategy.

#### 4.4 Key challenges and issues

This section addressed some of the challenges and issues that organizations encountered while implementing the devolution strategy. Similar to the previous section, this section also had two questions. In the first question respondents were asked to rate a set of challenges by indicating how critical they were in their respective organizations, while the second question explored the extent of resistance against the strategy from key stakeholders.

Line managers not devoting enough time and effort to develop their employees was ranked the topmost challenge faced by organizations (Table 9). Nearly half of the respondents regarded it a ‘major’ issue while another one-third considered it a ‘very critical’ issue. Combining together, approximately three-quarters of respondents were clearly concerned with the way line managers were performing in terms of developing their subordinates.

This result is consistent with McGovern et al.’s (1997) finding, where approximately half of the line managers did not have any direct involvement in developing their subordinates. The authors reported that since line managers were predominantly focused on short term goals, they performed poorly in terms of long term investment and development of their employees, including their career development. Many of their respondents were reluctant to train and invest on their junior staff because they had ‘higher’ business priorities and there was substantial opportunity cost involved. Similarly, Harris et al. (2002) reported that line managers were taking a ‘minimalist approach’ when managing employment issues and did not provide enough time and effort on areas such as employee skill and career development. Renwick and MacNeil (2002) also reported concern over line managers’ willingness and ability to develop careers of their employees.

The second most critical challenge was line managers’ lack of HR related skills. This was perceived by nearly three-quarters of the respondents as a ‘major’ or ‘very critical’ issue, and not a single organization thought this was ‘not an issue at all’. That means the majority of the respondents regarded line managers’ weakness in HR related skill and knowledge was creating considerable problem. And as one participant noted, one of *most important* issue that the organization faced regarding devolution of HR responsibilities was:

Table 9 *Key challenges and issues of HR devolution*

<b>Key challenges and issues</b>	<b>n</b>	<b>Very critical issue (5)</b>	<b>Major issue (4)</b>	<b>Moderate issue (3)</b>	<b>Minor issue (2)</b>	<b>Not an issue at all (1)</b>	<b>Mdn</b>	<b>M</b>	<b>SD</b>
Line managers do not devote enough time in developing employees working under them	31	10	13	6	2	-	4.00	4.00	0.89
Line managers lack HR skills	30	8	14	7	1	-	4.00	3.97	0.81
Line managers are inconsistent in the application of HR policies and procedures	30	6	14	7	2	1	4.00	3.73	0.98
HR consistency is affected	29	9	9	6	1	4	4.00	3.62	1.35
Line managers are reluctant to take on HR responsibilities	31	3	13	11	3	1	4.00	3.45	0.93
Line managers find it difficult to balance their new HR roles with other roles	30	5	9	12	1	3	3.00	3.40	1.13
Line managers complain about increasing workload	31	5	10	10	4	2	3.00	3.39	1.12
Line managers' short term business focus make their HR roles a distant priority	30	3	7	15	3	2	3.00	3.20	1.00
Lack of direct involvement by HR professionals in delivering HR services affects quality of HR deliverable	28	4	8	6	7	3	3.00	3.11	1.26
Line managers are weary of complex regulatory compliance issues	31	3	8	11	6	3	3.00	3.06	1.12
Line managers do not value the trainings designed to improve their HR skills	30	3	4	5	10	8	2.00	2.47	1.31
HR professionals are reluctant to let go their responsibilities and authority	30	1	1	6	12	10	2.00	2.03	1.00
There was tension in terms of a power imbalance between HR professionals and line managers	28	-	2	6	7	13	2.00	1.89	0.99
HR professionals are not comfortable in their new role	30	-	2	4	11	13	2.00	1.83	0.91

*The competency of a line manager to deliver them in the first place. (Executive Director)*

This result is again consistent with the findings of many previous studies (e.g. Harris et al., 2002; Renwick, 2003; Torrington and Hall, 1996). In one earlier Price Waterhouse Cranfield Survey conducted in some European countries (Hoogendoorn & Brewster, 1992), it was found that 77.3% respondents believed that line managers did not have the sufficient skills and expertise to execute HR tasks properly. And although slightly lower, but similar finding was reported in a more recent study on Australian organizations by Kulik and Bainbridge (2006), where 56.3% respondents did not increase line manager involvement because of their apparent lack of knowledge and expertise. And according to Gennard and Kelly (1997), who conducted their study on British organizations, one reason why many line managers were poor in this area was because line managers were historically promoted to managerial positions despite not having any people management skills.

Inconsistent application of HR service delivery is another area where HR respondents thought that organizations suffered a lot. As can be seen from the Table 9, line's inconsistent application of HR policies and procedures was considered a 'very critical' or 'major' issue by exactly two-thirds of the respondents; while well above half of the respondents regarded that organization wide HR consistency is affected due to such inconsistent service delivery by line managers.

Again this is one area that has often been classified as problematic in the devolution literature (e.g. McGovern et al., 1997; Perry & Kulik, 2008; Renwick, 2000). Budhwar (2000) noted that lack of consistency was one of the key negative outcomes in their study which was affecting the standard of practice overall. Similarly, Kulik and Bainbridge (2006) reported that 33.6% HR managers in their study considered that line manager involvement in HR issues made it difficult to maintain standardization across different units. Such inconsistent treatment by line managers takes place mostly because they lack the required skills to perform people management tasks properly (Whittaker & Marchington, 2003) and consequently often take decisions that go against the standard of practice.

Respondents were also quite concerned regarding line managers' reluctance to take on HR responsibilities. More than half of the respondents termed this a 'very critical' or 'major' issue, which also became clear from respondent comments:

*Line managers want to concentrate on their main role and not HR. (HR Officer)*  
*Challenge is [line managers'] apathy. (OD Manager)*

This finding is in line with a couple of other studies (e.g. Harris et al., 2002; Torrington & Hall, 1996). Different reasons could be behind this reluctance. Maybe line managers lacked HR skills and thus did not feel comfortable taking up the tasks, or it could be that they were already preoccupied with their functional duties and did not want to increase the workload any further. Sometimes lack of incentives deters line managers from taking up HR responsibilities too. For example, McGovern et al. (1997) found very little evidence of 'institutional pressure' on line managers in terms of getting involved in people management activities, and when they eventually got involved, it was mainly because of their personal motivation than any organizational commitment.

Increased workload as a result of devolution was regarded as a 'major' or 'very critical' issue by half of the respondents, while one third of them reported it as 'moderate' issue. This is again consistent with several other study findings (e.g. Hall & Torrington, 1998; Kulik and Bainbridge, 2006; McConville & Holden, 1999; Perry & Kulik, 2008). Watson et al (2007) reported that 91% departmental managers and 93% supervisors in their study considered heavy workload a key barrier to devolution. Similarly, Cunningham and Hyman (1999) reported that in each of their case study organizations, line managers 'uniformly testified' about the increasing workload. Such increased workload worries line managers because they fear this would negatively affect their 'core' functional duties against which their performance is usually measured.

Line managers' short term business focus is another inherent problem of devolution (Harris et al., 2002; Perry & Kulik, 2008) and this was also echoed by the respondents of this study. More than three-quarters of the respondents considered this a 'moderate' to 'very critical' issue. This is again consistent with Watson et al's (2007) finding where they found 77% of strategic managers and 91% of supervisors perceived short term job pressure a key obstacle. Whittaker and Marchington (2003) reported that line managers were frustrated that they could not devote enough time to HR issues because of their other business priorities, and similar finding was also reported by Perry and Kulik (2008) in their study involving 174 US companies with 250+ employees.

Responses also show that line managers were worried about regulatory complexities arising from their people management activities. New Zealand has quite a stringent and complex legislative environment involving legislative acts such as Employment

Relations Act 2000, Human Rights Act 1993 etc. which are quite complex and require specialist knowledge to deal with. And since line managers generally lack thorough knowledge and understanding on such legislative matters, they were justifiably concerned. This is supported by the finding of Harris et al. (2002), as they too found increasing regulatory compliances and litigation complexities was viewed as a 'major constraint' by their participants. Similarly Whittaker and Marchington (2003) reported that line managers worried about facing legal challenges when dealing with sensitive issues like grievance and disciplinary procedures.

A criticism often raised against line managers is that they do not value their HR related training and development programs and consider HR knowledge and expertise as mere common sense (e.g. Cunningham & Hyman, 1999; Renwick, 2003). But respondents of this study did not necessarily agreed with this view as they considered it just a minor problem which was ranked 11th in the list with a considerable drop in rating score (M=2.47; SD=1.31). Nearly one-third of the respondents did not consider it 'an issue at all', while another one-third regarded this only a 'minor' issue. While this is in line with Watson et al.' (2007) finding that line managers were quite interested on training programs in their case study organization, some other studies reported opposite findings. For example, sometimes line managers were simply not interested to spend time on HR related trainings (Hoogendoorn & Brewster, 1992), and others raised question regarding line managers' genuine commitment in receiving such training (Cunningham & Hyman, 1995). However, both these studies are quite old and going by more recent research evidences, perhaps line managers now value training more than before (see Hutchinson & Purcell, 2010; Stanton et al, 2010).

HR professionals' reluctance to let go their responsibilities was also not seen as a critical issue by the participants. More than two-thirds of the respondents considered it either as a 'minor issue' or 'not an issue at all'. The finding is similar to Perry and Kulik's (2008) finding that HR professionals were quite enthusiastic and ready to devolve responsibilities that were once their own. However, there are also evidences that show that HR professionals are not too keen to let go some of their tasks such as recruitment or budget. HR often consider training budget as a source of their power and influence and thus not ready to lose their control over it (Hall & Torrington, 1998). Moreover, HR professionals sometime worry that devolving too much of responsibility would pose a threat to their own job and career (Harris et al., 2002).

Tension between HR and line was also not regarded as a major constraint by the participants. In fact, nearly half of the respondents did not consider it an issue at all. Previous research results both support and contradict this finding. Renwick (2003) found evidences of partnership between HR and line falling apart because of ‘significant conflict and tension’ between the two. Similarly Watson et al. (2007) reported that 29% of their participants identified role conflict and tension as a barrier to devolution. However, in another study Renwick (2000) confirmed that HR managers did not see ‘much tension’ between HR and line and ‘consensual’ relationship was strongly evident.

Respondents of this study also largely dismissed the idea that HR professionals were uncomfortable in their newly assumed role. While one-third of the respondents considered it only a ‘minor’ issue, nearly half of them did not regard it an issue at all. While one reason for such overwhelming response could be that the participants of this study were all HR professionals, research evidence shows that not everyone shares the same view. Becker & Huselid (2006) noted that, although there were a lot of discussions regarding HR professionals playing a strategic role, but a big concern remained in their capabilities to take up such a role. Others reported that HR was found to be ‘uncertain’ in the face of their new role in terms of the types of expertise they would require (Harris et al., 2002), some HR professionals were not too willing to accept devolution (Renwick, 2003), while others have raised concern regarding their capability to solve line managers’ HR problems (Cunningham & Hyman, 1999)<sup>1</sup>.

The above analysis, together with review of the extant literature shows that some of the challenges faced by organizations, such as lack of line manager skill, their reluctance to take up HR responsibilities, HR inconsistency and line manager short-termism are quite ubiquitous and have been repeatedly reported by studies irrespective of industries, time and region. This then raises the question why such challenges still persist after more than two decades? Is it because organizations are failing to properly deal with the problems, or the issues are ingrained within the concept of devolution, therefore ‘part of the package’? Or perhaps both?

The literature is silent on this. Moreover, any kind of theoretical discussion is starkly missing within the devolution literature. Although a detailed analysis is out of scope of

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1. While Renwick’s (2003) research participants were only line managers the other two studies included views of both line managers and HR professionals.

this present discussion, nevertheless this study introduces two theoretical viewpoints that can potentially explain and help to understand many of the problems associated with the strategy of devolution; namely, agency theory and role theory.

### **Agency theory**

Originating from economics, agency theory postulates that organizational actors are in effect ‘utility maximizers’ who often strive to maximize their own benefits in detriment to the organization they work for (Akdere & Azevedo, 2005). According to this theory, there are two parties involved: the principal and the agent. Agency theory describes the relationship between the principal and agent using the term ‘contract’ (Eisenhardt, 1989). The core idea of agency theory is the goal conflict resulting from individuals with differing preferences engaged in cooperative effort or in contacts; where contracts could be either official (legal) or unofficial (psychological) (Akdere & Azevedo, 2005).

The principal is the one who delegates, and the agent represents someone to whom the responsibility and/or authority is delegated. Applied to HR devolution, HR, senior managers or whoever initiates the strategy could be regarded as the principal, while the line managers to whom responsibilities and authorities are delegated are the agents (Eisenhardt, 1989).

However, the question is, within a contract of devolution, are the goals of HR and line managers fundamentally different? As the discussion in Section 4.3 illustrated, HR generally approach devolution from an organizational improvement agenda: to empower line managers, to make them more responsible, to utilize line managers’ proximity to local issues, to engage line managers in motivating and controlling their employees, or simply to achieve a strategic approach to the people management activities in the organization. In contrast, line managers are focused on their business objectives and bottom line performance, because their performances are mainly evaluated based on their functional activities and not on their people management performance. Therefore, there is a divergence between the goals of principal (HR) and agent (line) and quite clearly a potential scenario for agency problem.

Agency loss is minimized when either or both of the following happen: principal and agent strive for the same outcomes and the principal is adequately informed about the

consequences of agent's activities. In other words, when neither of the two happens, agents have both the 'incentive' and the 'opportunity' to deviate from the contract as there is no fear of retribution (Lupia, 2001). Therefore, to avoid the risk of agency problem, it is important to include people management issues in line managers' performance targets and evaluate their performance during appraisals so that HR is always well informed about line's performance and activities on HR issues.

### **Role theory**

Role overload and role conflict are two potentially useful concepts that may provide further understanding of the relationship between HR and line managers. There is an extensive body of literature on role conflicts (Mohr & Puck, 2007; Onyemah, 2008), however, a review of literature identified only two studies exploring this issue within devolution literature (see McConville, 2006, McConville & Holden, 1999).

Pandey and Kumar (1997) define role conflict as "a state of mind or experience or perception of the role incumbent arising out of the simultaneous occurrence of two or more role expectations such that compliance with one would make compliance with the other(s) more difficult or even impossible" (p. 191). Basically role conflict occurs when an individual is subject to competing or conflicting sets of expectations from one position in the organization, i.e. when the individual experiences pressures within one role that are incompatible with the pressures from another role (Ghorpade, Lackritz & Singh, 2011; Tarrant & Sabo, 2010).

On the other hand, role overload happens when the individual has to fulfil several roles simultaneously that present too many role demands in too little time (Coverman, 1989). And when such demands of one role affect performing the other role, role overload leads to role conflict.

As has been discussed earlier in this section, there are a number of possible indications of role overload and consequent role conflict in the findings of this study. For example, line managers showing reluctance to take on HR responsibilities, not spending time in developing subordinates, finding it difficult to balance their functional role and the HR roles, and complaining about increasing workloads perhaps suggest that many of them were experiencing role overload. Moreover, line managers also face the challenge of maintaining a balance between the short term nature of business cycles and the demand

for long term commitment on people management issues. Some line managers may view these two aspects of their work as incompatible, leading to role conflict.

However, according to McConville (2006), devolution brings a new kind of role tension which is distinguished from the traditional concept of role conflict. Line managers often want to get involved in the people management activities of the organizations but become frustrated by issues such as lack of time and heavy workload. Sometimes HR delegate responsibilities without associated decision making or financial authority and in such a case responsibilities without autonomy becomes nothing but a 'liability' for line managers, while in other instances line managers find themselves implementing policies that were prepared by HR without them being consulted (McConville, 2006; McConville & Holden, 1999). According to McConville (2006), such conflicting expectations and 'paradoxical outcomes of HRM' cause a distinct kind of role tension for line managers, creating a form of dissonance, which he terms as 'role dissonance'.

This brief analysis indicates that the above two theoretical frameworks (agency theory and role theory) have the potential to explain many of the common issues and challenges involving devolution. Further research is warranted to assess to what extent these theories can explain the specific issues.

#### ***4.4.1. Resistance against devolution***

There was not much resistance from any of the stakeholder groups against introduction of the devolution strategy (Table 10). Of the six groups, line managers displayed the most resistance. Two-thirds of the respondents experienced somewhere between 'moderate' to 'very high' resistance, while there was not a single organization that did not experience any resistance at all.

CEOs were the least against devolution as can be seen from the responses. Not a single CEO put up 'high' or 'very high' resistance, while in nearly two-thirds of the instances CEOs did not resist at all. However, such a positive projection could be because in organizations where CEOs did not approve of devolution, most likely those did not end up in devolving anyway. Therefore, organizations that devolved had some degree of support from the CEOs which is crucial for any successful HR initiative (Maxwell & Farquharson, 2008; Renwick, 2000; Stanton et al., 2010).

Table 10 *Resistance against devolution*

Resistance	n	Very high resistance (5)	High resistance (4)	Moderate resistance (3)	Little resistance (2)	No resistance at all (1)	Mdn	M	SD
Line managers	31	4	3	14	10	-	3.00	3.03	0.98
Senior Management Team	29	-	2	9	10	8	2.00	2.17	0.93
Unions	18	1	-	1	12	4	2.00	2.00	0.91
Employees	30	-	1	5	15	9	2.00	1.93	0.79
HR professionals	29	1	1	2	15	10	2.00	1.90	0.94
CEO	26	-	-	4	6	16	1.00	1.54	0.76

Unions also did not display much resistance against devolution. Two-thirds of the respondents experienced ‘little’ resistance, while in nearly a quarter of them did not notice any resist at all from unions. The low number of respondents (n=18) was perhaps because in rest of the organizations there was not much union presence, which is quite understandable since a large number of respondents were from private organizations where union presence is traditionally low (Haworth & Rasmussen, 2009).

#### 4.5 Key solutions

This section explored the measures organizations undertook in response to the challenges and issues they faced while devolving. Three separate questions were used in this section. The first question consisted of a list of commonly undertaken measures advised from the literature where respondents agreed or disagreed with the measures. The second question asked participants to rate the extent of devolution in different dimensions; while the last question asked to indicate the extent of overall devolution in the respective organizations.

