

Strategic human resource management (SHRM) research focuses on the contribution that HR practices can make to organizational performance and competitive advantage (Collins & Clark, 2003). In recognition of this research need, the current study investigates the "black box" between the HR strategic role and financial performance by exploring the mediating role of HPHRPs, defined as a system of interrelated human resource managerial practices that, taken together, influence employee's ability, motivation, and opportunity by creating conditions of high involvement and participation in them in order to increase organizational effectiveness (Huselid, 1995). HPHRPs reflect a combination of HR practices that aim to improve organizational performance (Boselie, Dietz, & Boon, 2005). Building on recent work by Applebaum, Bailey, Berg, and Kalleberg (2000), this study employs the Ability–Motivation–Opportunity taxonomy of performance to categorize the components of HPHRPs. Consistent with previous definitions, the term HPHRPs is used to refer to a set of HR practices that are intended to enhance employees' skills, motivation, and opportunity to participate, and which, in turn, seek to improve organization performance. A strategic role for HR management is argued to enhance the effective utilization of HPHRPs, which, in turn, increases financial performance through increased human resource productivity. In addition to exploring this indirect relationship, this study also explores the moderating role of devolvement of responsibility for HR practices to line

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Line management devolvement is argued to increase the operational integration of HR practices and facilitate a strategic focus for HR professionals by reducing their responsibility for traditional HR practice execution and administration. management in the relationship between the HR strategic role and HPHRPs. Line management devolvement is argued to increase the operational integration of HR practices and facilitate a strategic focus for HR professionals by reducing their responsibility for traditional HR practice execution and administration. This study contributes to current research in a number of areas. First, we respond to calls to investigate the impact of the HR strategic role, and pathways through which this effect occurs. Previous research in SHRM has been criticized for its lack of theoretical and empirical work on the mediating, explanatory pathways through which HR strategic factors lead to firm outcomes (Becker & Gerhart, 1996; Delery, 1998; Dyer & Reeves, 1995). This study builds on prior research exploring the impact of HR strategic role and is one of the first to focus on HPHRPs as a mediating pathway explaining this effect. Moreover, this is one of very few studies to do so in a non–Western context (Bae & Lawler, 2000), providing greater understanding of the utility of the HR strategic role in promoting financial performance in non–Western contexts, especially developing countries. The empirical data reported in this article comes from Jordan, a developing country in the Middle East. A further contribution stems from the investigation of line management devolvement as a moderating variable, enabling researchers, HR professionals, and managers to understand the situations under which a strategic role for HR professionals is more or less likely to generate positive organizational performance effects (H. T. Chang & Chi, 2007). By exploring a moderated mediating relationship, this study clarifies a key mechanism that explains the influence of HR strategic role, as well as identifying circumstances that affect the operation of this mechanism.

Theoretical Background and Hypotheses

The following sections submit the rationale underlying the

proposed relationships and discuss how HR strategic role is linked to HPHRPs, which, in turn, is linked to financial performance. The subsequent discussion argues the moderating role of line management devolvement in this relationship and a moderated mediated pathway between the HR strategic role and organization financial performance. HR Strategic Role, HPHRPs, and Financial Performance Dessler, Griffiths, and Lloyd-Walker (2007) argue that, ideally, the strategic partner role incorporates HR as a full participant in both the development and operationalization of organizational strategies. This role requires HR managers to support strategic HRM initiatives by aligning HR goals, strategies, and practices with corporate objectives and the implementation of business strategy (Andersen, Cooper, & Zhu, 2007). It also requires the participation of HR managers in the strategic business planning process (Sheehan, 2005), which means that HR managers have an active role in both strategy formulation as well as strategy implementation (DeCieri et al., 2008). A critical function for HR managers in a strategic planning role is to build the organization's human resources as a source of sustained competitive advantage (Barney & Wright, 1997; Becker & Gerhart, 1996). This implies the incorporation of HR practices that contribute to organizational performance into the strategic decision-making process (Huselid, 1995). In their meta-review, Delery and Doty (1996) identified seven such practices, which are consistently depicted as HPHRPs. These practices are theoretically and empirically connected to organizational performance and include practices related to ability, such as training systems; factors related to motivation, including results-oriented appraisal; and factors related to opportunity, such as employee participation programs.

