

# LINKING EMPLOYEE PERFORMANCE WITH HRM PRACTICES

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**Abstarct** : Historically, empirical researchers operating within the HP paradigm were influenced by several different perspectives such as General Systems Theory, Resource Dependence Theory, Human Capital Theory and Resource-based Theory. For example, building from General Systems Theory, Katz and Kahn's (1978) book *The Social Psychology of Organisations* highlights the idea of HRM being a subsystem embedded in a larger organisational system. Wright & Snell developed this idea by assuming skills and abilities as inputs and employee performance as outputs. Osterman on the other hand, was guided by Resource Dependence Theory which emphasises resource exchanges that take place within organisations.

**Index Terms:** HRMechanisms, Taylorism, Psychology, Optimism, Normative, Paradigm, Just in Time, Team Working, Crtiical realism, Scientism, Postivism,

## 1.0 Introduction

According to the proponents of such a theory, organisation members gain power over each other by controlling valued resources. This idea, that HRM practices reflect a distribution of power within organisations, guided researchers like Osterman and Pfeffer. Human Capital Theory, based upon the productive capabilities of people guided empirical researchers who investigated how organisations come to increase their human capital. Last, but by no means least, Resource Based Theory highlights how competitive advantage is gained by implementing a value-creating strategy that competitor's cannot copy and sustain. Wright and Snell use such a model to guide their empirical investigation. In sum, theories like these guided the HP paradigm and went a long way towards establishing the dominant paradigm

The rigidities of Fordist production systems and the labour management practices associated with them had, allegedly, to be revised to meet the new demands of the more volatile market. Thus, post-Fordism saw the light of day, characterized by more flexible production and labour practices, which were designed as strategies to increase organisational performance. The new production systems which were influenced and imported from Japan such as 'Just in Time', 'kaizen' and other lean' production methods had to be supported with a new set of flexible labour management practices which could foster innovation, variety and quality. Some HRM practices, if appropriately \_bundled'or combined, could, it was argued, provide the performance so much sought after (Delery and Shaw, 2001).

## 2.0 Literature

This thesis is, by contrast, concerned with critically evaluating only that empirical research on the HRM-P link (or variants in the HP paradigm) rooted in quasi-positivism and employing solely quantitative, statistical research techniques. Why? Because, in a nutshell, the above type of empirical research on the HRM-P link has led us up a 'blind alley'.

Consider the first problem. Guthrie et al. (2009: 122) conclude that 'we cannot claim that the use of particular HR practices causes employee or organisational outcomes'. They raise a number of doubts about the relationships between the use of High Performance Work Systems and organisational effectiveness.

Now consider the second problem, namely, that even if a statistical link between HRM and performance could be shown, the empirical research on the HRM-P link cannot explain it. That is, the best empirical research can do is tells

us that there is a link between HRM practices and organisational performance; but it cannot tell us why HRM practices are linked to performance. It is hard to over-estimate the damage this does to the entire HRM-P paradigm. An approach that, literally, cannot explain the statistical associations it discovers is deeply problematic.

More specifically, they see the fundamental problem as the commitment by empirical researchers to quasi-positivism, or 'scientism' as they prefer to call it – elaborated upon in chapter three. In addition to their critique, Fleetwood & Hesketh have gone on to advocate an alternative meta-theory for research on the HRM-P link, namely critical realism.

But, and this is important, this thesis goes beyond Fleetwood & Hesketh's work in an important way. This thesis explicitly uses critical realism's meta-theoretical 'toolbox', but in addition it makes use of qualitative research techniques to investigate what would commonly be considered to be a quantitative research programme. Whilst this is rarely done, I have found at least one precedent – albeit in the discipline of Labour Economics. Bewley's (1999) book, *Why Wages Don't Fall During a Recession?* provides very interesting insights into this fundamental question. Whilst his answers need not detain us, the point is, he shows use of qualitative data to explain why wages don't fall a matter always considered to be entirely quantitative.