There was a strong agreement among the respondents that HR professionals acting as role models for good HR practice was one of the most important measures they had taken (Table 11). More than two-thirds of the respondents ‘agreed’ and ‘strongly agreed’ with this measure, while only one respondent disagreed. Similarly, senior line managers acting as role model was another key measure. This was agreed by more than

Table 11 *Key solutions against the challenges and issues of devolution*

<b>Key solutions</b>	<b>n</b>	<b>Strongly agree (5)</b>	<b>Agree (4)</b>	<b>Neither agree or disagree (3)</b>	<b>Disagree (2)</b>	<b>Strongly disagree (1)</b>	<b>Mdn</b>	<b>M</b>	<b>SD</b>
Making sure HR professionals act as role models for good HR practice	30	10	13	6	-	1	4.00	4.03	0.93
Promoting a partnership approach between line managers and HR	31	6	18	5	-	2	4.00	3.84	0.97
Making sure senior management acts as role models for good HR practice	31	7	11	8	4	1	4.00	3.61	1.09
Extensively communicating the strategy of devolution among the key stakeholders	28	4	10	8	3	3	3.50	3.32	1.19
Incorporating HR responsibilities into line managers' performance target	29	5	10	7	3	4	4.00	3.31	1.28
Identifying line managers' skill gaps before rolling out the devolution scheme	30	3	13	5	6	3	4.00	3.23	1.19
Adequate formal training for line managers	31	4	10	8	6	3	3.00	3.19	1.19
Adequate preparation before implementing the strategy	28	4	6	8	9	1	3.00	3.11	1.13
Implementing devolution in phases	26	1	10	7	2	6	3.00	2.92	1.26
Regularly review the implementation of the devolution strategy	28	1	10	7	5	5	3.00	2.89	1.20
Involving outside expertise	27	2	7	10	2	6	3.00	2.89	1.25
Managing line managers' workload	29	2	5	9	8	5	3.00	2.69	1.17
Making the devolution process formal and structured	28	1	7	7	7	6	3.00	2.64	1.19
Providing non-financial incentives for line managers for added HR responsibilities	29	1	1	6	8	13	2.00	1.93	1.07
Providing financial incentives for line managers for added HR responsibilities	28	1	1	3	6	17	1.00	1.68	1.06

half of the respondents. Although there was no mention in the devolution literature about HR professionals acting as role models, but several studies show that senior managers in many organizations set examples for rest of the organization to follow through role modelling (e.g. Watson et al., 2007; Whittaker & Marchington, 2003).

In role modelling, an observer carefully observes the performance of the model and the resulting consequences of his actions; and if the outcomes are desirable, consequently imitates the process by matching the actions. Such observational learning is an important part of organizational learning where individuals can acquire cognitive skills and new patterns of behaviour by modelling the behaviours or attributes of others, which help learners form mental models of appropriate behaviour.

One of the most prominent learning theories in adult learning and HRD literature is Bandura's (1986) social learning theory (Gibson, 2004). It is a behaviourist theory that postulates that most human behaviour and social learning happens by observation through imitating models. According to Bandura (1986), modelling is "one of the most powerful means of transmitting values, attitudes, and patterns of thought and behaviour" (p. 47). Observational learning is governed by four component processes: attention, retention, behaviour production, and motivation.

In one study, Latham and Saari (1979) applied this model in training a group of first-line managers where the trainees were tasked to follow a model with a set of goals in mind and the managers reportedly learnt important leadership skills within a relatively short period of time. According to the researchers, their study findings demonstrated that utilizing social learning theory principles and model brought about a permanent change in managers' behaviour in terms of how they manage people.

One other measure that was lauded by a lot of respondents was the partnership between HR and line when implementing the devolution strategy. As many as three-quarters of the respondents either 'agreed' or 'strongly agreed' with this statement. Quite clearly HR enjoyed a healthy relationship with line and line managers were comfortable working with HR on people management issues. This further supports the finding in the previous section that there was hardly any tension between HR and line in the participating organizations. A number of other studies also reported similar finding (e.g. Bredin & Soderlund, 2007; Perry & Kulik, 2008; Whittaker & Marchington, 2003).

Communicating rigorously with the various stakeholders during devolution was another popular measure, with half of the respondents either 'agreed' or 'strongly agreed' with this. Although no previous study on devolution explored this particular topic, but research on organizational communication shows that lack of communication can create anxiety and stress within workplaces, especially during any organizational change process (Johansson & Heide, 2008). On the other hand, when communication is regarded as a "tool for announcing, explaining or preparing people for change" (Kitchen & Daly, 2002, p. 50), it reduces uncertainty, employees feel confident and comfortable and thus most likely to embrace the transition (Allen, Jimmieson, Bordia & Irmer, 2007; Lippitt, 1997). Therefore, considering how HR devolution brings about a big change in the way HR professionals and line managers work, it is very important that adequate communication takes place throughout the whole process.

Incorporating people management issues within line managers' performance target is another measure that many respondents implemented successfully. More than half of the respondents 'agreed' or 'strongly agreed' with this measure. Similar findings were also reported by few other studies. Hall and Torrington (1998) found their participants incorporated the HR issues in their performance target along with the technical and budget targets. Similarly, McGovern et al. (1997) reported that five out of eight of their case study organizations had formally incorporate people management activities in line managers' performance objectives. However, there were other studies that reported different findings. For example, De Jong et al. (1999) found that in about half of their participant companies, HR issues were not discussed during line managers' performance appraisals; while others reported that line managers were measured by their business target, not by their performance on HR issues; therefore they did not have much incentive to perform HR activities and were more concerned about achieving their business targets. In such a case HR works were either conducted outside their normal work hours, or worse, completely ignored (Hailey et al., 2005; Hutchinson & Purcell, 2010).

This issue of setting performance target is strongly supported by goal theory, and studies on goal theory have shown that individual performance improves when people are asked to achieve a goal, compared to when no specific goal is set (Latham, Mitchell, & Dossett, 1978; Terpstra & Rozell, 1994). According to Locke and Latham (2002), goals affect performance through four mechanisms. First, goals create focus and consequently direct towards goal relevant activities. Second, goals work as energizers

i.e. the higher and difficult the goal, greater the effort. Third, goals result in persistence towards achieving the goal. And fourth, goals affect action through use of relevant knowledge and strategies.

Another key finding from Table 11 is that, identifying line managers' skill gaps and providing them necessary training and development opportunities received comparatively low preference from respondents (ranked 6<sup>th</sup> and 7<sup>th</sup> respectively). Although one study reported similar finding (see McConville & Holden, 1999), but generally organizations that provided greater amount of training and support to the line managers reportedly experienced greater success (Budhwar, 2000; Hall & Torrington, 1998; McGovern et al., 1997; Renwick, 2000).

The positive impact of training on organizational performance is also well documented in the training literature, and improvements resulting from training are reported in areas of job satisfaction, organizational commitment, turnover rate, organizational justice and 'HR outcomes' (Owens, 2006; Tharenou, Saks & Moore, 2007). Generally, the goal of training is to prepare employees perform a job or task through systematic development of job related competencies such as knowledge, skills and behaviour (Kumpikaitė & Čiarnienė, 2008), and when employees transfer and translates those new competencies on the job, then employee job performance also improves (Tharenou, Saks & Moore, 2007).

However, to be effective, training and development programs should be preceded by proper need assessments (Chen & Klimoski, 2007; Moore & Dutton, 1978). And not just training, but in general, sufficient preparation by HR is important to minimize the impact of any change (Teo & Rodwell, 2007). However, neither identifying line managers' skill gaps nor taking adequate preparations before implementing devolution were given much preference by the respondents of this study (in both instances one-third of the respondents disagreed that their organizations took the above measures). This is similar to Cunningman and Hyman's (1999) finding, where majority of the line managers felt unprepared to carry out their HR responsibilities because they received hardly any training prior or during devolution.

In absence of proper training need assessment, sometimes HR designs and arranges training without consultation with line managers and rather than providing tailored training and development programs, they adopt a 'one size fits all' approach (Conway

& Kathy, 2010). Also research evidence shows that lack of training often forces line managers to learn new skills through ‘learning by doing’ (Hutchinson & Purcell, 2010).

However, sometimes even roll modelling and training are not enough and organizations are forced to think about other ways to deal with the lack of line manager HR skills. And one such measure is to gradually replace the existing poor performing line managers with better skilled ones:

*Over time as managers left, we were more focused on taking on managers with the balance of HR and technical skill, who understood good HR management makes them a good manager. (HR Manager)*

Another measure that few organizations adopted was making the devolution process formal and structured. Only a third of the participants’ organizations implemented this measure. To deal with inconsistent treatment by line managers and to maintain minimum standard in HR service delivery, organizations often prepare detailed process and procedures to follow (Hall & Torrington, 1998; Nehles et al., 2006). Research shows that line managers are quite welcoming to such guidelines as this gives them a clear understanding about what to do and how to do (Conway & Kathy, 2010; Harris et al., 2002). However the downside is, such detailed and rigid guidelines often impose limits around line managers’ work and may cause frustration. And considering participants of this study wanted to empower line managers, perhaps this was the reason they avoided introducing such guidelines so not to create a rigid atmosphere, and instead offer flexibility to line managers.

Majority of the respondents of this study were against providing either financial (M=1.68, SD=1.06) or non-financial (M=1.93, SD=1.07) incentives to line managers; only four respondents agreed with these measures. This is consistent with the finding by McGovern et al. (1997), who also reported limited incentives were provided to line managers to carry out HR activities. One explanation for deciding against incentives could be that HR thought line was already quite content to take on HR responsibilities and providing incentives was not necessary. This assumption is supported by findings of Cunningham et al. (1996), who reported that many HR professionals shared the belief that empowered managers could be motivated by extra responsibilities and job satisfaction alone, and financial incentives were not required.

However, as has been discussed in the previous section, many line managers considered devolution had increased their workload and they found it difficult to strike a balance

between their functional and HR roles. Therefore, not providing incentives for their extra work could be detrimental to the organizations because according to equity theory, employees look to maintain equity between what they bring to a job (time, expertise, effort etc.) and what they receive against these inputs (recognition, rewards, benefits etc.), especially compared to others. If they perceive inequity between their contribution and resulting reward, they will consider it organizational injustice and consequently this might have a negative impact of their performance. For example, studies have found that if employees feel they are underpaid, they may alter their performance through decreasing their inputs, either quantitatively or qualitatively, as a means to restore equity (Carrell & Dittrich, 1978).

#### ***4.5.1 Devolution dimensions***

Dividing the concept of devolution is important as it can provide a useful way to differentiate between various dimensions of devolution. Of the five dimensions mentioned in this study, four (operational activities, financial authority, decision making power and specialist knowledge) were adopted from the work of Cascon-Pereira et al. (2005), while ‘HR policy development’ was introduced in this study.

As Table 12 illustrates, of the five dimensions, operational responsibilities were mostly devolved by organizations ( $M=3.68$ ;  $SD=.91$ ). There was not a single respondent’s organization that did not devolve any operational task, while nearly a quarter of the respondents said they completely devolved the operational aspects of the HR function. This is in line with Cascon-Pereira et al.’s (2005) study findings, where they reported that HR mostly transferred the operational tasks to line. Poole and Jenkins (1997) similarly reported that ‘line dominance’ was the ‘central pattern’ in operational aspects of people management activities in organizations from Britain.

The second most devolved dimension was financial or budgetary authority associated with HR processes and procedures, and one-fifth of the respondents completely devolved this dimension. Line managers often show interest in budget management because having financial or budgetary power helps them to better manage their devolved HR activities (Whittaker & Marchington, 2003). Cascon-Pereira et al. (2005) also reported that lack of financial power was cited by line managers as the key limitation towards devolution; and in the absence of budgetary control, line managers were left merely to identify “needs and informing the direction of the needs to be

covered with budgets” (p. 143). However, devolving this dimension has a potential drawback as Marginson et al (1993) argued, budgets can set the short range HR agenda because managers are naturally short term goal driven. Moreover, HR professionals do not often want to devolve budgetary control to line as they fear this would erode their control and influence over the organization (Hall & Torrington, 1998). Therefore, respondents of this study emphasizing on devolution of financial power to line was certainly a bold move.

Table 12 *Devolution dimensions*

<b>Extent of devolution</b>	<b>n</b>	<b>Complete devolution (5)</b>	<b>High devolution (4)</b>	<b>Moderate devolution (3)</b>	<b>A little devolution (2)</b>	<b>Zero devolution (1)</b>	<b>Mdn</b>	<b>M</b>	<b>SD</b>
HR operational activities	31	7	9	13	2	-	4.00	3.68	0.91
Financial authority	30	6	8	8	4	4	3.00	3.27	1.31
HR decision making power	31	4	6	13	8	-	3.00	3.19	0.98
HR specialist knowledge	31	-	1	6	11	13	2.00	1.84	0.86
HR policy development	30	-	2	4	10	14	2.00	1.80	0.93

HR was also quite content to devolve decision making power to line. Most organizations moderately devolved this dimension, while there was not a single organization which did not devolve at least some amount of decision making power to line. This result goes against the findings of Cascon-Pereira et al.’s (2005) study, where they hardly noticed any evidence of devolution of decision making power. Once again this shows that HR professionals in this study generally had faith on line managers, they were working in the spirit of partnership, and were ready to share and transfer their responsibilities to line.

HR specialist knowledge was one dimension which was not devolved by many organizations. Nearly half of the respondents’ organizations did not devolve any of their HR specialist knowledge to line, and there was not a single organization that completely devolved this dimension. This is not surprising because as has been discussed in the previous section, HR did not provide enough training opportunities to line managers and thus it was natural that line would be lacking specialist technical knowledge. This is consistent with Cascon-Pereira et al.’s (2005) finding that specialist knowledge was not

devolved to line managers through training or coaching, and line managers expressed they lacked required knowledge and expertise. Renwick (2003) on the other hand reported that line managers in their study did not have the intention to become 'expert' on HR issues.

Of the five dimensions, HR policy development was least devolved. This was perhaps because HR professionals assumed a more strategic role following devolution and they concentrated more on areas such as advising, policy development and long term planning. Approximately half of the organizations did not devolve anything with regards to HR policy development, while not a single organization completely devolved this dimension. Consistent with this finding, Heraty and Morley (1995) noticed hardly any evidence of policy development by line managers, where as many as 58% line managers were completely at dark about training and development policy issues.

The above analysis shows that organizations of this study were quite content to devolve operational, decision making and financial dimensions to line. And considering empowerment of the line managers was one of most important rationales for devolution, it was quite important that they followed it up by devolving these dimensions.

#### **4.6 Key outcomes**

This section explored some of the positive outcomes that organizations experienced as a result of devolution. Three questions were used to measure the outcomes. In the first question participants identified a number of positive outcomes the organizations experienced as a result of devolution. Similarly in the second question they indicated the level of improvements for various HR functions. And finally the participants were asked to indicate their level of satisfaction with the overall outcome of devolution.

More problems being solved at the local level was the best outcome that participants of this study experienced following devolution (Table 13). Half of the respondents experienced either 'high' or 'very high' improvement in this particular area, while only one organization did not experience any improvement. Budhwar (2000) and Renwick (2003) also reported similar finding.

Table 13 *Key outcomes of HR devolution*

Key outcomes	n	Very high improvement (5)	High improvement (4)	Moderate improvement (3)	Little improvement (2)	Not improvement at all (1)	Mdn	M	SD
More problems being solved at the local level	30	4	11	8	6	1	3.50	3.37	1.07
Line managers' responsibility for people management	31	1	15	10	3	2	4.00	3.32	.94
Line managers benefiting from cross-training in HR processes	30	2	14	8	2	4	4.00	3.27	1.14
A strategic approach to HR	30	5	6	8	6	5	3.00	3.00	1.26
HR professionals' commitment	31	2	12	7	4	6	3.00	3.00	1.34
HR service delivery and decision making speed	29	1	9	10	6	3	3.00	2.97	1.05
Line managers' commitment to implement HR policies and practices	30	1	10	8	8	3	3.00	2.93	1.08
Firm performance	27	1	6	12	5	3	3.00	2.89	1.01
Employee empowerment	28	2	6	9	8	3	3.00	2.86	1.11
Employee efficiency	25	1	5	10	6	3	3.00	2.80	1.04
Comprehensive approach to HR	28	1	6	11	6	4	3.00	2.79	1.07
The effectiveness of HR function	29	-	4	18	3	4	3.00	2.76	.87
The efficiency of HR function	28	-	5	15	3	5	3.00	2.71	.98
HR costs	23	-	4	7	9	3	2.00	2.52	.95
Employees benefiting from tailored HR services	26	1	2	6	13	4	2.00	2.35	.98

The second most improvement was noticed in terms of increased line manager responsibility for people management activities. Half of the respondents experienced 'high' improvement in this area, while one organization experienced 'very high' improvement. As one respondent stated, following devolution:

*Line managers [were] far more aware of the need for employee motivation and retention. (Executive Director)*

The result is in line with Whittaker and Marchinton's (2003) findings; the authors reported that line managers in their case study organizations regarded HR activities such as appraisal, team management, budget and employee objective setting as their responsibilities since they were better informed in those areas. Also, their line managers boldly stated that they knew what motivated and drove their employees, what kind of work pressure they had to deal with and therefore they were in an ideal position to judge what was best for their employees.

Line managers benefitting from cross-training in HR processes was another area where participants experienced positive results. Nearly half of the respondents experienced 'high' improvement in this area and two others identified the improvement as 'very high'. This is interesting since analysis from the last two sections show that on the one hand line managers lacked HR related skills, and on the other hand HR did not put much importance in providing them necessary trainings. But as the finding here shows, quite clearly whatever training the line managers received were beneficial for them.