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Human Resource Management DOI: 10.1002/hrm A critical function for HR managers in a strategic planning role is to build the organization's human resources as a source of sustained competitive advantage. A pivotal determinant of the adoption of HPHRPs is a perception of HRM in a strategic role as a legitimate mechanism to enhance organizational performance. Those HR professionals possessing a legitimate strategic role through their hierarchical position within an organization are likely to have the authority, opportunity, and resources to search for and adopt innovative HPHRPs (Gooderham, Nordhaug, & Ringdal, 1999; Jennings, 1994). Equally important, as an HR professional, is expertise in HPHRPs, which leads to the perception of "individual competence" (Walton, Allen, & Gaffney, 1987). The devolvement of HR practices, which has been referred to as "downward integration" of HRM (Zhu, Cooper, De Cieri, Thomson, & Zhao, 2008), is defined as the involvement of line managers, commonly

904 HUMAN RESOURCE MANAGEMENT, NOVEMBER-DECEMBER 2013 Human Resource Management DOI: 10.1002/hrm The devolvement of more traditional HRM activities to line managers allows HR professionals to adopt a more strategic role because it releases them from the more traditional and time-consuming operational activities. referred to as supervisors, in the execution and administration of HR practices (Budhwar, 2000a, 2000b), including selection, training, and performance management. While some authors, like Thornhill and Saunders (1998), state that the increased role of line managers in the management of human resources is a vital characteristic of any HRM model; others, like Brewster and Larsen (2000), go further by arguing that the devolution of HR responsibilities to line managers is seen as a defining issue in HRM since line managers' actions and behaviors are largely responsible for the difference between intended and actual HRM implementation. Arguments for

the moderating role of line management devolvment are based on the assumption that, if HR professionals are going to hold a more strategic role, the dayto- day HR activities need to be decentralized and shifted to line managers (Kulik & Bainbridge, 2006). The devolvment of more traditional HRM activities to line managers allows HR professionals to adopt a more strategic role because it releases them from the more traditional and timeconsuming operational activities (Conner & Ulrich, 1996; Ulrich, 1997). In addition, numerous studies suggest the role of line managers is important in ensuring effective implementation of HRM strategy and policies (Bhatnagar & Sharma, 2005). In particular, the adoption of more commitment- oriented HPHRPs requires line managers to be involved in the initiation and implementation of "high-performance" models, especially when the actions of line managers are the difference between intended and actual HR practices (Boxall & Purcell, 2008). The HR strategic practitioner is often depicted as an organizational change agent-- a professional who is willing and sufficiently skilled to identify HR-related initiatives that will enhance organizational performance, and enable and oversee their implementation (Beatty & Schneier, 1997; Russ, Galang, & Ferris, 1998). Therefore, while underresearched, the connection between the HR professional in a strategic role as a critical element impacting the adoption of HPHRPs has considerable merit. Following this, we will hypothesize a positive relationship between the HR strategic role and HPHRPs: Hypothesis 1: The HR strategic role is positively related to HPHRPs. In particular, the RBV emphasizes the role of HR practices in influencing the human capital within organizations in a way that may lead to organizational success. Within this context, there is significant evidence for the link between HPHRPs and organizational financial performance. There is significant evidence that the range of practices comprising HPHRPs enhance productivity and, consequently, organizational financial performance. Similarly, motivation-enhancing HR practices have been linked to employee productivity and incorporated into previous models of HPHRPs. Substantial research on the link between HPHRPs and organizational performance has occurred worldwide since pioneering work was published in the mid-1990s (Becker & Gerhart, 1996; Huselid, 1995). One item was reversed and modified ("HR manager is seen as strategic partner" became "HR manager is not seen as strategic partner"). Negatively worded questions are recommended in order to reduce pattern response bias (Hinkin, 1995). Mediating Variable: HPHRPs Based on extensive review of the literature, scales were developed for measuring the three HPHRP dimensions: ability-enhancing, motivation- enhancing, and opportunity-enhancing practices. All items measuring HPHRPs were adopted from survey items used by Flood et al. (2008), Huselid (1995), and Snell and Dean (1992). All items were measured using a seven-point scale. Nine items were used to measure ability- enhancing practices, including staffing (i.e., formal job analysis, recruitment, and selection) and training and development practices (e.g., "How much importance is placed on the staffing process in this company?") Six questions relating to motivation-enhancing practices were designed to measure both performance management and compensation practices. A legitimate HR strategic role, therefore, builds the credibility of HR-related initiatives (Bennett, Ketchen, & Schultz, 1998; Galang, Elsik, & Russ, 1999). Once legitimacy of the HR manager as a strategic partner is established, research indicates that this will enhance influence over resource allocation and decisionmaking authority. Possible benefits include a greater allocation of resources and increased authority, both of which provide greater opportunities to

