

Unpacking Complexities of the 'High Performance Human Resource Management and Establishment Performance' Debate using Qualitative Research in the Retail Sector.

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Abstract

This paper represents ongoing doctoral research into the link between 'high performance human resource management' and organisational performance, and the complexities surrounding this commonly debated issue. Whilst the majority of research on this topic has taken an extensive quantitative approach, this research is making use of the intensive qualitative approach to attempt to shed new light on the benefits, or otherwise, of 'high performance' HRM, particularly how individual HRM practices may complement each other to increase the effect of an overall system of HRM. Past research has focussed on numerous industry sectors, however the retail sector, particularly in the UK, has been under-represented in the literature. The focus is therefore case based research of HRM practices in a UK retail establishment. This paper justifies the intended research and outlines the proposed methods. The verbal presentation of the paper will discuss the data collected up until that date.

Introduction

The purpose of this research is to examine the link between strategic HRM, specifically high performance work systems, and organisational performance. A wealth of research exists on this link, however conclusions have not been entirely congruent, with some pointing towards a positive link, whilst others find no effect. Many of these conclusions have been based on extensive quantitative research, amongst which positive associations have been found, and some weaker causation effects between HRM practices and performance. In contrast, this research will adopt a primarily qualitative approach. More clarity on this topic, as Guest (2003) notes, will be of great value for organisations seeking that competitive advantage, enabling them to maximise the resource which for some organisations may be one of their most costly. Positive implications for employees working within high performance work systems are also theorised, however the research regarding this is also inconclusive. It is predicted that more intensive research into the complexities of the phenomenon will be necessary to extend the current knowledge in this controversial field. Intending to bridge this gap, this research will comprise of a longitudinal case study of a retail sector organisation which is currently undergoing the implementation of strategic HRM, in order to intensively investigate the concept. The research will seek to:

- Discover the extent of high performance HRM practices that are being practiced at the case organisation, the extent to which they were practiced in the past, and if and how they increase over the course of the study, whilst looking for a relationship with performance.
- Explore how the practices are perceived by the informal organisation and employees at various levels of seniority.

- Shed new light on the notion of internal fit and the complementing effects of using multiple HRM practices.
- Identify the costs, problems and pitfalls associated with the implementation of novel HRM systems.

The Need for Intensive Qualitative Research

Debates on methodologies are abundant, and the varied findings from numerous studies continue to fuel this debate. Wall & Wood (2005) present the case for 'big science', suggesting that the weaknesses in current research are not attributable to the researchers being unaware of how it can be done better, but to the small scale funding that has currently been available for it. The research that has been done so far on HRM practices and firm performance is very limited, but taking all projects together, there is some relationship there. However, to obtain any really reliable and valid results that can be generalised, a much larger project may be required. To eradicate the shortcomings of current research, something along the lines of an independent audit needs to be conducted in each participating organisation, which would require at least two to three days per person researching it, and multiple researcher or auditors would be necessary to control for any biases given the nature of the variables. Furthermore, as longitudinal studies are necessary to conclude any causality between the variables, this kind of project would take years to complete, and obviously would have to include companies that now do not have any HRM practices, but develop them over the forthcoming years. Research of this magnitude may seem beyond the scope of current funding bodies, however it may not be if government agencies, professional bodies, academics, employer associations and employee associations collaborated to work on such a project. Of course, this kind of 'big science' suggested by Wall & Wood (2005) is unlikely to happen, due to the amount of money, time and participants that would need to be involved. Possibly the closest thing we currently have to this is the latest WERS survey data of 2004, and the prospect of another improved and updated survey for 2010 or 2012.

The research to date concerning the HRM – performance link is vast and varied in its approach, utilising qualitative or quantitative data from original or secondary sources. Comparing the conclusions of all of the different research to date gives a confusing picture, with no particular methodologies necessarily pointing in the same direction. It would be hasty to say that the quantitative road in the field has been exhausted, however more research of this kind at this moment in time, with time and budget constraints other than those necessary for the proposed 'big science' idea of Wall & Wood (2005), would be unlikely to yield any valuable new insights. Use of secondary data, notably the latest WERS 2004 data may well be of some use for future research, firstly as the latest survey data is richer in HRM measures than its' predecessors (WERS 1990, WERS 1998) on which much of the past research has been based. Secondly, as suggested by Delbridge & Whitfield (2007) the survey data can be used to identify certain industry sectors where richer qualitative data may be able to be gathered. Certainly, it appears to be the qualitative methodologies that have been least represented in the literature to date on the HRM – performance link. The limited case study research that has been undertaken has explored the causal links between HRM and performance in more detail, and has begun to decipher some of the complexities of the relationship (Truss, 2001), whilst the critical realist approach of Hesketh & Fleetwood (2006) has also attempted to address these complexities. Therefore future research that will add to the existing knowledge base in this field will inevitably have to contain some element of detailed qualitative / case study research, and possibly channelled by further analysis of the WERS 2004 data.