Organizations also experienced improvements in the area of strategic HR as a result of devolution. Similar finding is reported by couple of other studies too. Renwick (2000) reported that following devolution, usually HR professionals were found to be assuming a strategic role that was advisory in nature. Similarly, Torrington and Hall (1996) found there was significant involvement in strategic activities by HR and in most of the cases both HR and line together set the strategies. However, considering how often devolution is championed because it gives HR a chance to be strategic, there is surprisingly not many empirical evidences to support that view. Therefore, this study finding showing devolution indeed results in a more strategic approach to HR is an important contribution.

A moderate improvement in firm performance following devolution was also reported by the participants, which is consistent with the only other study by Budhwar (2000) who reported outcome of firm performance. Also, a moderate amount of improvement

in HR service delivery and decision making speed was observed by the respondents which supports the findings of Perry and Kulik (2008) and Renwick (2000, 2003).

However, participants did not notice much improvement in terms of cutting HR related costs, which was ranked at the second last position. Only four respondents experienced 'high' improvement in this area while not a single organization experienced 'very high' improvement. This finding somewhat contradicts Renwick's (2000) result where 31% respondents experienced cost cut. Interestingly, lowest number of respondents (n=23) rated this particular measure and eight others responded with 'don't know'. One possible explanation could be that those who refrained from answering the item did not have the exact financial figures and therefore avoided guessing the answer.

Effectiveness and efficiency of HR functions did not register much improvement too and were ranked at 12<sup>th</sup> and 13<sup>th</sup> position respectively. Not a single organization reported 'very high' improvement in areas of increased effectiveness and efficiency. This finding contrasts the result of Perry and Kulik (2008) where people management activities were more effective when there was more involvement by line managers and less by HR. However, considering the respondents of this study did not put much importance on these two rationales to begin with, these low scores are perhaps not surprising.

The least amount of improvement was noticed in the area of employees benefitting from tailored HR services. According to the earlier findings, line managers generally were reluctant in taking up delegated HR responsibilities and also did not devote enough time and effort in developing and nurturing their employees. So it was quite natural that the employees did not receive much benefit out of this strategy.

#### ***4.6.1 Improvements in various HR functions***

Overall, the improvements in various HR functions were quite moderate and ratings were quite spread (Table 14).

The biggest improvement was noticed in employee induction process. This was followed by selection, health and safety and recruitment. High improvement in recruitment and selection is in line with the Cranet survey (2004) findings on New Zealand organizations where it was found that recruitment and selection was one area where line had 'major influence' (Rasmussen et al., 2010). Interestingly, this result goes

Table 14 *Improvements in various HR functions*

<b>Improvements in functions</b>	<b>n</b>	<b>Very high improvement (5)</b>	<b>High improvement (4)</b>	<b>Moderate improvement (3)</b>	<b>Little improvement (2)</b>	<b>No improvement at all (1)</b>	<b>Mdn</b>	<b>M</b>	<b>SD</b>
Induction of new employees	29	5	8	7	6	3	3.00	3.21	1.26
Selection	29	3	8	11	3	4	3.00	3.10	1.18
Occupational Health and Safety	27	4	6	7	7	3	3.00	3.04	1.26
Recruitment	28	2	7	12	4	3	3.00	3.04	1.07
Performance management	30	3	7	10	7	3	3.00	3.00	1.15
Disciplinary issues	29	3	5	10	10	1	3.00	2.97	1.05
Employee motivation	25	1	7	7	6	4	3.00	2.80	1.16
Training and development	28	3	4	6	10	5	2.00	2.64	1.25
Grievance procedures	26	2	5	5	7	7	2.00	2.54	1.30
Pay and benefits	26	1	5	8	3	9	3.00	2.46	1.27
Dismissal procedures	27	1	4	8	7	7	2.00	2.44	1.16
Promotion processes	25	-	5	6	9	5	2.00	2.44	1.04
Employee forecasting / HR planning	21	1	2	7	6	5	2.00	2.43	1.12

against both Cunningham and Hyman (1995) and Hall and Torrington's (1998) findings where neither of the studies noticed much line involvement in this particular area. However, considering both the studies were conducted in Europe and over a decade old, this perhaps explains the contradictory outcome.

There was moderate improvement in employee performance management. While Whittaker and Marchington (2003) found senior managers were very keen to do performance appraisals for their employees, Renwick (2003) and Hall and Torrington (1998) reported that line managers generally did not like performing appraisals and were not much involved in the appraisal process.

Quite predictably little improvement was noticed in areas of grievance and dismissal procedures. As discussed previously, line managers were weary of regulatory complexities and such low scores in grievance and dismissal procedures confirm that line did not perform well in these areas.

Training and development did not see much improvement either. HR is often guilty of not arranging enough training and development opportunities for employees and when the same employees become managers one day, they fail to appreciate the importance of training for their employees' continuous development (Heraty & Morely, 1995). Same thing might have happened here too. As has been discussed in Section 4.4, unlike some other measures, HR did not put much importance on skill gap identification and training for line managers, and so when the very same line managers were given the responsibility of training and development, they probably failed to appreciate the value of the function.

One-third of the organizations did not notice any improvement in the area of pay and benefit. This confirms Poole and Jenkins (1997) and Whittaker and Marchington's (2003) claim that HR professionals were playing a much greater role in reward management than line. On the other hand, Renwick (2003) found line managers were interested to take salary decisions, but unfortunately they were not very consistent.

The least amount of improvement was noticed in HR planning and forecasting area. This was perhaps because of two reasons: first, not much devolution happened in the area of HR policy development and secondly, HR took a more strategic stance following devolution and was perhaps more involved in activities like planning and policy development. Such less line involvement in planning and policy development is

consistent with the findings of Kulik and Bainbridge (2006) and Whittaker and Marchington (2003).

The general observation from the above outcomes is that, the improvements were clustered around the ‘moderate improvement’ range. This shows that although devolution resulted in improvements in various areas and aspects, but the overall outcome can only be termed as modest.

#### **4.6.2 Overall level of satisfaction**

Table 15 illustrates the level of satisfaction indicated by the participants from their overall experience of devolution. The highest number of participants rated their devolution outcome as satisfactory (58.06%), while not a single organization experienced an extremely satisfactory outcome.

Table 15 *Overall level of satisfaction*

<b>Level of satisfaction</b>	<b>n</b>	<b>%</b>
Extremely satisfactory	0	0
Very satisfactory	2	6.45
Satisfactory	18	58.06
Neither	6	19.35
Unsatisfactory	2	6.45
Very unsatisfactory	2	6.45
Extremely unsatisfactory	1	3.23
Total	31	100

Merging the scales together, 64.52% respondents rated the outcome as satisfactory, 16.13% were not satisfied, while 19.35% were undecided. Consistent with the observation from the previous section, this analysis again shows that majority of the organizations were content with the outcome of devolution, but not overly so.

## 4.7 Comparisons between rationales and outcomes of the devolution strategy

In this section a comparison will be made between the rationales of devolution and the final outcomes that organizations experienced following devolution to explore whether there was an alignment between the expectations from devolution and the resulting outcomes. However, since not all the items were common between the two sets, comparison will be made only between the similar items. These similar items are represented with the same colour (Table 16).

As can be seen from Table 16, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> highest rated rationales ranked respectively at 2<sup>nd</sup>, 5<sup>th</sup> and 1<sup>st</sup> in the list of outcomes. This means 3 of the top 5 rationales were also featured in the list of top 5 outcomes. The remaining two items were not common, so no comparison could be made. Other items such as gaining line managers' commitment to HR policies and practices were both ranked 7<sup>th</sup>, while HR cost reduction took the second last position in both rationales and outcomes. This comparison shows that the outcome of devolution generally matched the pre-devolution expectations.

A correlation analysis between these similar rationales and outcomes (see Appendix G) revealed that four out of nine instances the items had moderately strong and positive correlation with each other: effectiveness of HR function ( $r_s = .476$ ,  $p < 0.05$ ), efficiency of HR function ( $r_s = .509$ ,  $p < 0.01$ ), strategic approach to HR ( $r_s = .489$ ,  $p < 0.01$ ), and HR service delivery and decision making speed ( $r_s = .382$ ,  $p < 0.05$ ). Considering nearly half of those outcomes were significantly correlated with corresponding expectations, perhaps also explains the reason why respondents were generally satisfied with the overall outcome of devolution.

However, even though the overall rankings of the items follow a pattern, but there are differences between the actual rating scores. In key outcomes, the topmost item mean score was only 3.37, while the mean score of the topmost rationale was 4.29. So broadly speaking, although respondents rated many of the rationales with high expectations, but when rating the actual outcomes, that same intensity was not present.

Table 16 *Comparative analysis between rationales for devolution and outcomes of devolution strategy*

SI	Rationales	M
1	To empower line managers	4.29
2	To make line managers more responsible	4.19
3	To enable HR to concentrate more on strategic issues rather than with day-to-day operational HR activities	4.03
4	Because line managers are in a better position to understand and quickly respond to local HR issues	3.87
5	Because line managers can better motivate employees	3.74
6	Because line managers can maintain effective control on employees	3.63
7	To gain line managers' commitment to HR policies and practices	3.58
8	To improve effectiveness of the HR function	3.44
9	To improve HR decision making and service delivery speed	3.33
10	To improve efficiency of the HR function	3.27
11	To empower employees of the line managers	3.24
12	For better change management	3.03
13	To reduce HR related costs	2.93
14	To counter the falling number of HR professionals	1.4

SI	Outcomes	M
1	More problems being solved at the local level	3.37
2	Line managers' responsibility for people management	3.32
3	Line managers benefiting from cross-training in HR processes	3.27
4	HR professionals' commitment	3
5	A strategic approach to HR	3
6	HR service delivery and decision making speed	2.97
7	Line managers' commitment to implement HR policies and practices	2.93
8	Firm performance	2.89
9	Employee empowerment	2.86
10	Employee efficiency	2.8
11	Comprehensive approach to HR	2.79
12	The effectiveness of HR function	2.76
13	The efficiency of HR function	2.71
14	HR costs	2.52
15	Employees benefiting from tailored HR services	2.35

#### **4.8 Comparisons between challenges and solutions of the devolution strategy**

A comparison between challenges faced by organizations and the measures undertaken in response uncovered some surprising mismatches (Table 17).

For example, line managers not doing enough in developing and nurturing their subordinates was regarded as the most critical challenge by the participants (ranked 1<sup>st</sup>). This could be because of two reasons. First, line managers were perhaps too busy with their core functional duties and they simply did not have the time to spend on their employees. Or it could be that line managers were driven by short term business cycles and they did not have enough incentives to spend time on long term process of employee career development mainly because it did not bring any immediate and tangible gain (McGovern et al., 1997). However, to address the problem, HR neither did put much importance in workload management (12<sup>th</sup>), nor did offer the line managers additional incentives to encourage their people management activities (14<sup>th</sup> and 15<sup>th</sup>).

One other major challenge was the lack of consistency by line managers when delivering HR services. The item ‘line managers are inconsistent in the application of HR policies and procedures’ was ranked 3<sup>rd</sup> in the list of key challenges, while ‘HR consistency is affected’ ranked 4<sup>th</sup>. Yet, a logical solution to counter the problem by ‘making the devolution process formal and structured’ ranked down at 13<sup>th</sup> position.

Similarly, line managers’ reluctance to take on HR responsibilities was regarded a critical problem (ranked 5<sup>th</sup>). But potential solutions such as providing line managers extra financial or non-financial incentives to compensate their additional responsibilities were the two least popular measures.

Another major challenge was lack of HR related skills by line managers (ranked 2<sup>nd</sup>). However, when turning focus to solutions, identifying line managers’ skill gaps and providing them necessary trainings were ranked at 6<sup>th</sup> and 7<sup>th</sup> positions respectively. Although it could be argued that HR professionals and senior managers acted as role models and therefore the problem received required consideration, however, the counter argument would be, while role modelling or observational learning is effective for transmitting “values, attitudes, and patterns of thought and behaviour” (Bandura, 1986, p. 47), tailored training and development programs are still important to educate line managers about technical aspects of work.

Table 17 *Comparative analysis between challenges and solutions of devolution strategy*

SI	Challenges	M
1	Line managers do not devote enough time in developing employees working under them	4
2	Line managers lack HR skills	3.97
3	Line managers are inconsistent in the application of HR policies and procedures	3.73
4	HR consistency is affected	3.62
5	Line managers are reluctant to take on HR responsibilities	3.45
6	Line managers find it difficult to balance their new HR roles with other roles	3.4
7	Line managers complain about increasing workload	3.39
8	Line managers' short term business focus make their HR roles a distant priority	3.2
9	Lack of direct involvement by HR professionals in delivering HR services affects quality of HR deliverable	3.11
10	Line managers are weary of complex regulatory compliance issues	3.06
11	Line managers do not value the trainings designed to improve their HR skills	2.47
12	HR professionals are reluctant to let go their responsibilities and authority	2.03
13	There was tension in terms of a power imbalance between HR professionals and line managers	1.89
14	HR professionals are not comfortable in their new role	1.83

SI	Solutions	M
1	Making sure HR acts as role models for good HR practice	4.03
2	Promoting a partnership approach between line managers and HR	3.84
3	Making sure senior management acts as role models for good HR practice	3.61
4	Extensively communicating the strategy of devolution among the key stakeholders	3.32
5	Incorporating HR responsibilities into line managers' performance target	3.31
6	Identifying line managers' skill gaps before rolling out the devolution scheme	3.23
7	Adequate formal training for line managers	3.19
8	Adequate preparation before implementing the strategy	3.11
9	Implementing devolution in phases	2.92
10	Regularly review the implementation of the devolution strategy	2.89
11	Involving outside expertise	2.89
12	Managing line managers' workload	2.69
13	Making the devolution process formal and structured	2.64
14	Providing non-financial incentives for line managers for added HR responsibilities	1.93
15	Providing financial incentives for line managers for added HR responsibilities	1.68

Also, the fact that line managers suffered from lack of HR skills and they were inconsistent in their service delivery, clearly suggests that they were underprepared and not ready to take up the devolved responsibilities, and yet, taking adequate preparation before rolling out the strategy was ranked only 8<sup>th</sup>.

And finally, even though the respondents regarded that increasing workload was a problem for line managers (ranked 7<sup>th</sup>), they fared poorly in managing that workload (ranked 12<sup>th</sup>).

This analysis therefore suggests that HR generally did not perform well in terms of addressing specific line manager problems and issues arising from devolution. And if line managers also share this view and feel that HR have merely delegated responsibilities to them but failed to provide proper support and incentives, they might react negatively and decrease their performance. On the other hand, if HR systematically address these issues and show their genuine concerns and commitment in addressing line managers' discomforts, then line managers will likely to reciprocate this by improving their performance.

According to social exchange theory, the mechanism for this would be the 'norm of reciprocity', meaning that when someone does a favour for another, this creates a sense of obligation or indebtedness on the part of the recipient to the donor, and the recipient will in turn try to reciprocate the favour (Gould-Williams, 2007). The reasoning is that the perceived investment on line managers (e.g. training and development, workload management, reward and recognition) can give them the feeling that the organization values their contribution and empathetic to their situation, and consequently they will display attitudes and behaviour that are beneficial to the organization (Eisenberger, Fasolo & Davis-Lamastro, 1990; Gould-Williams & Davies, 2005).

## CHAPTER 5 CONCLUSIONS

The primary objective of this study was to investigate and explore the key rationales of devolution, issues and challenges organizations face while devolving, the solutions they take in response, and the outcomes experienced from the strategy. The study also aimed at informing on the general state of devolution in New Zealand organizations. Consequently a questionnaire survey was used to collect data from HR professionals working in different types of organizations and industries across the country.

Analysis of the rationales revealed three principal strands. First, devolution was regarded as a tool for empowerment by majority of the respondents' organizations. The expectation was that line managers would become more responsible following delegation of HR responsibilities since this would provide them increased authority and control over their work and people. However, prior research also suggests that merely delegating operational aspects of work, without associated financial and/or decision making authority can do more harm than good as line managers may view such one dimensional transfer of responsibility as burden (Keen, 1994; McConville & Holden, 1999). Consistent with this, the majority of the respondents in this study had in fact devolved all three dimensions more or less equally. This is a significant finding considering most of the studies in the past did not find much evidence of devolution of financial and decision making authority (e.g. Cascon-Pereira et al., 2005; McConville & Holden, 1999).

Another rationale for devolution was to give the HR function an opportunity to become strategic in their approach. Generally, the reasoning behind this rationale is that, through delegation of day-to-day HR responsibilities to line, HR professionals can work on achieving closer alignment between an organization's people management processes and its corporate objectives; while at the same time remain sensitive about the developments in the external or broader environment. Although this is a widely held rationale in the devolution literature (Colling & Ferner, 1992; Delmotte & Sels, 2008; Kulik & Bainbridge, 2006), there has been little empirical investigation in the past to explore whether organizations really do achieve this goal or not following devolution (Kulik & Perry, 2008). The finding in this study confirming that the function indeed became more strategic following devolution, albeit only moderately.

However, a question remains regarding the respondents' understanding of the concept of strategy. Lawson et al. (1999), in their earlier study on devolution in New Zealand organizations, argued that while some HR professionals enthusiastically talked about increasing involvement in strategy, they were confused as to what strategic involvement actually entailed and many equated writing policies as their involvement in strategy. Therefore, further clarification is required in this regard before reaching a definite conclusion.

Another reason why organizations devolve their HR function to line and which participants of this study also identified strongly, was to take advantage of line managers' close proximity to employees (Nehles et al., 2006; Purcell & Hutchinson, 2007). Respondents agreed that, compared to HR professionals, line managers operated in a more suitable position to understand and rapidly respond to local people management issues; and because of their regular interaction with the employees, they were also expected to contribute better in terms of motivating and controlling their employees.

Overall, the major theme emerging from the analysis of the rationales of devolution was that, HR generally did not implement devolution in reaction to issues such as mounting pressure to cost-cut or to counter reduced number of HR professionals. Rather it was more of a proactive strategy which they believed would improve the organization's overall people management practices through reorientation and reorganization of HR service delivery processes and procedures.

The strategy of devolution overall did not experience much resistance from any stakeholder groups, except only line managers, who put up moderate resistance against the strategy. Low resistance received from different quarters indicates that organizations were quite accepting of devolution. The push for devolution was mostly from HR, while often the senior management and CEOs jointly introduced the strategy.