### 3.0 Review of HR Practices

From preliminary enquiries, I already knew that six particular HRM practices were team working, corporate culture, empowerment, work-life balance, performance appraisal and reward., lacking an understanding of these HRM practices, I turned to the existing literature to establish what we already know about these particular practices. This gave me some insight into how HRM practices might or might not, work to influence organisational performance; helped me interpret my findings; and alerted me to empirical evidence vis-à-vis the link between these particular six HRM practices and performance.

#### 3.1 Team working

Team working came to the notice of Western managers via 'Japanisation' in the 1980s (Womack et al. 1990). Teamwork has captured the interests of scholars associated with one of four main schools of thought: Sociotechnical Studies, Human Relations, Japanese Management and the Humanization of Work programme in Germany (Mueller et al. 2000). The contemporary concept of team working dates from the 1950's and the work of the Tavistock Institute of Human Relations. Although the Tavistock consultants recognized, documented and publicized team working they did not invent it. Indeed, it was initially developed by coalminers in Durham as a response to the existing dangerous working conditions, and known as the 'Manly Innovation' (Buchanan 2000: 27). The self-organization of work allowed workers to meet some of their psychological and task-based needs whilst generating gains in performance. It is worth noting that teamwork was, and still is, a technique readily appropriated by consultants as a recipe for business success.

##### 3.1.1 Empirical evidence of team working

After considering the research on HRM and organizational performance as a whole, Fleetwood & Hesketh concluded that the empirical evidence of a link between HRM practices and performance was, at best, inconclusive. They did not, however, refer specifically to the link between teamwork and organizational performance. The following section will, therefore, evaluate the empirical evidence of this link.

Numerous studies report a significant association 'between team working and performance. For example, Delarue et al.'s (2008: 139-142) review of 31 empirical studies on the impact of team working on performance reveals a positive relationship 'between teamwork and performance, and that adopting team structures can yield positive outcomes for organizations'. However, other empirical research shows no statistically significant association between team membership and any of the outcome variables' (Harley 2001: 721, emphasis added).

There are also a number of empirical studies looking at HRM practices that include team working (e.g. Marti-Audi et al. 2013) or implications of information sharing and team performance (e.g. Magnus & De Church 2009) or team learning activities and team performance (e.g. Van Woerkom & Croon 2009).

### 3.2 Performance Appraisal

Before engaging with the workings of performance appraisal, it is vital to define it - despite the fact that for PA remains beyond definition sees it as more of a philosophy than a set of procedures. PA can be defined, loosely, as a formal process of collecting information from and about employees in order to inform decisions about their future management.

The objectives of the PA at the time were to help with decision making, regarding selection, retention and promotion. Following World War Two, a plethora of new techniques were designed with the help of psychologists. Following Rodger's motto fitting the man to the job and fitting the job to the man', some occupational psychologists saw a way to break into the 'organizations' market, via selling applications of psychology to organizational problems.

#### 3.2.1 Empirical research on performance appraisal

Many empirical researchers add PA as another independent or 'explanatory' variable, allegedly to 'explain' the HRM-P link - e.g. (Den Hartog et al. 2004; Guest et al. 1997; and Purcell et al. 2009). For example, Lawler et al. (2012) use the following 'independent variables': jointly set performance goals, competency models that are based on business strategy, measures of how individuals achieve their results, training for managers doing appraisals, leadership by senior management, with the 'dependent variable', organisation's performance. They go on to claim that there is a 'strong correlation' between dependent and independent variables (ibid 199). Smither et al.'s (2005: 54) meta-analysis of 24 longitudinal studies and reviews of empirical evidence of feedback ratings and performance improvement, make similar claims - e.g. there are 'positive gains' in performance when feedback is used.