The Location for Research

The retail sector has not been previously studied in research addressing the HRM – performance link, which has drawn heavily on the manufacturing sector. However recent research has been conducted within a large retail bank, essentially the service sector (Bartel, 2004; Gelade & Ivery, 2003). Correlations have been found between work climate, levels of HRM practices and business performance in a manner where the effects of HRM practices on performance are mediated by work climate (Gelade & Ivery, 2003). The study by Bartel (2004) used longitudinal datasets collected from site visits to branch operations of a large retail bank, finding that levels of HRM varied widely across branches and over time. A positive relationship was found between branch performance and the incentives dimension of a high performance work system. A further novel industry sector that has been addressed in the research is the UK hotel industry. Hoque (1999) used quantitative data from over 200 UK hotels, which demonstrated that hotels pursuing strategic HRM in combination with a quality focus in their business strategy performed the best. It was also found that HRM practices were more likely to positively contribute to competitive success when they were introduced in bundles, as a coherent system. This study therefore provides support for the ideas of both internal fit and strategic fit. The promising results found from these previously unstudied industry sectors further highlight the case for future research to focus on other sectors that have not been addressed in the research on HRM and performance. Research into the previously unstudied retail sector, a major business sector by any account, will contribute greatly to the existing knowledge on HRM and performance.

Research Questions

Three areas are identified where the current literature in the field is lacking, which will pave the way for future research questions. These are: 1; Any research into the retail sector. 2; Qualitative research following the implementation of strategic HRM systems over time. 3; Case based research designed to unpack some of the complexities of what has been termed the complementarity hypothesis. Therefore a case study of a retail organisation that is currently implementing high performance HRM practices would be a valuable addition to the current knowledge base.

The aim of this research will be to investigate in sufficient depth the implementation of high performance HRM practices at a UK retail organisation, using a longitudinal case study with a strong qualitative element. The study will seek to discover the extent of high performance HRM practices that are being practiced at the case organisation, the extent to which they were practiced in the recent past, and if and how they increase over the course of the study, while looking for a relationship with the performance of the employees. The study will also explore how the practices are perceived by the informal organisation and employees at various levels of seniority. The use of qualitative research practices will seek to shed new light on the notion of internal fit and the complementing effects of employing multiple HRM practices. It will also seek to identify the costs, problems and pitfalls associated with the implementation of novel HRM systems.

Having reviewed the literature on the link between high performance HRM and establishment performance, a distinct lack of qualitative research has been identified, particularly in the areas of the complementarity hypothesis (Horgan & Muhlau, 2006) and the notion of internal fit (Wood & Wall, 2005). Quantitative research has dominated the literature and appears to suffer from single source measures of the

level of HRM practiced in, and the performance of, an organisation, and it has often been the case that these are only perceived measures anyway, and are not backed up with concrete evidence. Research investigating the complementarity hypothesis has found promising results, and appears to find favourable evidence for the use of complete and coherent systems of HRM practices. This research has been entirely quantitative (Ichniowski et al., 1997; Horgan & Muhlau, 2006), and the results found could benefit from supplementary qualitative research methodologies with the power to investigate the complexities in more depth. The implementation of high performance HRM systems has been covered by some of the longitudinal or quasi-longitudinal quantitative research, with performance measures being taken at different time periods (Ichniowski et al., 1997; Cappelli & Neumark, 2001; Guest, 2003). However, no qualitative studies have addressed this. They have looked at firms where high level HRM systems are already in place (Kaufman, 2003) and investigated levels of HRM in a highly performing organisation known to practice strategic HRM (Truss, 2001). Therefore the knowledge base would benefit from an in-depth qualitative case study with a longitudinal element of an organisation that is currently implementing, or has recently implemented, high performance HRM systems. Furthermore, research in the field has covered a variety of industry sectors including manufacturing (Youndt et al., 1996; Huselid et al., 1997), oil refineries (Wright et al., 1999), and the service sector (Guest et al., 2003), but no attention has as yet been paid to the retail sector, so the literature will benefit from research focussing on this sector.

Proposed Methods

Research questions have been identified in the previous section based on gaps in the current literature. Methodological under representation has also been identified, as has the absence of research in a particular sector. Specifically, these gaps can be addressed via a longitudinal case study of a retail organisation, which follows the implementation of high performance HRM practices and their interactivity using qualitative investigation.