However, consistent with what has been extensively reported in the literature (e.g. Currie & Procter, 2001; Kulik & Bainbridge, 2006; Maxwell & Watson, 2006; Renwick, 2000), the process of devolution was not straight forward and involved a wide variety of challenges and problems. Issues such as line managers' lack of HR related skills, their complain about workload and reluctance to take up the devolved tasks, inconsistency in HR service delivery, line manager short-termism – all these challenges hampered the implementation of devolution. However, while many earlier studies

reported similar challenges, an attempt to explore and explain why such issues still persist is virtually nonexistent within the literature.

One possible reason is that “the goals of a devolution strategy may be fundamentally incompatible with some basic realities associated with the line manager's job” (Perry & Kulik, 2008, p. 263), i.e. issues such as line managers’ apathy towards HR, inconsistency in service delivery, problem with increasing workload, line manager short-termism are inherent to the very concept of devolution and therefore it could be impossible to either completely avoid or eliminate them. Consequently, the goal should be to prudently manage these issues to minimize their adverse impacts on the outcome of devolution.

HR professionals are also sometimes guilty of not dealing with many of these problems well (Conway & Monks, 2010; McConville & Holden, 1999; Watson et al., 2007). This was quite evident from this study finding as well as HR did not address many of the issues the way they should have and the measures adopted in response were not quite aligned to the actual problems. Issues such as lack of line manager skills, their reluctance to take on HR responsibilities, difficulty with managing workload, inconsistency arising from devolution quite expectedly caused problems. However, the responses suggest that many of the measures associated with the above problems did not receive expected attention and instead the top three most preferred measures were HR and senior managers acting as role models and promoting partnerships between HR and line. While these measures were important and cannot be discounted, in light of the problems more weight should have been given on measures such as identifying line managers’ skill gaps, providing HR related training, managing their workload and creating formal guidelines to minimize inconsistencies.

To illustrate the point further, respondents in this study generally put a strong emphasis on role modelling by HR professionals and senior managers to set standards of good HR practice. However, despite this approach, line managers’ lack of HR skills was one of the biggest impediments. This indicates that the measure did not work quite well and line managers perhaps instead needed more focused and tailored training and development programs to address their specific skill shortages. And although HR professionals acknowledged that line managers valued their training and development opportunities and the trainings were quite beneficial for them, yet, compared to some other measures, HR did not put enough emphasis on training. The risk is that, if line

managers are not trained properly to carry out their tasks then HR professionals will most likely be required to frequently interfere in various day-to-day operational activities and this might hamper their very reason for devolution - to focus their attention on larger strategic people management issues.

This, therefore, demonstrates a 'disconnect' between the challenges experienced from devolution and measures implemented; although the exact reason behind this disconnect cannot be determined from this data and further examination is required. However, to their credit, HR professionals took some very important measures as well that were prescribed in the literature. For example, they put emphasis on extensively communicating the strategy among key stakeholders and also incorporated line managers people management responsibilities in their performance targets.

Another key observation from the findings was that while line managers showed apathy and resistance towards devolution, HR professionals on the other hand were quite positive about the strategy. They were ready to let go their traditional responsibilities, comfortable in the new role and enjoyed a good relationship with line. However, whether this positive self portrayal was the reality or a conscious attempt to make themselves appear in a good light could be questioned.

While the rationales of devolution and the various challenges associated with the strategy are widely discussed in the devolution literature, the outcome of devolution is one area that is largely under reported. Therefore findings of this study provide a valuable insight into this aspect of devolution. The overall conclusion is that, although the respondents reported a range of positive outcomes as a result of devolution, the outcomes were generally moderate with no particular area registering major improvement.

According to the participants, increased number of HR related problems being solved at the local level and line managers becoming more responsible for their people management issues were two most improved areas following devolution. However, considering respondents also believed that line managers did not have required HR skills, they were quite reluctant to take on their HR responsibilities, and did not devote enough time in developing and nurturing their employees, how much improvement did actually occur remains unclear and cannot be ascertained without further investigation.

Moreover, other than devolution resulting in HR achieving a more strategic approach to people management, devolution did not have any other significant impact on the HR function as there was hardly any gain in terms of effectiveness and efficiency improvement of the function, and also greater line manager involvement in organization's overall people management process failed to result in a more comprehensive approach to HR process and procedures.

Overall, this research results portray a patchy picture of devolution in organizations. At one hand organizations were quite successful in terms of achieving their goals of devolution as there was a definite alignment between the rationales of devolution and the outcomes experienced, and participants were generally satisfied with the outcomes; yet, when dealing with many of the common challenges of devolution, these same organizations performed rather poorly as they failed to address the issues accordingly. Results also show that, only a small percentage of the devolved organizations had tracked back and abandoned the strategy. This suggests that organizations were generally pleased with the experience of devolution and were happy to continue with the strategy. Therefore, it could be assumed that, had the organizations properly taken care of the challenges and issues, the overall outcome of devolution could have been much superior.

This study also provides insight into the future of devolution in New Zealand and with nearly half of the responding non-devolved organizations having no plan to devolve in future, HR devolution in New Zealand in perhaps reaching a plateau.

This thesis makes a contribution in several distinct areas. It objectively examines and reports some of the fundamental aspects of the concept of HR devolution from an angle that very few studies have covered before, and the findings would be of benefit to both researchers and practitioners alike.

Based on the study findings, the HR devolution framework proposed in Chapter 2 has been reviewed and updated (see Figure 2); while most of the items remain the same, the orders have been changed reflecting the responses of the participants of this study.

While the study findings concerning rationales of devolution and expected outcomes will provide valuable information and perspectives to organizations that are currently contemplating devolving the HR function and are not very clear about what to expect

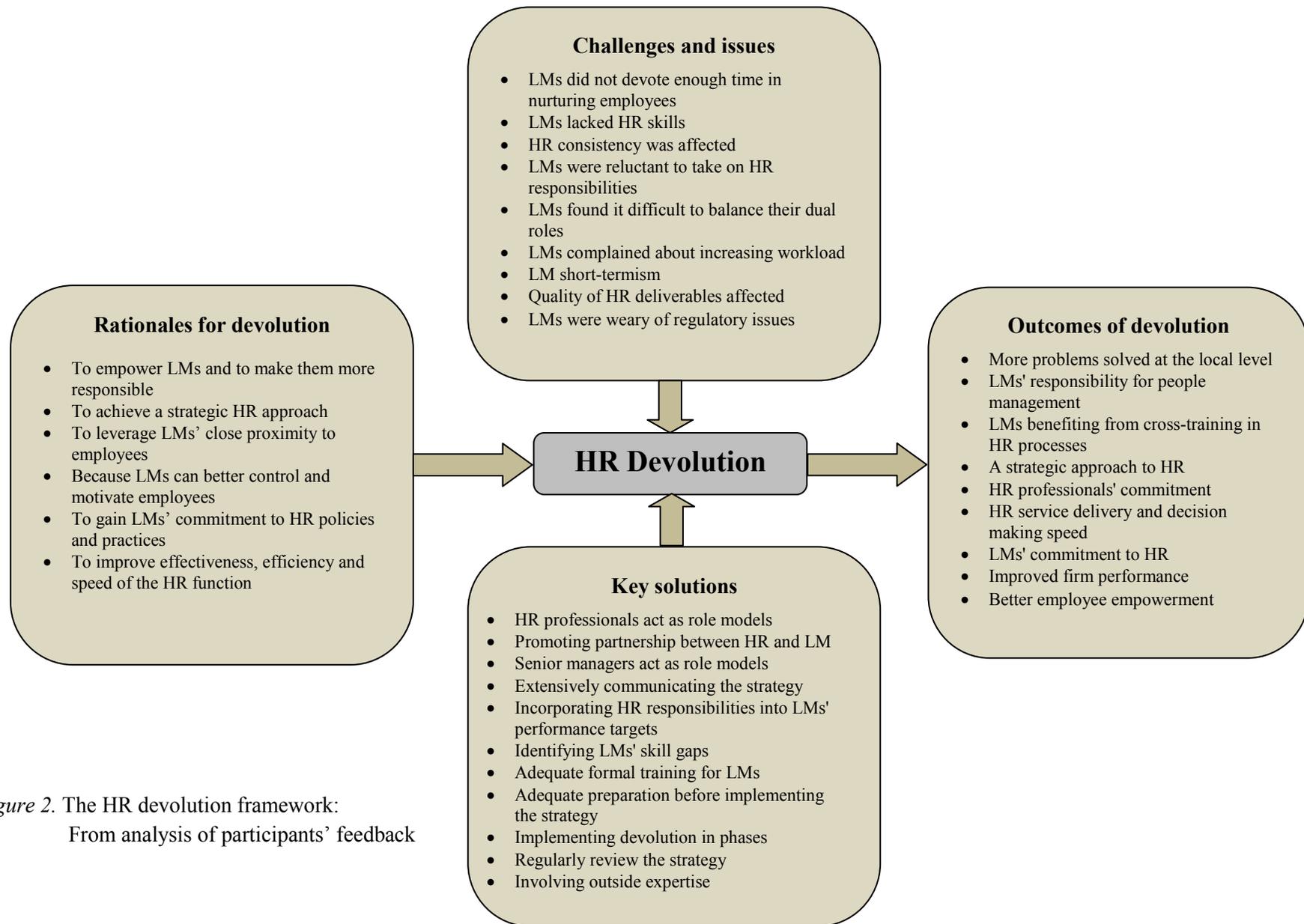


Figure 2. The HR devolution framework:  
From analysis of participants' feedback

from the strategy or what is involved with the process; other aspects such as the various challenges involving devolution and the measures that organizations can take in response will give valuable insights to organizations that have already started devolving.

The study found evidence of many of the challenges that were identified during the initial literature review. Therefore organizations that are planning to devolve or have already initiated the strategy need to be careful about these issues and take appropriate measures.

First and foremost, organizations are recommended to take adequate preparation before initiating devolution (Teo & Rodwell, 2007). Devolution brings a big change in the way HR and line managers operate, and also directly impacts the employees of the organization, therefore, careful planning and preparation is vital. The whole process needs to be thoroughly communicated among the stakeholder groups from the very beginning and it is important to ensure the buy-in from all the parties involved.

As devolution presents a new way of people management, proper grooming and development of both line managers and HR professionals are very important. This means identifying the existing skills gaps of both line managers and HR professionals, and designing training and development programmes to systematically close those gaps (Hailey et al., 2005).

Since line managers from different part of the organizations take on people management responsibilities, sometimes it affects the consistency and standardization of HR process and procedures. To minimise this problem, HR can create guidelines or manuals to follow. Such guidelines ensure that whenever line managers are in doubt or face a new challenge, they can refer back to something. This also ensures that HR professionals can concentrate on strategic aspects of their work and not get distracted by constant 'fire-fighting' activities (Cunningham & Hyman, 1995). However, it is also important that the guidelines are not too rigid and allow a degree of flexibility to line managers.

One major challenge of introducing the devolution strategy is that line managers often resist taking up HR responsibilities. Among others, the main reason is that this increases their workload. To counter this problem, HR needs to actively work with line managers and reorganize and rebalance their workloads. People management issues are also recommended to be included in their performance management process so that line

managers understand that this is part of their core responsibilities and they need to be serious about this aspect of their work. Organizations can also consider providing extra incentives to compensate these added responsibilities and to keep line managers motivated.

### **5.1 Limitations of the study**

One potential limitation of this research rests with the sample. As the study was conducted through HRINZ Research Stream where the participants voluntarily register to participate in research, there is a possibility that this sample was not representative of the broader population of HR professionals in New Zealand.

Another potential limitation was that the survey response rate was only 11%<sup>2</sup>, and therefore a relatively small sample to confidently generalize the conclusions to the whole population. Such low response was disappointing considering the study was conducted through a professional organization, the topic was highly relevant and under researched, and also reminder emails were sent out twice. There could be several possible reasons for such low response rate. Firstly, HRINZ routinely mail out such surveys to the potential participants and some participants might feel burnt out. And in this particular instant, during both the first and second round of mail outs, other survey requests were also simultaneously sent together, which quite possibly had an adverse impact on the response rate. Also, the survey timing coincided with the great Christchurch earthquake on February 2011 and according to HRINZ, this might caused the low response rate since many of their members were from that part of the country. One other reason for low response could be related to the length of the electronic questionnaire. The survey generally required 15 minutes to complete and this length of time might have deterred some participants from completing the questionnaire.

Another limitation of this study was that the responses were collected from HR professionals and no line managers were involved in the study. While HR professionals could be regarded as the best informants about HR strategies (Kulik and Perry, 2008), as other studies suggest, HR professionals sometimes hold a more positive view about

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2. This rate was well within the accepted range (4% - 84%) of response rates reported in published research in the field of human resources (Wall and Wood, 2005).

the function's importance and effectiveness compared to line managers (Chen et al., 2011; Mitsuhashi et al., 2000; Wright et al., 2001). Therefore, in the absence of line manager participation in the study, the overall responses may suffer from bias.

## **5.2 Further research**

This study adopted the questionnaire survey method to present an overall picture of devolution in New Zealand organizations. Findings of this study presents some insights and future studies in New Zealand should build on the findings of this study and perhaps apply case study methodology and/or in-depth interviews to delve deep into these particular areas. This would help to verify the findings of this study and provide richer insights.

While this study relied only on HR professionals' responses, future research could involve multiple respondents such as line managers, senior managers and employees to document their experience and perception of devolution strategy. Employee participation would be particularly interesting since no study has so far involved this group of participants, and considering they are at the receiving end of the strategy, their responses and insights would add new perspectives.

There is a paucity of theoretical analysis in the devolution literature. This study identified agency theory and role theory as two potential theoretical frameworks that could explain many of the inhibitors associated with devolution. Further research is needed to explore the applicability of these theories.

Devolution is often applauded because it provides HR an opportunity to become strategic in their approach and respondents of this study also confirmed this stating that they became more involved in strategic activities following devolution. However, as others have reported, sometimes practitioners are confused regarding the concept and definition of strategy and therefore future research should explore whether this claim of increased strategic involvement is indeed the reality.

While the current study did not differentiate between different levels of line managers (other than senior managers in few instances), future studies could also examine what particular level of line managers (e.g. supervisors, first line managers, middle managers,

senior managers) are undertaking the devolved responsibilities and whether this affects the overall process and outcome of devolution.

And finally, this particular study approach and survey instrument could be replicated in different national contexts to compare and contrast the study findings.

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## **APPENDICES**

**Appendix A**  
**Questionnaire**

## Devolution status

### 1. What is the state of devolution in your organisation?

- Currently devolving
- Finished devolving
- Partially abandoned devolution strategy
- Completely abandoned devolution strategy
- Did not devolve yet, but plan to devolve in future [go to Demographic Information]
- Did not devolve and do not plan to [go to Demographic Information]

### 2. When did your organisation initiate its devolution strategy?

Year: \_\_\_\_\_

Month: \_\_\_\_\_

## Key rationales

*I would like to begin by exploring why your organisation decided to devolve its HR responsibilities to line managers.*

### 3. Using the scale below, please rate the level of importance for each of the following rationales from your organisation's perspective.

5 - Extremely important; 4 - Very important; 3 - Moderately important; 2 - Somewhat important; 1 - Not at all important

		5	4	3	2	1	Don't know
a.	To improve effectiveness of the HR function						
b.	To improve efficiency of the HR function						
c.	To reduce HR related costs						
d.	To enable HR to concentrate more on strategic issues rather than with day-to-day operational HR activities						
e.	To counter the falling number of HR professionals						
f.	To empower line managers						
g.	To empower employees of the line managers						
h.	To improve HR decision making and service delivery speed						
i.	To gain line managers' commitment to HR policies and						

	practices						
j.	To make line managers more responsible						
k.	Because line managers are in a better position to understand and quickly respond to local HR issues						
l.	Because line managers can better motivate employees						
m.	Because line managers can maintain effective control on employees						
n.	For better change management						

#### 4. Any other rationale?

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#### 5. Who initiated the devolution scheme?