Let us look a little closer at a recent example. Abdulkadir et al. (2012: 129) construct the following models:

(1) Organizational Commitment = f (Performance Appraisal, Career Planning, Employee Participation)

(1a) OC = f (PA, CP, EP)

(2) OC =  $\beta_0 + \text{PAS}\beta_1 + \text{CPS}\beta_2 + \text{EP}\beta_3 + e$

Their findings confirm that there 'is a significant positive relationship between performance appraisal system and organizational commitment with a zero-order correlation of 0.57'. What passes without comment in this, and other similar studies (e.g. Ahmed et al. 2010), is the fact that even if there is a significant positive relationship between PA and a performance measure, what researchers really need to know is Why? That is, what causes and, thereby, explains this relationship? The association or relationship itself is neither causal nor explanatory.

### 3.3 Corporate culture

CC was, according to Peters & Waterman, one of the key attributes 'Excellent' companies have to possess in order to survive the business world. But what is culture and where did the concept originate? Borrowed from social anthropology, CC found an easy application into the world of practicing management. Consultants realized that such a recipe of success could be sold to business leaders who were, as ever, ready to buy the latest fads or HRM techniques. However, as Anthony (1992: 22) argues, the transposition of the concept from anthropology to organizational studies meant that something was lost in translation. The central point about CC is, allegedly, that communities who go through economic hardships survived through patterns of beliefs, values and meanings which were transmitted through trans-generational traditions, storytelling etc. CC was sold to organizational leaders as a solution to their perennial problem of commitment. CC is conceived of as the corporate glue' that maintains different parts of the organizational system in equilibrium

#### 3.3.1 Empirical evidence of corporate culture

The creation and management of CC has been promoted as the new 'holy grail' within the business community. Many mainstream writers, who bought uncritically into the idea, went on to study culture.

Hofstede, for example, found solid 'evidence that strategic advantage was directly linked to the successful management of CC, as did other mainstream writers (Kotter et al. 1992; Deal et al. 1982; Pronjoro et al. 2011).

Did the excellent' companies that Peters & Waterman studied improve their performance following the adoption of their so-called recipe for success? Many of the 62 excellent' companies ceased trading within a year, allowing 'In Search of Excellence' to be dubbed a book for juveniles' by Peter Drucker (cited in Grey 2009).

Because CC discourses are little more than normative forms of control, organizations lack what it takes to persuade

employees of the benefits of CC. It takes more than CC to gain the emotional attachment of employees. CC promises a lot but delivers too little in that respect.

### 3.4 Work-life balance

For example, the consequences of long hours' culture are stress, absenteeism, employee withdrawal, emotional exhaustion, head and backaches, absenteeism and consequently a reduction in productivity (Deery et al. 2002; Green 2001). Businesses were not happy with this state of affairs, despite the fact that they had been (perhaps unknowingly) in the driving seat of the neo-liberal agenda. Despite the fact that these problems were (again perhaps unknowingly) self-inflicted, many businesses began to recognize that such problems could be a major impediment in their quest to create sustained and appropriate levels of profit. Unable to tackle the root causes of the problems (because they probably did not, and do not, see that they are the root cause) they tried to tackle the symptoms. Consequently, what started as a discussion about 'family-friendly working', gradually merged into a discussion around 'work-life balance' and eventually, a number of work-life balance (hereafter WLB) policies came into existence.

White et al. (2003: 191) attempted to measure the effects of high-performance management practices and working hours on WLB. It revealed that hours worked are the largest influence. However, they go on to claim that we find clear evidence that high-performance practices are an important, if previously ignored, source of negative spillover, even after controlling for working hours'.

### 3.5 Empowerment

Empowerment is regarded as a result of the 60's and post 60's social movements and is associated with Organization Development research programmes which were embedded within the Humanistic or Human Relations school. The Human Relations School reacted to the low-trust employee relations of Taylorism and argued that workers could go unsupervised, and be self-motivated, if given the chance to be involved in organization decision making. From then onwards, empowerment has kept the attention of academics across disciplines such as cognitive psychology and organization studies. The interest has been fuelled by the possibility that it is one of the variables in the link with organizational performance. What is empowerment? How did it come about in organizations? Why should we be interested in such a concept?