The intensive case study proposed represents the most appropriate way to follow the implementation of strategic HRM practices in the target organisation. This is because rather than proposing one particular methodology, the case study as a research design can encompass a variety of discrete and complementary research techniques (Hamel, 1993). In the case of this investigation, an extensive quantitative approach is appropriate and has been used extensively in previous research, but it is the intensive approach capable of generating context rich data through qualitative inquiry that will shed new light on the phenomena under investigation. A purely quantitative approach would not be capable of doing this.

Based on the wealth of literature on the link between HRM practices and performance, it is proposed that the greater use of HRM practices will have an effect on the performance of employees, however as previous research has shown contradictions, it is not proposed what this effect will be. The qualitative element to the research intends to explore this effect in more detail. Based on previous research into work – life balance (White et al., 2003) and on the Hewlett Packard case study (Truss, 2001) it could be proposed that employees may experience negative effects as a result of novel HRM strategies, such as increased pressure of work and increased stress. Investigation into the complementing effects of HRM practices will primarily be exploratory, however based on previous quantitative research (Ichniowski et al., 1997; Horgan & Muhlau, 2006) it is proposed that complementing effects will be evident. It is the aim of in-depth qualitative methods to

explore this concept in greater detail and shed new light on it. It was mentioned in the research questions that the costs, problems and pitfalls regarding the implementation of new HRM systems would be investigated. Based on research into the adoption of high involvement HRM practices (Cavarella, 2003), it is proposed that there will be numerous complications associated with the implementation procedure. It is intended to identify and explore these complexities.

As mentioned in the previous section, the Workplace Employment Relations Survey (WERS) 2004 data contains data on just over 2000 UK firms. Retail organisations account for around 10% of the WERS 2004 sample, so there will be about 200 firms of interest within the data. It is envisaged at this stage that the WERS data will be used to provide some initial descriptive statistics, and provide the context of HRM in the retail sector. It will provide an indication of the levels HRM that are practiced in the retail sector as a whole, and will provide the opportunity to compare the incidence of HRM in the retail sector with other major industry sectors.

The benefits of the case study in investigating the implementation of strategic HRM practices are that a longitudinal approach can be adopted, which will track changes in the organisation over time, and that a multitude of informants can be consulted via in-depth qualitative research methods. Guest (1999) argues that in many cases HRM practices may be present, but are only relevant to a minority of employees working for the organisation. That argument forms the basis of an essential part of this investigation, which is that data must be collected using employee informants from a large varying range of seniority levels in the organisation. This is intended to expose differences in levels of HRM experienced as a possible result of level of seniority or position. The research methods for collecting data are proposed to follow a similar pattern to previous case based research in this field (Truss, 2001), as they have been proven to tap into similar units of analysis effectively. These are: questionnaires, in depth interviews, and the collection of documentary evidence.

It will be necessary as part of the study to gain some insight into situations at the organisation before the process of implementing strategic HRM systems. Initial contact with a case study gatekeeper and another more senior employee indicate that this process of implementation has already begun prior to the proposed first stage of data collection. This contributes towards a weakness in the design of the case study, as the rich qualitative data available from interview will not be available, but is nonetheless unavoidable due to the timing of the research. In order to limit and compensate for this weakness as best possible, it is proposed to conduct documentary research to generate data on the HR practices and behaviour of employees prior to the recent start of the implementation. It will become clearer exactly what information will be available after the first visit to the organisation, however on the basis of initial conversations with the gatekeeper, records from the HR department are likely to be available.

The process of conducting interviews with employees will generate the context rich qualitative data necessary to develop new knowledge from this study, however due to the size of the organisation and the time and budget constraints for the research, it will not be possible to conduct an amount of interviews representative of the number of employees in the organisation. While the interviews will be targeted towards key figures and staff of varying levels and positions at the organisation, the use of survey questionnaires will be able to reach a far greater number of employees. This generation of extensive quantitative data is intended to complement the intensive qualitative data, thus strengthening the design of the case study. A major strength of the case study method is the opportunity to gather many different sources of evidence and data, and the need to use multiple sources of evidence within a case

study far exceeds that in other research strategies (Yin, 2003). The most important advantage which can be gained through using multiple sources of evidence is the development of converging lines of enquiry. Patton (1987) comments on how any conclusion or finding from a case study is likely to be stronger and more accurate if it is based on multiple sources of data. Following the first visit to the target organisation, it will become clear how many questionnaires can be sent to employees, and the locations to which they need to be sent. The survey will attempt to quantify perceived levels of HRM practices by employees and the effects the changes in HRM policy and practice are having on them.

Preliminary Findings and Results

This paper represents ongoing doctoral research. It is envisaged that by the time of the congress at which this paper is being presented (August 2009), a significant amount of data will have been collected. The presentation of this paper will therefore include a discussion of the data which the research will have produced up until that date.

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