		Yes (3)	Uncertain (2)	No (1)
a.	HR			
b.	CEO			
c.	Senior Management Team			
d.	Line managers			

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### Key challenges and issues

*This section addresses some of the key challenges or issues that an organisation might encounter while adopting a devolution strategy.*

#### 6. Using the scale below, please indicate how severe the following issues are in your organisation.

5 - Very critical issue; 4 - Major issue; 3 - Moderate issue; 2 - Minor issue; 1 - Not an issue at all

		5	4	3	2	1	Don't know
a.	Line managers lack HR skills						
b.	Line managers are reluctant to take on HR responsibilities						
c.	Line managers complain about increasing workload						
d.	Line managers' short term business focus make their HR roles a distant priority						
e.	Line managers find it difficult to balance their new HR roles with other roles						
f.	Line managers are inconsistent in the application of HR						

	policies and procedures						
g.	Line managers do not devote enough time in developing employees working under them						
h.	HR consistency is affected						
i.	HR professionals are reluctant to let go their responsibilities and authority						
j.	HR professionals are not comfortable in their new role						
k.	Lack of direct involvement by HR professionals in delivering HR services affects quality of HR deliverable						
l.	There was tension in terms of a power imbalance between HR professionals and line managers						
m.	Line managers do not value the trainings designed to improve their HR skills						
n.	Line managers are weary of complex regulatory compliance issues						

**7. Any other key challenges or issues?**

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**8. Using the scale below, please circle the number that best describes the level of resistance against the devolution strategy from different stakeholders.**

5 - Very high resistance; 4 - High resistance; 3 - Moderate resistance; 2 - Little resistance; 1 - No resistance at all

		5	4	3	2	1	Don't know
a.	Unions						
b.	Line managers						
c.	Employees						
d.	HR professionals						
e.	CEO						
f.	Senior Management Team						

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**Key solutions**

*This section explores how an organisation might address some of the key challenges or issues while devolving HR responsibilities*

**9. Please use the scale below to indicate how much you agree or disagree that your organisation has taken the following measures while devolving.**

5 - Strongly agree; 4 - Agree; 3 - Neither agree or disagree; 2 - Disagree; 1 - Strongly disagree

		5	4	3	2	1	Don't know
a.	Identifying line managers' skill gaps before rolling out the devolution scheme						
b.	Adequate formal training for line managers						
c.	Managing line managers' workload						
d.	Incorporating HR responsibilities into line managers' performance target						
e.	Extensively communicating the strategy of devolution among the key stakeholders						
f.	Promoting a partnership approach between line managers and HR						
g.	Making sure HR acts as role models for good HR practice						
h.	Making sure senior management acts as role models for good HR practice						
i.	Regularly review the implementation of the devolution strategy						
j.	Making the devolution process formal and structured						
k.	Providing financial incentives for line managers for added HR responsibilities						
l.	Providing non-financial incentives for line managers for added HR responsibilities						
m.	Adequate preparation before implementing the strategy						
n.	Involving outside expertise						
o.	Implementing devolution in phases						

**10. Any other important measures taken?**

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**11. Using the scale below, please indicate to what extent the following dimensions are devolved to line managers.**

5 - Complete devolution; 4 - High devolution; 3 - Moderate devolution; 2 - A little devolution; 1 - Zero devolution

		5	4	3	2	1	Don't know
a.	Day-to-day HR operational activities						
b.	HR decision making power						
c.	Financial authority to manage HR process and procedures						
d.	HR specialist knowledge						
e.	HR policy development						

12. Broadly speaking, what percentage of total HR responsibilities was devolved to line managers?										
<b>Zero devolution</b>	0%	10%	20%	30%	40%	50%	60%	70%	80%	<b>Complete devolution</b>
	90%	100%								

**Key outcomes**

*This final section weighs up some of the impacts that an organisation might experience as a result of devolution.*

**13. Using the following scale, please indicate how much improvement is noticed for each of the following aspects in your organization due to devolution.**

5 - Very high improvement; 4 - High improvement; 3 - Moderate improvement; 2 - Little improvement; 1 - No improvement at all

		5	4	3	2	1	Don't know
a.	The effectiveness of HR function						
b.	The efficiency of HR function						
c.	A strategic approach to HR						
d.	HR costs						
e.	HR service delivery and decision making speed						
f.	HR professionals' commitment						
g.	Firm performance						
h.	Employee empowerment						
i.	Line managers' commitment to implement HR policies and practices						
j.	Line managers' responsibility for people management						
k.	Comprehensive approach to HR						
l.	Line managers benefitting from cross-training in HR processes						
m.	Employee efficiency						
n.	Employees benefitting from tailored HR services						
o.	More problems being solved at the local level						

**14. Any other noticeable improvement?**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**15. Please use the scale below to indicate how much improvement is noticed following devolution of each of the following HR functions.**

5 - Very high improvement; 4 - High improvement; 3 - Moderate improvement; 2 - Little improvement; 1 - No improvement at all

		5	4	3	2	1	Don't know
a.	Recruitment						
b.	Selection						
c.	Pay and benefits						
d.	Training and development						
e.	Disciplinary issues						
f.	Grievance procedures						
g.	Performance management						
h.	Occupational Health and Safety						
i.	Dismissal procedures						
j.	Employee motivation						
k.	Induction of new employees						
l.	Employee forecasting / HR planning						
m.	Promotion processes						

**16. Overall, how would you rate the outcome of HR devolution in your organisation?**

Extremely unsatisfactory (1)	Very unsatisfactory (2)	Unsatisfactory (3)	Neither (4)	Satisfactory (5)	Very satisfactory (6)	Extremely satisfactory (7)

**Demographic information**

*And finally, I would like to ask you some questions about you and your organisation to help interpret the results.*

**17. Which of the following best describes your organisation's industry?**

- Agriculture, Forestry and Fishing
- Mining
- Manufacturing
- Electricity, Gas and Water Supply
- Construction
- Wholesale Trade

- Retail Trade
- Accommodation, Cafes and Restaurants
- Transport and Storage
- Communication Services
- Finance and Insurance
- Property and Business Services
- Government Administration and Defence
- Education
- Health and Community Services
- Cultural and Recreational Services
- Personal and Other Service

**18. What type of organisation do you work for?**

- Privately owned company or firm (including those self employed)
- Company listed on the NZ Stock Exchange
- An overseas based multinational
- Government department
- Publicly funded organization (e.g., school or hospital)
- Local government
- Non-government not-for-profit organization or charity
- Other (please specify)

**19. How many people are employed in the organisation?**

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**20. How many HR professionals work in the organisation?**

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**21. What is your job title?**

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**22. How long have you been in this role?**

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**23. How long have you been in this organisation?**

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**Thank You!**

Thank you for taking the survey. Your response is very important to us.

**Appendix B**  
**List of variables**

No	Research question	Variable	No of items	Questionnaire reference	Source
1	What are the rationales behind devolution?	HR effectiveness	2	2.a.1, 5.a.1.	Heraty and Morely (1995) p.31; Perry and Kulik (2008)
2		HR efficiency	2	2.a.2, 5.a.2	Heraty and Morely (1995) p.31
3		HR cost	2	2.a.3., 5.a.4.	Hiltrop et al. (1995) p.92; Hall and Torrington (1998) p.47; Budhwar (2000) p.142
4		Strategic HR	2	2.a.4., 5.a.3.,	Cunningham & Hyman (1995) p.12; Torrington and Hall (1996) p.88; Hall and Torrington (1998) p.48
5		Shortage of HR professionals	1	2.a.5.	Hall and Torrington (1998) p.47
6		Line manager empowerment	1	2.a.6.,	Cunningham & Hyman (1999)
7		Employee empowerment	2	2.a.7., 5.a.8.,	Cunningham & Hyman (1995) p.11
8		HR speed	2	2.a.8., 5.a.5.,	Renwick (2000) p.184; Brewster & Larsen (2000) p.196-198 as cited in Renwick (2003) p.262
9		LM commitment	2	2.a.9., 5.a.9.,	Budhwar (1998) p.153
10		LM responsibility	1	2.a.10., 5.a.10.,	Renwick (2000); Budhwar (2000)
11		LM proximity to HR issues	5	2.a.11., 2.a.12, 2.a.13., 5.a.14, 5.a.15,	[2.a.9. ; 2.a.10.] Budhwar (2000) p.142;    [5.a.14.] Budhwar (1998) p.153
12		Change management	1	2.a.11.	Budhwar (2000) p.153
13		Devolution initiator	4	2.b.1., 2.b.2., 2.b.3., 2.b.4.,	Cascón-Pereira, Valverde, & Ryan (2006) p.146
14	What are some of the key	LM skill	1	3.a.1.,	Mindell (1995) p.16; McGovern, Gratton, Hope-Hailey, Stiles, & Truss (1997) p.14

15	challenges and issues that organizations face while devolving the HR function?	LM attitude and behavior	6	3.a.2., 3.a.4., 3.a.5., 3.a.6., 3.a.7., 3.a.13.,	[3.a.2.] McGovern et al. (1997) p.14; Hall and Torrington (1998) p.50;    [3.a.4.] Heraty and Morely (1995) p.33; McGovern et al. (1997) p.14,19; Watson Maxwell & Farquharson (2007) p.44;    [3.a.5.] Whittaker & Marchinton (2003) p.255    [3.a.7.] Mindell (1995) p.16    [3.a.8] Cunningham & Hyman (1995) p.18
16		Workload	2	3.a.3., 4.a.3.,	Cunningham & Hyman (1995) p.18; Watson Maxwell & Farquharson (2007) p.44
17		HR consistency	1	3.a.8.	McGovern, Gratton, Hope-Hailey, Stiles, & Truss (1997) p.16; Budhwar (2000) p.154
18		HR professionals attitude and behaviour	3	3.a.9., 3.a.10., 5.a.6.,	[3.a.9.] Torrington and Hall (1996) p.92,94; Mindell (1995) p.17;    [5.a.5.] Budhwar (2000) p.153
19		Quality of HR deliverable	1	3.a.11.	McGovern et al. (1997) p.26
20		HR and LM relationship	2	3.a.12., 4.a.6.	Torrington and Hall (1996) p.89; Renwick (2000) p.188, 194; Renwick (2002) p.271; Budhwar (2000) p.154
21		Regulatory issues	1	3.a.14.	Harris, Doughty & Kirk (2002) p.225
22		Resistance	6	3.b.1., 3.b.2., 3.b.3., 3.b.4., 3.b.5., 3.b.6.,	Torrington and Hall (1996) p.92;
23		How are these challenges and issues addressed?	LM skill gap	1	4.a.1.,
24	LM training and development		2	4.a.2., 5.a.10.,	[4.a.2.] Hall and Torrington (1998) p.50;    [5.a.10.] Mohrman & Lawler (1998) p. 443-444 as cited in Renwick (2000) p. 262
25	Workload		2	3.a.3., 4.a.3.,	Cunningham & Hyman (1995) p.18; Watson Maxwell & Farquharson (2007) p.44
26	LM performance target		1	4.a.4.,	Hall and Torrington (1998) p.51
27	Extensive communication		1	4.a.5.,	
28	HR and LM relationship		2	3.a.12., 4.a.6.	Torrington and Hall (1996) p.89; Renwick (2000) p.188, 194; Renwick (2002) p.271; Budhwar (2000) p.154

29		HR as role model	1	4.a.7.	
30		Senior management as role model	1	4.a.8.,	Watson Maxwell & Farquharson (2007)
31		Incentives for LMs	2	4.a.10., 4.a.11.	McGovern, Gratton, Hope-Hailey, Stiles, & Truss (1997) p.26
32		Devolution process	5	4.a.9., 4.a.11., 4.a.12., 4.a.13, 4.a.14, 4.a.15,	Perry and Kulik (2008); Renwick and MacNeil (2002)
33		Extent of devolution	6	4.b.1., 4.b.2., 4.b.3., 4.b.4., 4.b.5, 4.c.	Cascón-Pereira, Valverde, & Ryan (2005)
34	What are some of the impacts organizations experience as a result of devolution?	HR effectiveness	2	2.a.1, 5.a.1.	Heraty and Morely (1995) p.31
35		HR efficiency	2	2.a.2, 5.a.2	Heraty and Morely (1995) p.31
36		HR cost	2	2.a.3., 5.a.4.	Hiltrop et al. (1995) p.92; Hall and Torrington (1998) p.47; Budhwar (2000) p.142
37		Strategic HR	2	2.a.4., 5.a.3.,	Cunningham & Hyman (1995) p.12; Torrington and Hall (1996) p.88; Hall and Torrington (1998) p.48
38		HR speed	2	2.a.8., 5.a.5.,	Renwick (2000) p.184; Brewster & Larsen (2000) p.196-198 as cited in Renwick (2003) p.262
39		HR professionals attitude and behaviour	3	3.a.9., 3.a.10., 5.a.6.,	[3.a.9.] Torrington and Hall (1996) p.92,94; Mindell (1995) p.17;    [5.a.5.] Budhwar (2000) p.153
40		Impact on firm performance	1	5.a.7.,	Budhwar (2000) p.154
41		Employee empowerment	2	2.a.7., 5.a.8.,	Cunningham & Hyman (1995) p.11
42		LM commitment	2	2.a.9., 5.a.9.,	Budhwar (2000) p.153
43		LM responsibility	2	2.a.10., 5.a.10.,	Renwick (2000); Budhwar (2000)
44		Comprehensive approach to HR	1	5.a.11.,	Brewster & Larsen (2000) p.196-198 as cited in Renwick (2003) p.262

45	Employee efficiency	1	5.a.12.,	
46	LM proximity to HR issues	5	2.a.11., 2.a.12, 2.a.13., 5.a.14, 5.a.15,	[2.a.9. ; 2.a.10.] Budhwar (1998) p.142;    [5.a.14.] Budhwar (2000) p.153
47	Recruitment	1	5.b.1.	Budhwar (2000) p.149; Torrington and Hall (1996) p.87;
48	Selection	1	5.b.2.	Budhwar (2000) p.149; Torrington and Hall (1996) p.87;
49	Pay and benefit	1	5.b.3.	Budhwar (2000) p.149; Torrington and Hall (1996) p.87;
50	Training and development	1	5.b.4.	Budhwar (2000) p.149; Torrington and Hall (1996) p.87;
51	Disciplinary issues	1	5.b.5.	Cunningham & Hyman (1995) p.11; Watson Maxwell & Farquharson (2007) p.39;
52	Grievance	1	5.b.6.	Cunningham & Hyman (1995) p.11; Watson Maxwell & Farquharson (2007) p.39;
53	Performance management	1	5.b.7.	Torrington and Hall (1996) p.87; Watson Maxwell & Farquharson (2007) p.39;
54	OHS	1	5.b.8.	Torrington and Hall (1996) p.87; Watson Maxwell & Farquharson (2007) p.39;
55	Dismissal	1	5.b.9.	Torrington and Hall (1996) p.87;
56	Employee motivation	1	5.b.10.	Watson Maxwell & Farquharson (2007) p.39;
57	Induction of new employees	1	5.b.11.	Watson Maxwell & Farquharson (2007) p.39;
58	Employee budgeting	1	5.b.12.	Watson Maxwell & Farquharson (2007) p.39;
59	Employee forecasting	1	5.b.13.	Watson Maxwell & Farquharson (2007) p.39;
60	Promotion processes	1	5.b.14.	Harris, Doughty & Kirk (2002) p.221;

61		HR planning	1	5.b.15.	Torrington and Hall (1996) p.87;
62		Overall outcome	1	5.c.	
63		Industry	1	6.a.	ANZSIC classification categories
64		Number of employees	1	6.b.	
65		Number of HR professionals	1	6.c.	
66		HR role	1	6.d	
67		Devolution status	4	1.a., 1.b.,	

**Appendix C**  
**Ethics approval**



# MEMORANDUM

## Auckland University of Technology Ethics Committee (AUTECH)

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To: Keith Macky  
From: **Madeline Banda** Executive Secretary, AUTECH  
Date: 7 April 2011  
Subject: Ethics Application Number 10/256 **HR devolution: Rhetoric or reality?**

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Dear Keith

Thank you for providing written evidence as requested. I am pleased to advise that it satisfies the points raised by the Auckland University of Technology Ethics Committee (AUTECH) at their meeting on 8 November 2010 and that on 3 February 2011, I approved your ethics application. This delegated approval is made in accordance with section 5.3.2.3 of AUTECH's *Applying for Ethics Approval: Guidelines and Procedures* and is subject to endorsement at AUTECH's meeting on 9 May 2011.

Your ethics application is approved for a period of three years until 3 February 2014.

I advise that as part of the ethics approval process, you are required to submit the following to AUTECH:

- A brief annual progress report using form EA2, which is available online through <http://www.aut.ac.nz/research/research-ethics/ethics>. When necessary this form may also be used to request an extension of the approval at least one month prior to its expiry on 3 February 2014;
- A brief report on the status of the project using form EA3, which is available online through <http://www.aut.ac.nz/research/research-ethics/ethics>. This report is to be submitted either when the approval expires on 3 February 2014 or on completion of the project, whichever comes sooner;

It is a condition of approval that AUTECH is notified of any adverse events or if the research does not commence. AUTECH approval needs to be sought for any alteration to the research, including any alteration of or addition to any documents that are provided to participants. You are reminded that, as applicant, you are responsible for ensuring that research undertaken under this approval occurs within the parameters outlined in the approved application.

Please note that AUTECH grants ethical approval only. If you require management approval from an institution or organisation for your research, then you will need to make the arrangements necessary to obtain this.

When communicating with us about this application, we ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any

further enquiries regarding this matter, you are welcome to contact Charles Grinter, Ethics Coordinator, by email at [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz) or by telephone on 921 9999 at extension 8860.

On behalf of AUTEK and myself, I wish you success with your research and look forward to reading about it in your reports.