#### 3.5.1 Empirical evidence of empowerment

For psychologists, empowerment affects tasks, behaviors and performance (Thomas et al. 1990; Spreitzer 1995, 1996; Schwartz 2000; Kirkman 1999). For psychologists, empowerment is considered either as a motivational/psychological state or a set of practices associated with enabling employees with decision-making power. Thus, many psychologists try to measure the different cognitive components that supposedly make up empowerment such as: impact; competence; meaningfulness and choice Thomas et al. (1990). Others such as Mathews et al. (2003) have attempted to measure the factors that help organizational empowerment such as: organizational structural framework; control of workplace decisions and employees access to information. In the same vein, Kazlauskaite et al. (2011: 152) tested the association between empowerment, as a bundle of HR practices, and commitment using statistical analysis.

### 3.6 Reward

Reward has been defined by Bratton et al. (2003: 277) as 'a core facet of the employment relationship: it constitutes an economic exchange or relationship and refers to all of the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for the work they perform'. There are two forms of reward: intrinsic rewards and extrinsic rewards. Intrinsic rewards meet Maslow's basic need for survival, security and recognition. These are financial payments and working conditions. Extrinsic rewards refer to the psychological enjoyment and satisfaction of challenge, sometimes referred to as psychic income' that meets self-esteem and personal development.

#### 3.6.1 Empirical evidence on reward

The link between monetary rewards and performance has also been empirically researched. For example, Van Jaarsveld et al. (2011: s19) attempt to measure the impact cash levels have on worker performance using multivariate analysis. They conclude that CSR [Customer Service Representative] cash pay is significantly associated with two workforce performance measures: call abandonment rate and meeting the target time'. Another empirical study by Kim et al. (2013: 45) on group-based pay-for-performance and firm performance report that:

## 4.0 SCIENTISM TO CRITICAL REALISM AS APPROPRIATE META-THEORY

### Introduction

From 1995, and especially the publication of Huselid's seminal paper on the HRM-P link, there have been many attempts by researchers from various academic orientations to provide an explanation of this link. However, the fact is, empirical research is dominated by statistical analyses on this link, which adds very little to our existing knowledge, and fails to deliver the much needed explanation. To obtain an explanation means that we need first to accept that there are some serious limitations that underlie existing empirical work on the HRM-P link. Breaking away from the stasis that has shrouded such empirical work also means that we will have to locate the limitations of empirical work - so that we do not commit the same mistakes.

### 4.1 From positivism to scientism

I have been following Fleetwood & Hesketh (2010) in preferring the term 'scientism' over 'positivism'. Allow me to explain. Scientism has been defined by Brown (1992: 74) as 'the making of exaggerated claims for the sphere of competence of scientific procedures, often involving the inappropriate use of natural scientific methods and imagery in the study of the social world, and necessarily entailing the privileging of science in an uncritical fashion'. As a result of the obvious success of classical physics, and the mistaken belief that it is rooted in positivism (or scientism), many social scientists argue that social science should also be rooted in the same method 'scientism/positivism' (Sayer 1992; Davison 2000).

Let us fully elaborate on scientism/positivism's meta-theory. Some critics prefer to refer to adherents of positivism as advocates of scientism/positivism on account of their fetishism of the so called 'unity of method' thesis or methodological monism'. The unity of method thesis postulates that theories across natural and social sciences should not contradict each other. The method that is almost always put forward to be adopted universally, however, is one based upon (classical) physics (Hesse, 1997). This is given credibility by the idea that the social sciences are underdeveloped and inferior relative to (classical) physics precisely because they do not use its method.

### 4.2 Scientism/positivism's ontology

Fleetwood (2013) points to three existing ontologies that researchers are able to adopt even if they do so unconsciously or implicitly. These are the following:

- An ontology of observed, atomistic events, associated with positivism or scientism/positivism.
- An ontology of entities that are stratified, emergent and transformed (by agents) in open systems, associated with critical realism.
- An ontology of entities that are entirely socially constructed via discourse, language, signs, symbols and texts, associated with idealism.