drive the adoption of HPHRPs (Coopey, Keegan, & Emler, 1998; Galang et al., 1999; Kanter, 1988). Past research suggests that the most senior HR manager is well placed to provide expert judgment on HR-related policy and practices (Guthrie, 2001; Way, Lepak, Fay, & Thacker, 2010). This is particularly true in our study, which required knowledge of the HR strategic management policy and also required understanding across a wide range of HR-related management practices. As an additional strategy to reduce the risk of CMV bias, we asked respondents to nominate the source of information about financial performance and we also nominated measures that were less open to subjective interpretation: return on equity, return on assets, sales growth, and market share. Previous research suggests that using more objective and concrete measures is less likely to be associated with bias (Podsakoff & Organ, 1986).

Selective staffing techniques are used to identify applicants whose abilities are compatible with the THE EFFECT OF STRATEGIC HUMAN RESOURCE MANAGEMENT ON ORGANIZATIONAL PERFORMANCE 903 Human Resource Management DOI: 10.1002/hrm needs of the organization (Huselid, 1995), and the provision of comprehensive training can lead skilled employees with capabilities that are honed to the particular requirements of developing organizational technologies (Arthur, 1994). In particular, many empirical studies have shown positive HPHRPs influence on a range of indicators of organizational performance, including financial performance (Huselid, 1995), employee productivity (Guthrie, 2001), turnover rate (Arthur, 1994; Vandenberg, Richardson, & Eastman, 1999), and absence rate (Marks, Mirvis, Hackett, & Grady, 1986; Wood & De Menezes, 1998).

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Dependent Variable: Financial Performance This study adopted quasi-perceptual measures of performance, which evaluate performance in objective terms (e.g., return on equity, sales growth, and profitability) through the subjective perception of managers (Ketkar & Sett, 2009). While previous research indicates that the strategic role held by HR professionals is a critical aspect of HRM policy enactment (Hailey, Farndale, & Truss, 2005), few studies have investigated, or established, the link between the literature on HPHRPs and HR professionals' strategic role. In general, empirical research on the HPHRPs and performance link has demonstrated that HR practices are related to a set of organizational performance measures (Wright & Kehoe, 2008), and this has provided a basis for many authors to promote the practical benefits that can be gained from adopting HPHRPs compared with the more control-based personnel approach (Tsai, 2006).

Globalization of business and the associated intensification in competitive pressures has led to an increasingly strategic role for HR professionals, directed toward aligning HR practices with business strategy (Raub, Alvarez, & Khanna, 2006). Given the importance of consistency between what a role purports to achieve and its actual impact, a strategic role for HR professionals should focus on the achievement of organizational goals by aligning HR practices with business objectives (Conner & Ulrich, 1996).

Predictor Variable: HR Strategic Role HR strategic roles were measured using a scale derived by Conner and Ulrich (1996), frequently used in similar research on HR managerial roles (Raub et al., 2006; Voermans & Veldhoven, 2007). The decision to exclude organizations employing fewer than 100 employees was based on results of previous research in HRM, which indicates that the larger the firm, the more likely it is to have a formal organizational unit dealing with human resources as well as more formalized HR practices (Guthrie, 2001; Huang,

2000). Among HR roles, many authors argue that the "strategic role" is a pivotal one for HR professionals in today's organization (Cleland, Pajo, & Toulson, 2000). Despite the priority placed on HR professionals as strategic partners, recent reviews suggest that there has been little effort to evaluate the strategic contribution of the HR role (Cabrera & Cabrera, 2003). Thus, we hypothesize the following: Hypothesis 3: HPHRPs mediate the relationship between the HR strategic role and organizational financial performance.