Yours sincerely

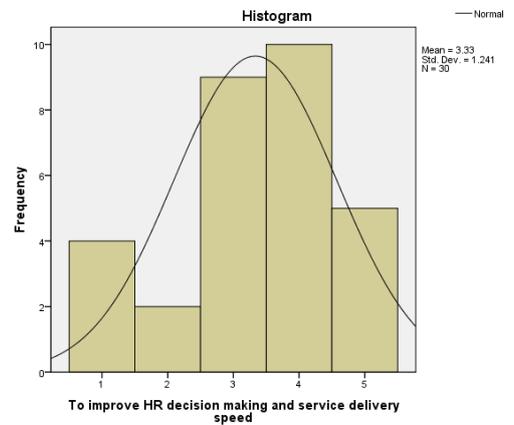
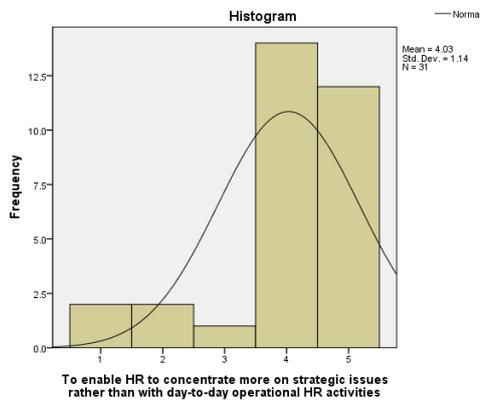
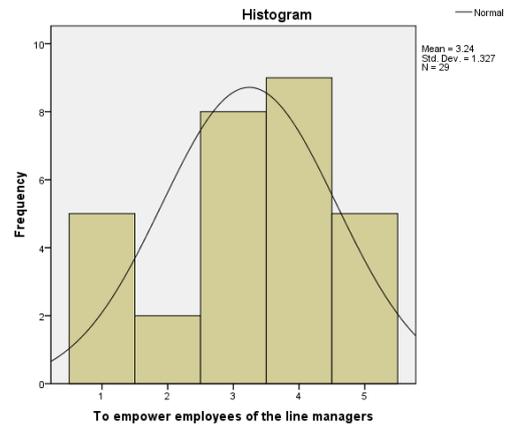
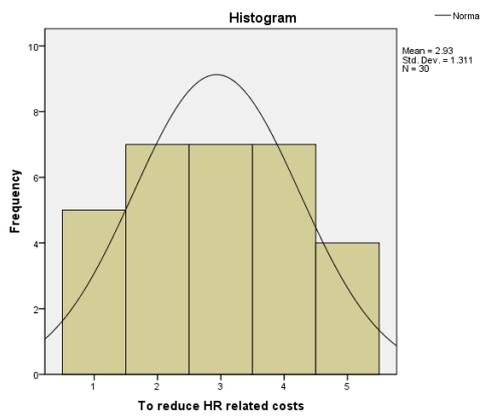
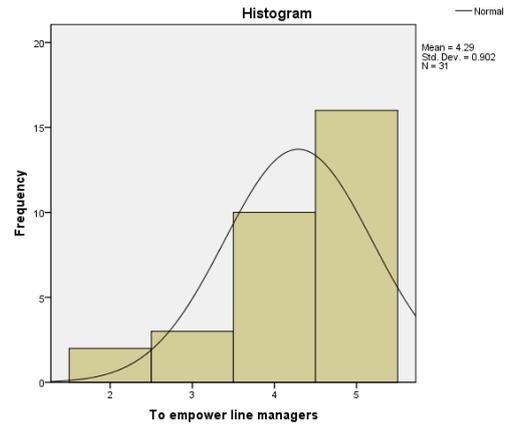
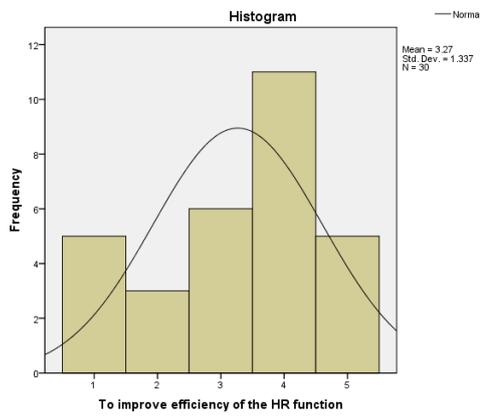
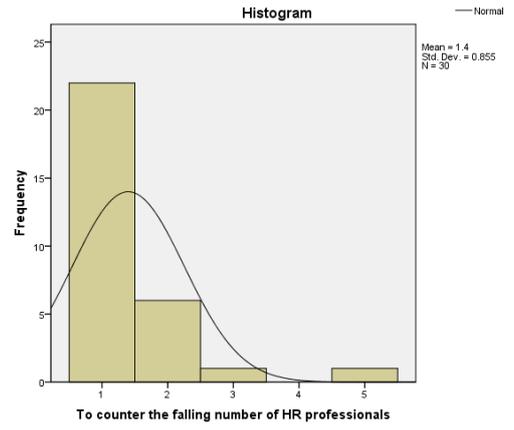
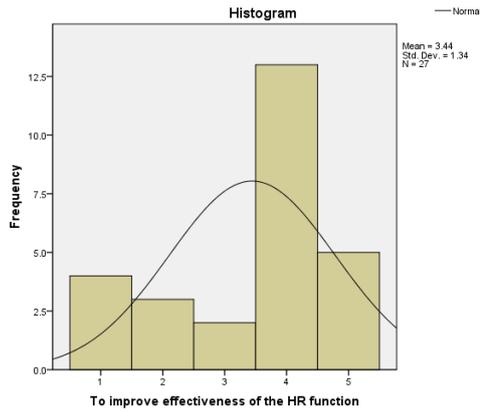
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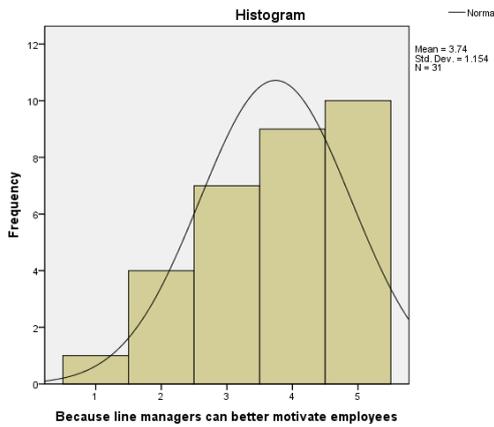
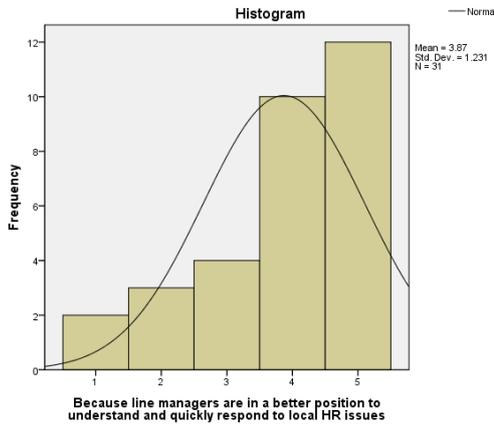
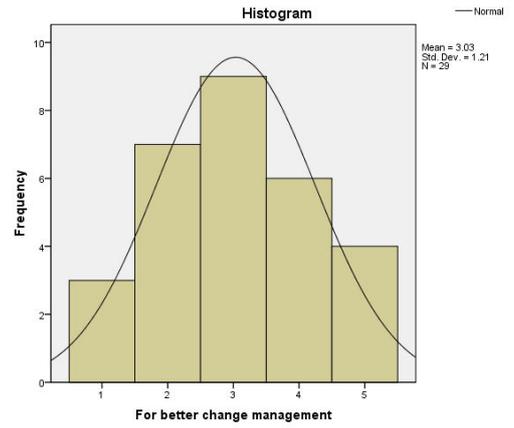
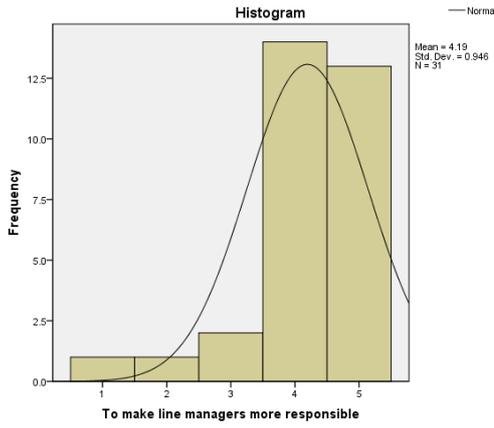
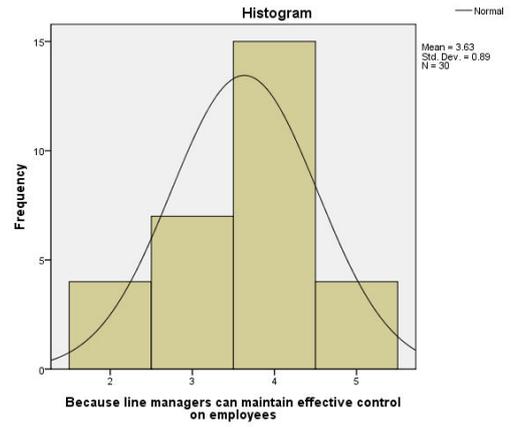
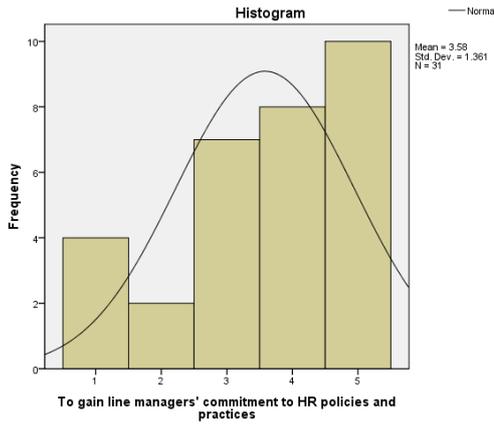
Madeline Banda  
**Executive Secretary**  
**Auckland University of Technology Ethics Committee**

Cc: Sakib Khan [sakib@sakibkhan.com](mailto:sakib@sakibkhan.com)

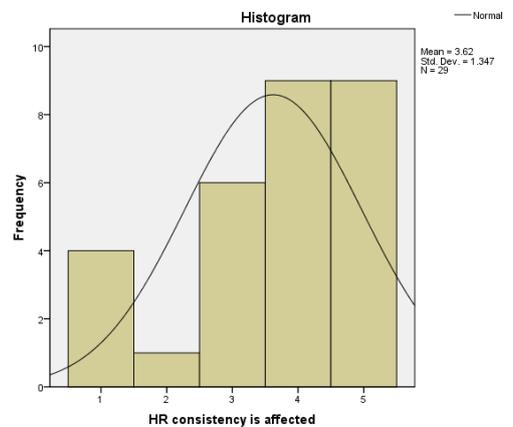
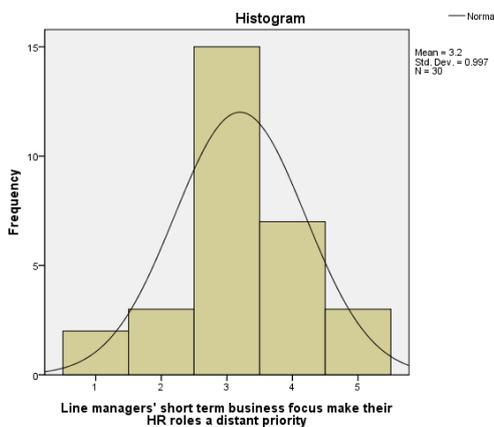
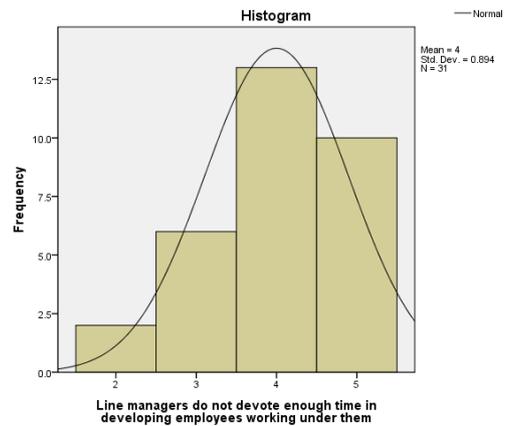
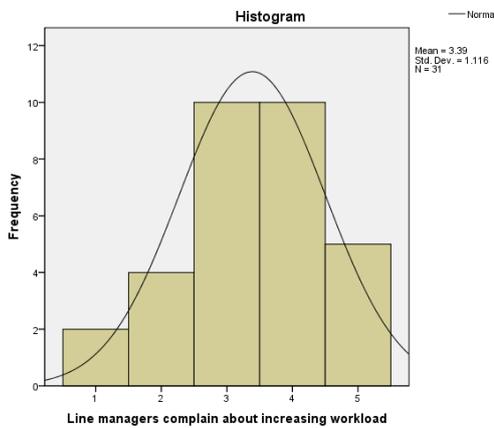
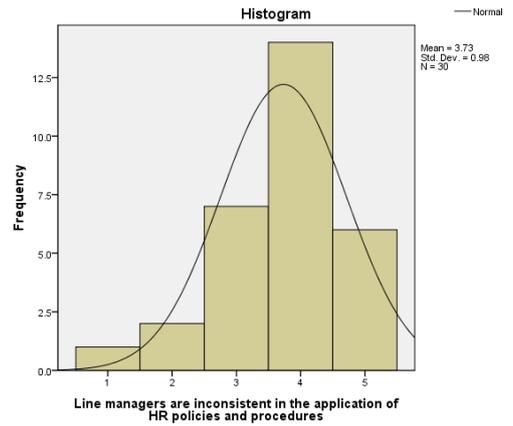
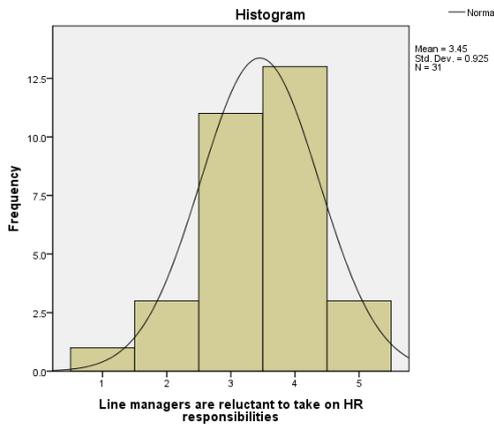
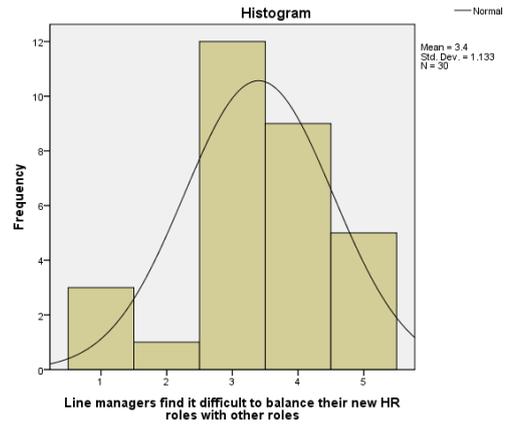
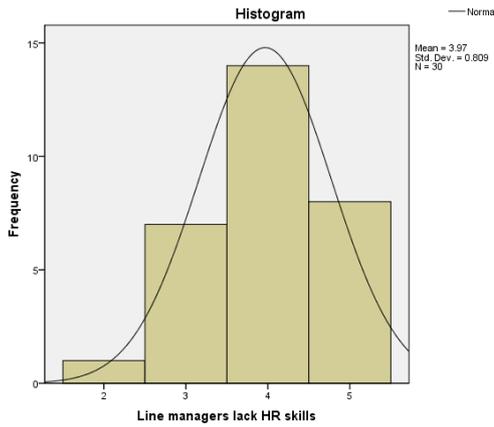
**Appendix D**  
**Normal Curves**

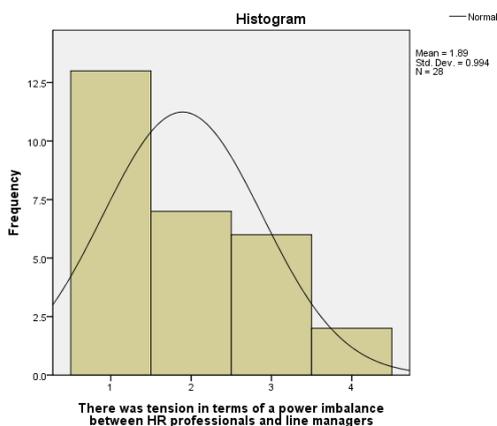
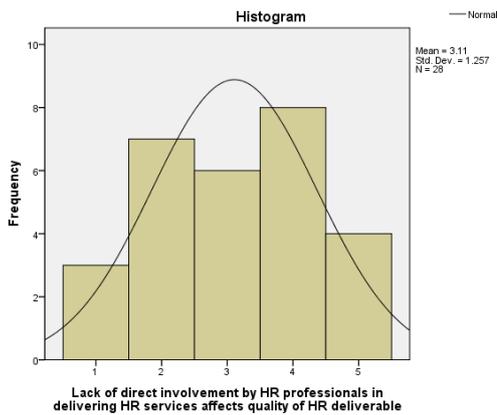
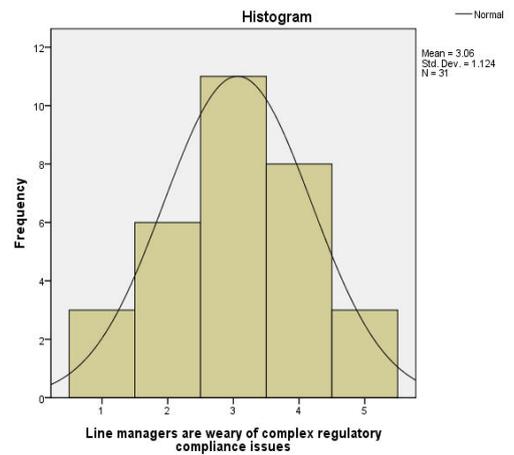
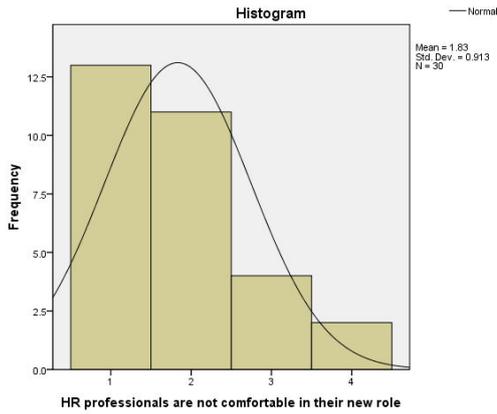
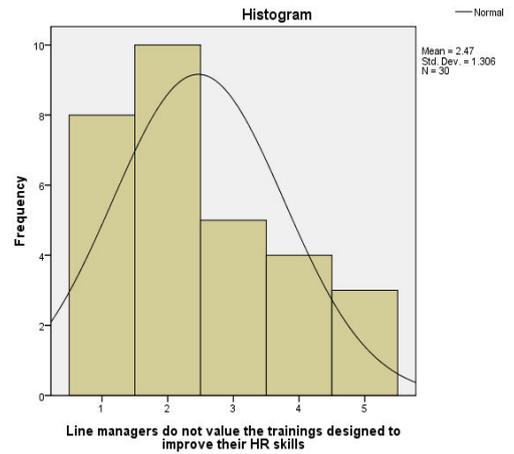
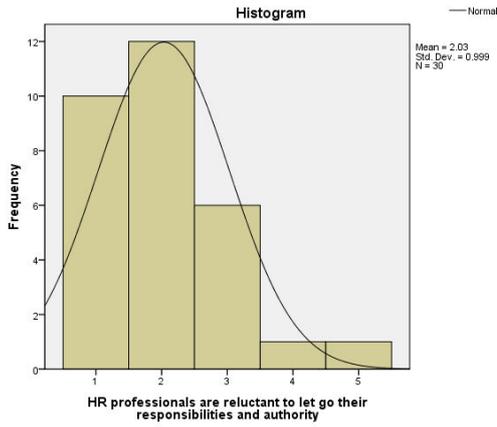
# Key rationales