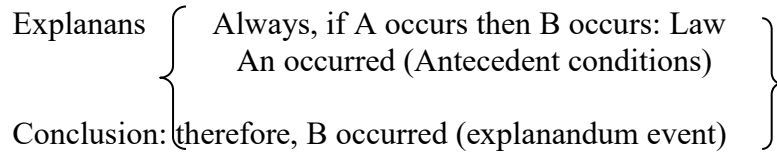
That part of the world which is amenable to 'scientific' enquiry is exhausted by observable phenomena. Simply put: 'what one sees is what exists'. Scientism/positivism sees the observation of events as a reliable pathway to knowledge. This ontology is referred to by critical realists generally, as 'a flat' ontology partly because of the fusion of the empirical and actual domains and partly because it lacks 'depth' as portrayed in Table below:

Domain	Entity
Empirical	Experiences & observations
Actual	Events & actions

### 4.3 Methodology

According to the 'covering law' model, to explain something is to predict a claim about something as a deduction from a set of initial conditions, assumptions, axioms, and law(s) or some other event regularity (Outhwaite 1987). Developed by Carl Hempel (1965), the covering law model is supposed to provide an account of scientific explanation. His example of immersing a thermometer in hot water provides a typical example of a scientific explanation.

The explanation is presented as a logical argument which consists of: (i) antecedent conditions e.g. a glass tube thermometer which is filled with mercury and which is then immersed into hot water; (ii) a statement that expresses certain general laws such as Thermic Laws; and (iii) the two set of statements once properly formulated are supposedly adequate as scientific explanation. Hempel argues that the combination of antecedent conditions and general laws provides the description of an event to be deduced, and by the same token, explained. This type of explanation assumes the form of a logical argument. The conclusion being the event which is to be explained. The conclusion is termed 'the explanandum statement' whilst the premises are termed 'the explanans statement'. Here is a diagrammatical representation of an explanation within scientism/positivism.



### **Explanation within scientism/positivism**

Fleetwood & Hesketh (2010: 121) show how ideas developed by the likes of Hempel, and later Popper, are used, perhaps implicitly, by advocates of scientism/positivism, who apply the covering law model in their endeavour to investigate the HRM-P link. They exemplify the point as follows:

- a) Bundles of HRM practices are regularly conjoined and statistically associated with increased organizational performance (event regularities, laws or theories).
- b) The HRM bundle consists of work teams and a performance related pay scheme.
- c) Increased organizational performance is explained and predicted as a deduction from (a) and (b).
- d) Theories or laws are often tested via their predictions.

#### **4.4 Open and closed systems**

Systems wherein event regularities occur are referred to by critical realists as closed systems. For a system, like a workplace, to be a closed system, it would have to be characterized by event regularities, which I styled above as 'whenever event x (e.g. introduction of team-working), then event y (e.g. change in organisational performance)'.

To establish a closed system, there must be: (i) no internal change or qualitative variation (e.g. impurities) in the causal mechanisms; and (ii) the relationship between the causal mechanisms and its external (to the system) conditions which make some difference to its operation and effects must be constant. The above two conditions are referred to as intrinsic and extrinsic conditions of closure. Although no system is ever perfectly closed (even an electronic [closed] system will eventually cease to be closed when one of the component parts fails), experiments exploit the possibility of something approximating a closure. Under such experimental conditions, we could expect a constant conjunction of events.

Indeed the objective in conducting experiments is to engineer such constant conjunctions. Closure is not, therefore, natural but humanly created. This begs an important question: What happens in cases where experimental closure is not possible – i.e. in open systems such as a workplace? In systems like workplaces, one cannot perform experiments; one cannot isolate a mechanism, or small number of mechanisms, set these mechanisms in operation and observe their effects.