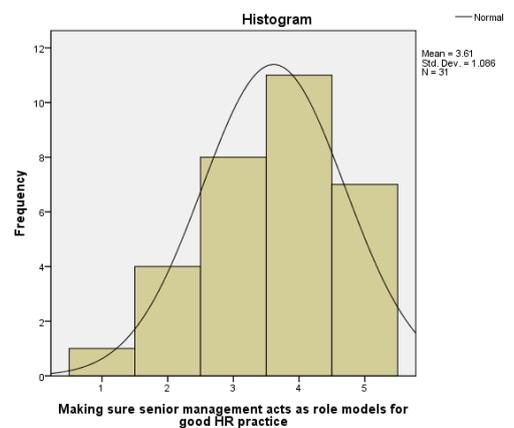
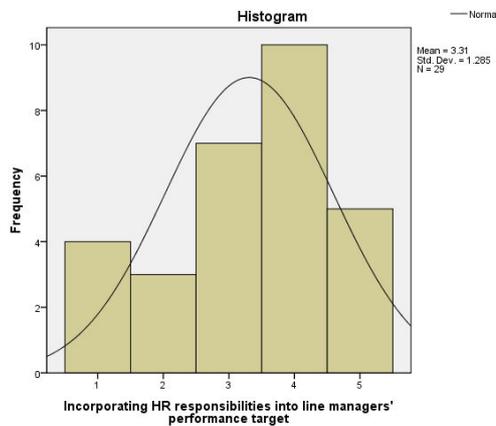
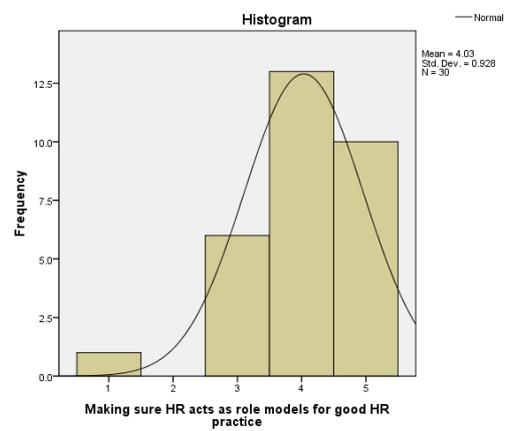
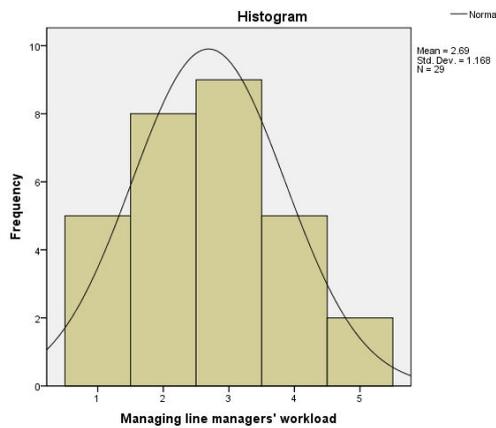
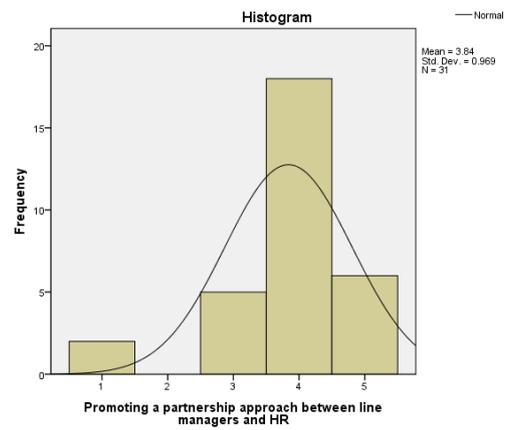
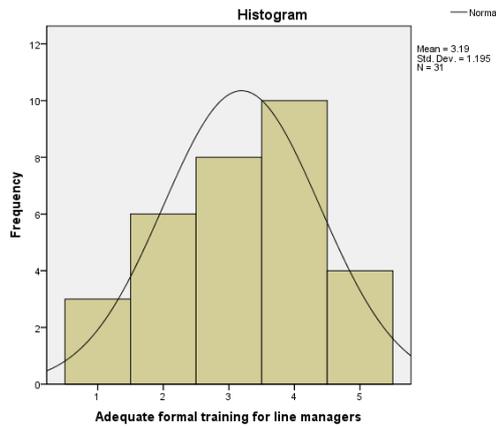
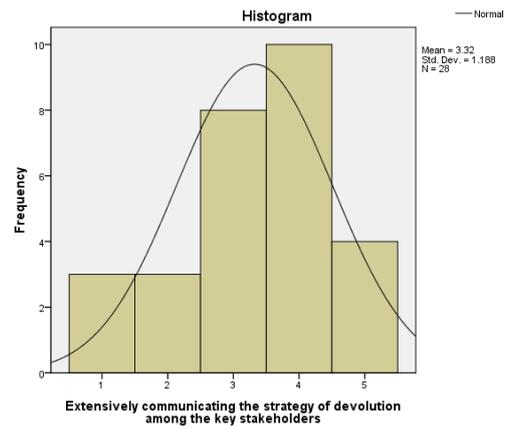
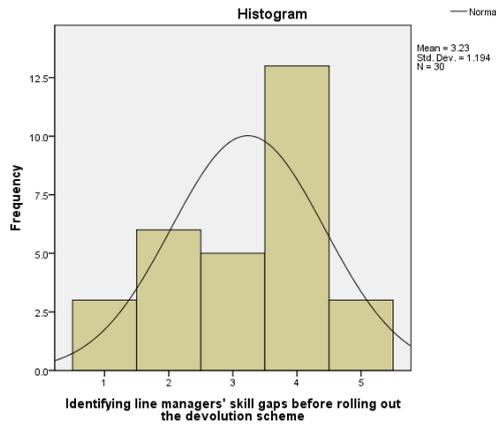


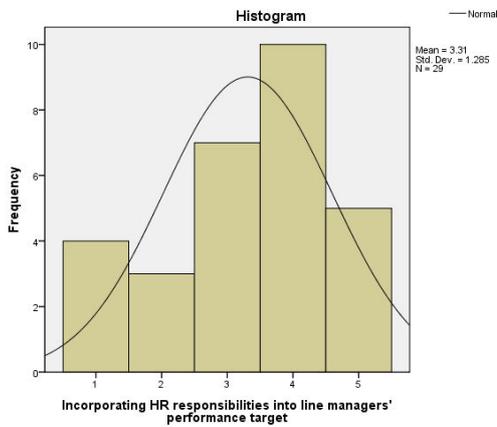
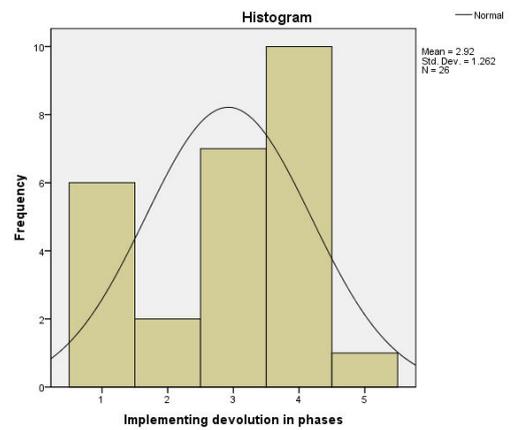
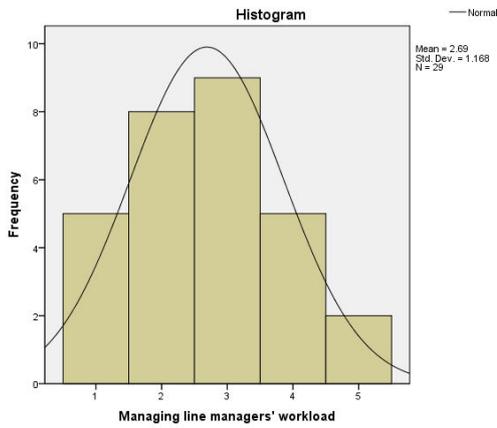
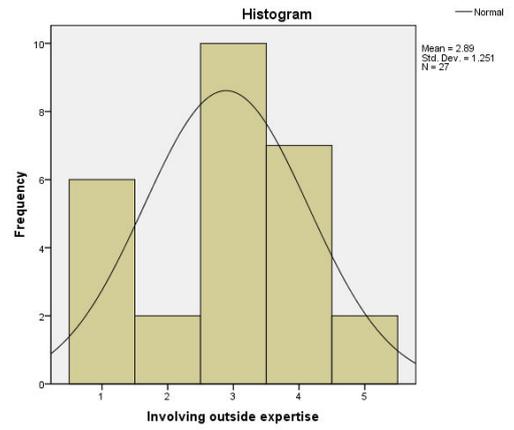
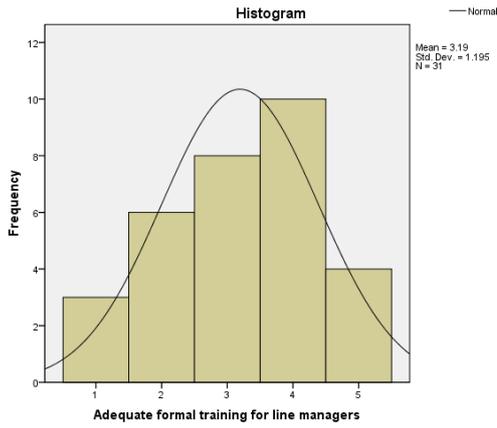
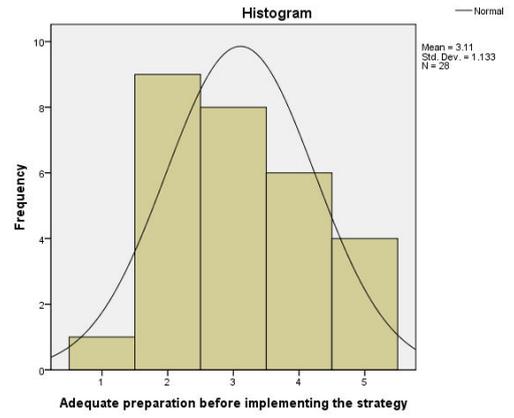
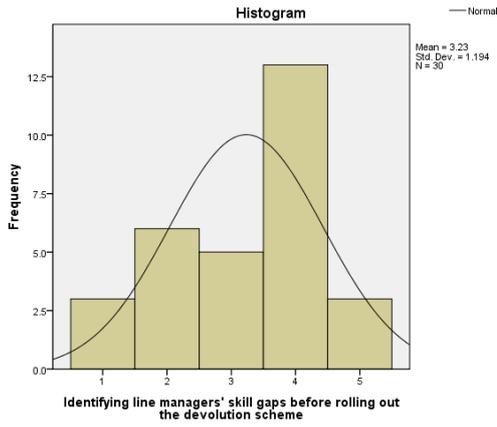
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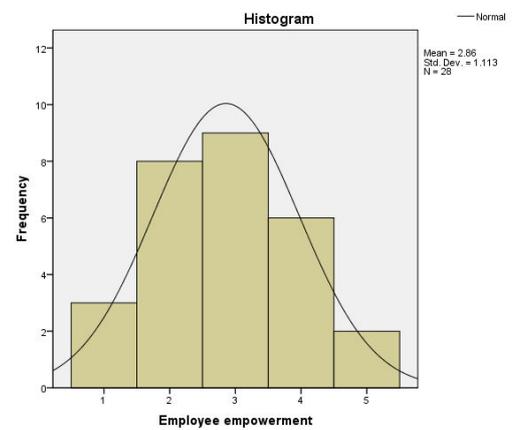
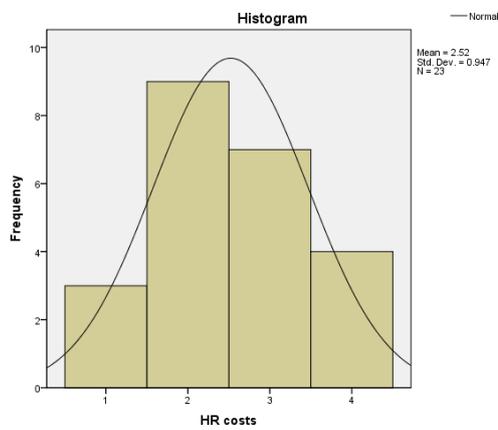
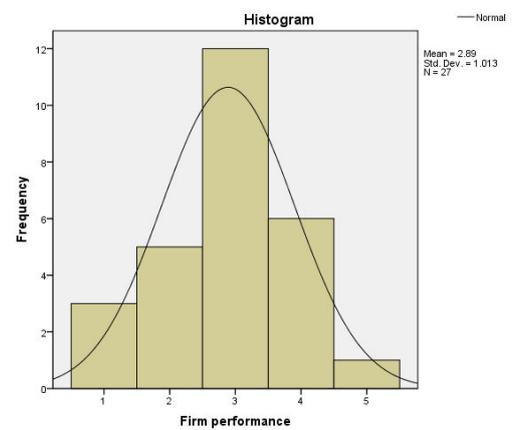
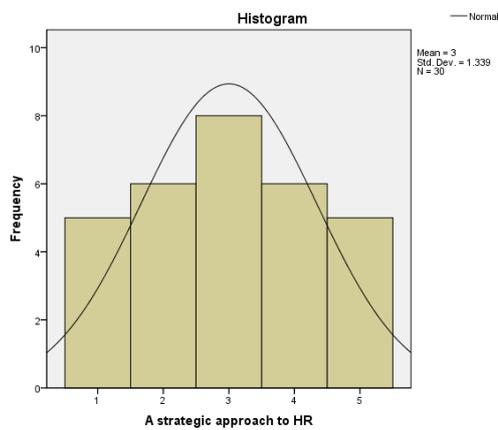
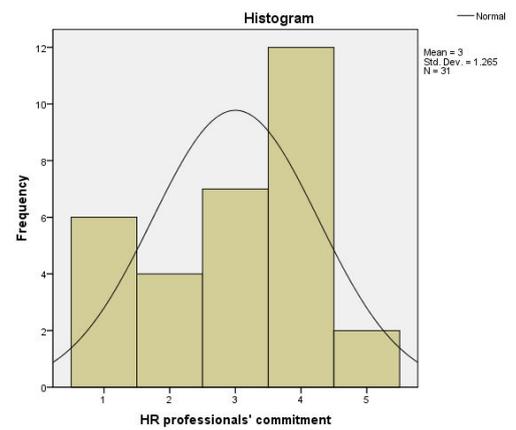
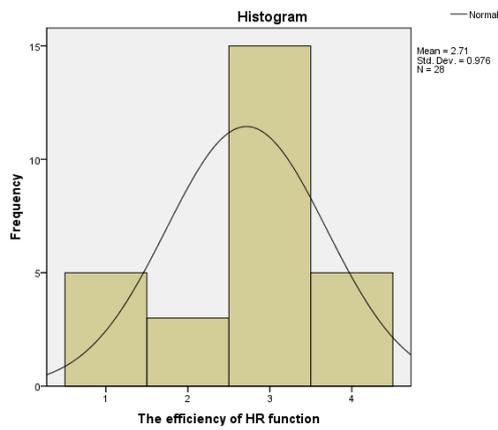
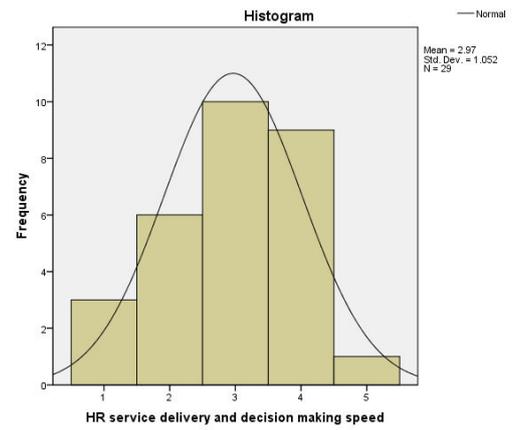
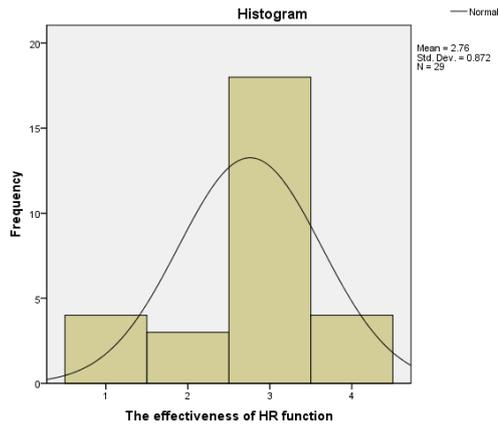


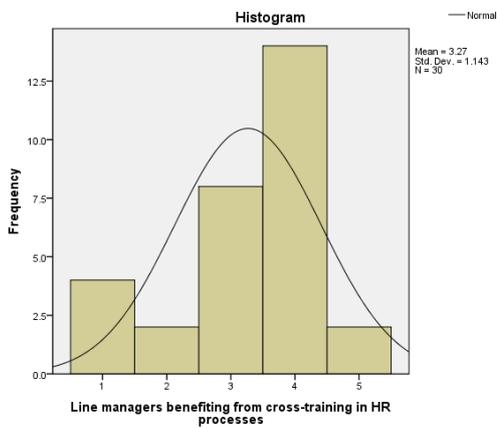
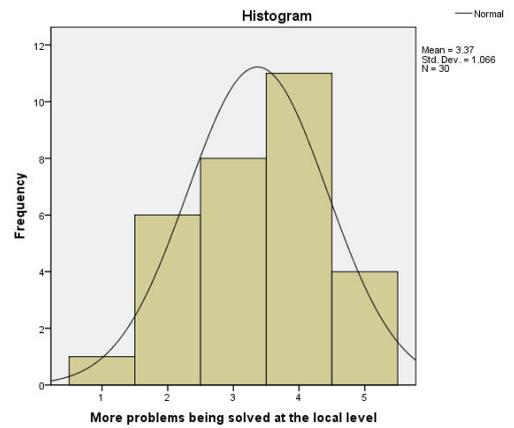
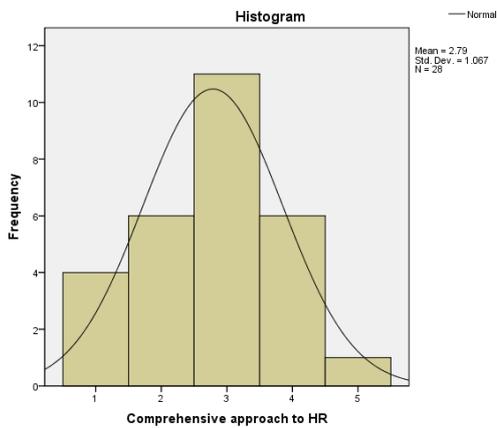
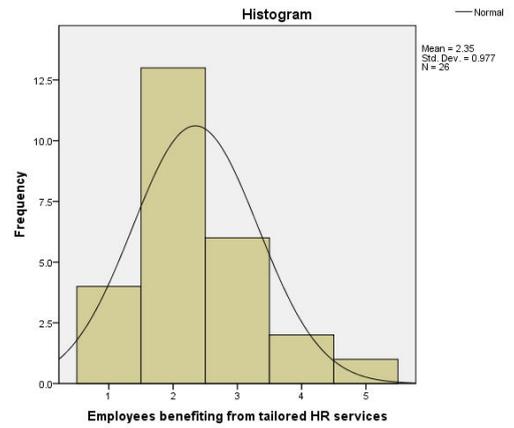
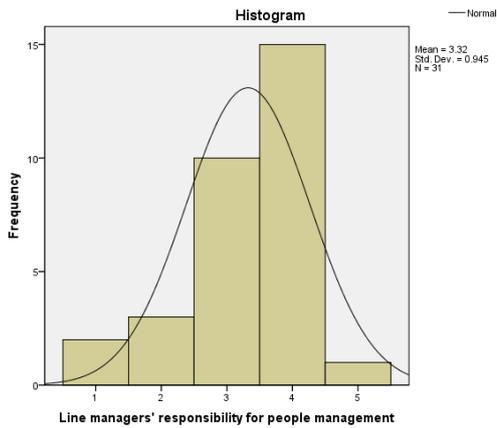
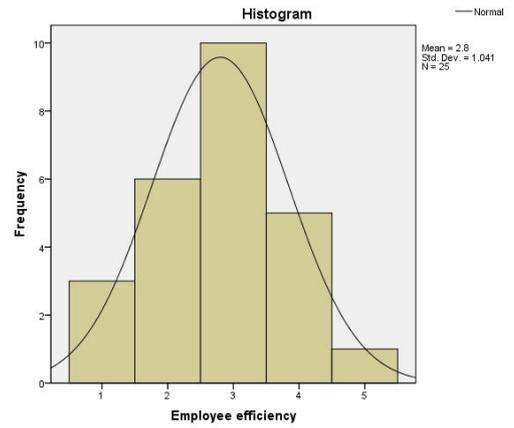
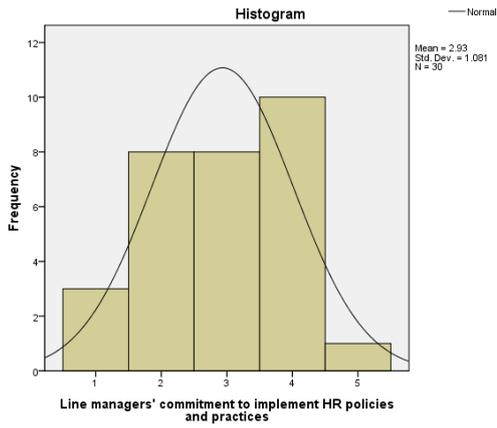
## Key solutions



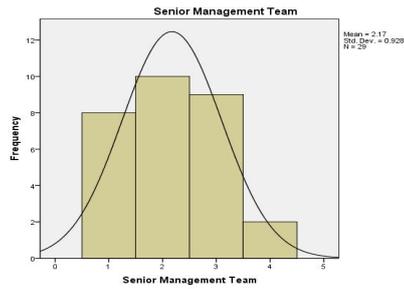
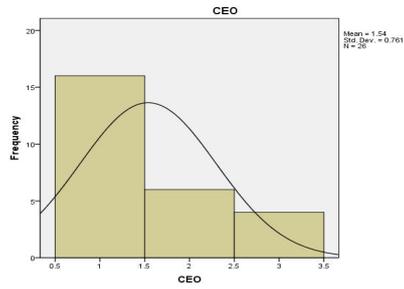
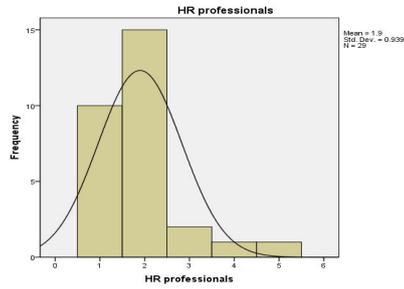
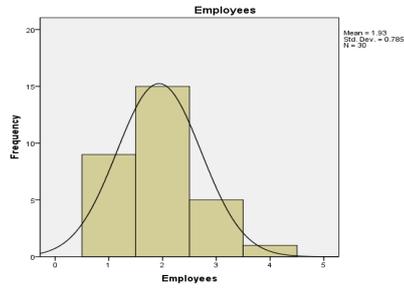
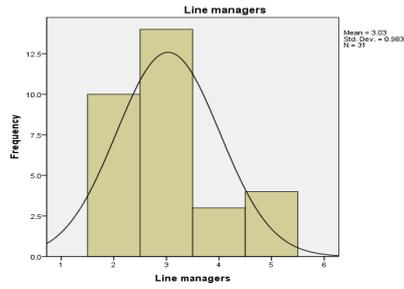
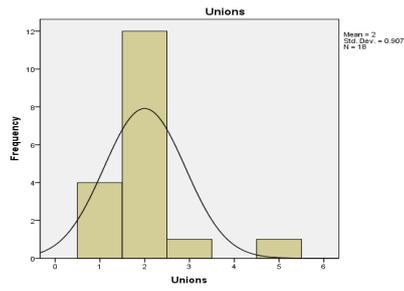


## Key outcomes

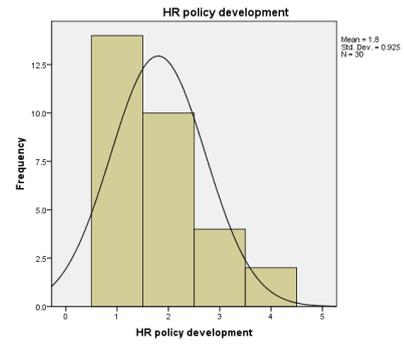
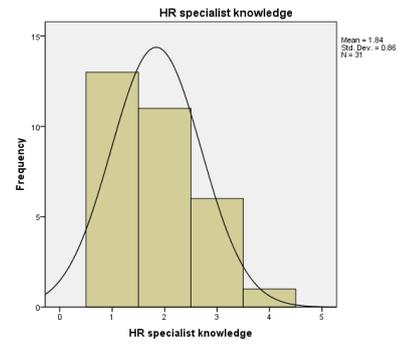
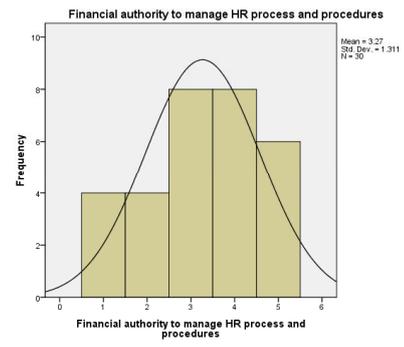
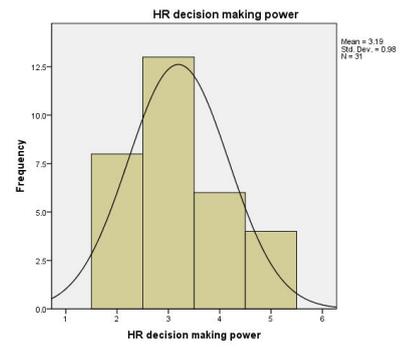
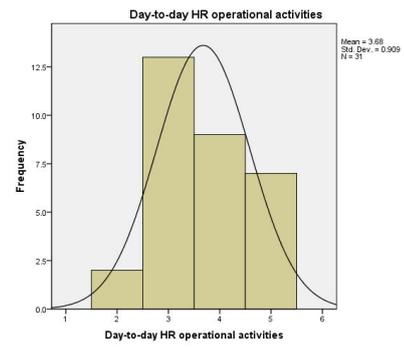




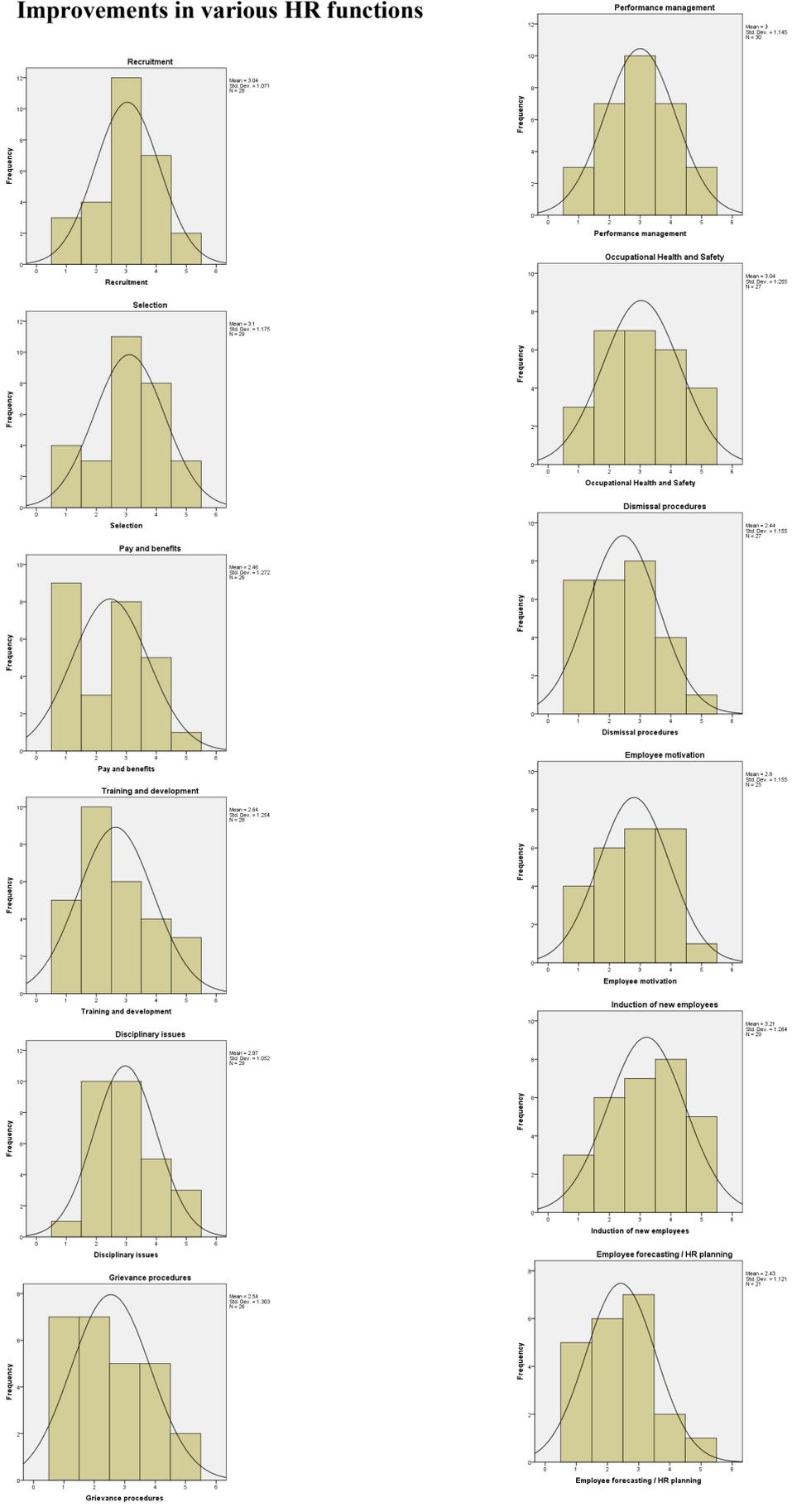
## Resistance against devolution



## Devolution dimensions



# Improvements in various HR functions



**Appendix E**  
**Participants' comments**

Any other rationale?	Any other key challenges or issues?	Any other important measures taken?	Any other noticeable improvement?
No pre-thinking, just a case of everyone thinking they know best	Line managers want to concentrate on their main role and not HR but want to be in control of everything	Always been the way the organisation operates, HR and staff are always an after thought	
To shift the costs to branches			
improve the management skills of managers and improve the relationships and understanding they have of their people.	I would distinguish between a manager's business role and the "HR role" you use in your questions. Managing people is a key part of any manager's role and with the appropriate tools and training the more effectively they can do that.	I found this set of questions hard to answer as we don't have a devolution strategy - it just is and has always been. There is nothing quite that formal. There is always an expectation that managers manage their people and that is part of their role. HR will guide and advise and provide tools and training and structure. We definitely don't see this as "extra" work. So many of the answers in Q9 I have answered don't know because the questions were not relevant in our organisation.	More trust in the competency and abilities of Managers by employees as they see their line Manager as the go to person for advice, action and support.
To reinforce that a manager's job is about managing people and not just about managing tasks			

<p>Line managers have day to day contact and communication with employees, so influence of HR strategies can be implemented quicker</p>	<p>Most important issues are consistency of HR delivery across line managers and the competency of a line manager to deliver them in the first place.</p>		<p>Line managers are far more aware of the need for employee motivation and retention</p>
<p>I am the sole HR person in our small team of 15. I was brought in to put in place HR practice (and risk and compliance, training and development) so I am supporting the managemet team to understand employment law, their role as a manager etc etc.</p>	<p>Helping managers understand that HR is not seperate frmom their managemetn responsibilities - butis part of their role as a manager of staff. It is eye opening when managers learn that they could be personally held accountable for the death of a direct report in teh workplace - this opens their eyes to H+S compliance. Otehr challenge is apathy.</p>		

		When we implemented Peoplesoft v9 in 2008 (which meant much more employee and manager self service) we had a project team running the project but after go live they up and left and the HR professionals were left to deal with all the teething issues of the new system.	
	Hard to educate Senior Management Team of value of devolving HR and without their backing it is difficult to make it work.	It took time - had to deliver as the organisation was ready for it and build the foundation elements of HR policy and process and then build on that. Also, over time as managers left, we were more focused on taking on managers with the balance of HR and technical skill, who understood good HR Management makes them a good manager.	

*Note.* All comments are reproduced here in their original form.

**Appendix F**  
**Participant Information Sheet**

I would like to invite you to participate in this research survey exploring the relationship between HR and line management and to find out to what extent HR responsibilities are reallocated to line managers in general. This concept of transferring HR responsibilities (either partially or completely) to line managers is commonly known as HR devolution.

In this questionnaire, the term line manager broadly includes any employee working at any level of managerial role whose core responsibility lies not with HR. On the other hand, by HR professionals we refer to employees whose primary role is centred around HR.

Your participation is on a voluntary basis and at any time you can opt out of the research.

By completing this questionnaire you are indicating your consent to participate in this research.

This research is part of my master thesis and the results of this study will be used for scholarly purposes only. Research findings will be published in academic journals in the field of human resource management.

No risks or discomforts are anticipated from taking part in this study. You and your organization will remain completely anonymous to me. I will not ask for any personal information barring a few generic demographic data.

Line management involvement in HR is a key issue in the area of strategic HR and this survey is intended to explore whether firms should or should not involve their line management in delivering HR services. The study also explores how organizations actually put such strategy into practice and what can we learn from their experiences. This will undoubtedly benefit those who are still undecided about the value of HR devolution and what is involved with such strategy.

This survey should not take more than 15-20 minutes to complete and you will have a month to complete this questionnaire.

Once the research project is finished you will be provided a brief note with study findings. And if you are interested further, I will be glad to share the detailed research findings with you.

If you have any queries about the survey or questionnaire, please feel free to contact Sakib Khan [email:sakib@sakibkhan.com].

Thank you in advance for taking part in the survey and making it a success.

## **Appendix G**

### **Correlations between rationales for devolution and outcomes of devolution**

Key outcomes	Key rationales								
	1	2	3	4	5	6	7	8	9
The effectiveness of HR function	.476*	.414*	-.154	.232	.245	.296	-.074	-.046	.261
The efficiency of HR function	.703**	.509**	-.291	.388*	.25	.166	-.083	-.21	.317
HR costs	.454*	.219	.303	.15	-.42	.011	-.033	-.242	-.097
A strategic approach to HR	.35	.157	-.247	.489**	.183	.152	-.001	-.021	.308
Employee empowerment	.196	.205	.036	.194	.368	0.203	-.305	.029	.188
HR service delivery and decision making speed	.274	.231	.06	.118	.348	.382*	-.453*	-.044	.244
Line managers' commitment to implement HR policies and practices	.732**	.428*	-.25	.315	.308	.3	-.077	-.069	.368*
Line managers' responsibility for people management	.375	.17	.131	-.046	.331	.296	-.135	.177	.208
More problems being solved at the local level	.344	.437*	.112	.023	.424*	.503**	-.385*	-.104	.22

1-To improve effectiveness of the HR function; 2-To improve efficiency of the HR function; 3-To reduce HR related costs; 4-To enable HR to concentrate more on strategic issues rather than with day-to-day operational HR activities; 5-To empower employees of the line managers; 6-To improve HR decision making and service delivery speed; 7-To gain line managers' commitment to HR policies and practices; 8-To make line managers more responsible; 9-Because line managers are in a better position to understand and quickly respond to local HR issues;

\*\* . Correlation is significant at the 0.01 level (2-tailed). \* . Correlation is significant at the 0.05 level (2-tailed).