This is impossible because organizations are far too complex to engineer closed systems - like in laboratories. Researchers on the HRM-P link can, of course, resort to closing the system theoretically, but this is another matter entirely.

#### **4.5 Prediction as explanation within scientism/positivism**

What constitutes an explanation varies from one philosophical position to another. Advocates of scientism/positivism argue that the ultimate aim of research is prediction although this is almost always confused with explanation. Unless empirical researchers on the HRM-P link are to admit that they cannot explain any of the statistical associations they (allegedly) find, then they must believe they are offering some kind of explanation. Many researchers appear to believe that (somehow) an explanation emerges through the provision of a series of statistical associations. Let us unpack scientism/positivism's conceptions of explanation and prediction.

Within scientism/positivism, to explain‘ is often to cite the explanatory variables as accounting for the change in the dependent variable. For example, Shaw et al.’s (2013: 577) empirical research on HRM investments and organizational performance provides an explanation‘ when they state that:

the quadratic voluntary turnover rates term was significant ( $b=0.55$ ,  $p<0.05$ ), explaining an additional two per cent of the variance in workforce productivity (emphasis added).

### 5.0 Critical realism as an alternative meta-theory

This section provides an alternative to scientism’s flawed meta-theory and offers a more fruitful meta- theory with which to investigate the HRM-P link.

The originator of critical realism, Bhaskar, claims that: ‘scientifically significant generality does not lie on the face of the world, but in the hidden essence of things‘ (1978: 227). He joins Kant’s arguments that the world is ‘not transparent to us but needs to be discovered, and that it can be made to yield up its secrets‘ (Ibid).The Kantian transcendental argument ‘what must be true in order for x to be possible?’ is thus the starting point of realist research. Science is possible despite the fact that our knowledge of it could be fallible. Let us now turn to critical realism’s ontology and its chain of meta- theoretical conceptions.

### 5.1 Stratified reality, causal mechanisms and powers

For critical realists the social world is ontologically stratified, that is, the social world is irreducible to that which is observed or experienced; and that which is experienced is not fused with events and actions. The gist is that since social reality is not flat, we cannot restrict our investigation at the level of the empirical or actual. We need to go further. To the critical realist, there are three ontological domains expressed in the following oft-used table representing a stratified ontology.

Domain	Entity
Empirical	Experiences and observations
Actual	Events and actions
Deep	Structures, mechanisms, rules, norms, regulations, conventions, (non-human) powers/tendencies, etc.

Mechanisms cause events. Mechanisms have certain properties, and by virtue of their properties, they have certain causal powers/tendencies to cause certain events. But mechanisms often exist as complexes or ensembles, meaning events are caused by ensembles of mechanisms.

Following Fleetwood (2010), I use the term powers/tendencies as I consider them to be the same. The term ‘powers/tendencies‘ can be thought of as something that forces, drives, propels, presses, shoves, thrusts, exerts pressure and so on‘, (2009: 15).

A power/tendency can be (causally) in play and yet not manifest itself in an event, or event regularity. Fleetwood defines a power/tendency as the transfactual way of acting of things with properties and powers‘.

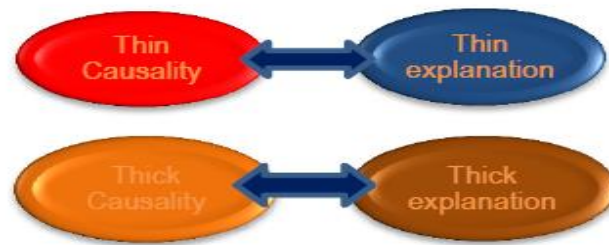
For Fleetwood (2009: 358), things have properties, these properties instantiate transfactually acting powers, and this ensemble of things, properties and powers cause events that might occur‘. Things such as mechanisms, with their properties, have powers/tendencies to bring about certain events. When things such as mechanisms co-exist in ensembles their powers/tendencies intermingle. This inter-mingling means that a mechanism’s powers/tendencies to bring about certain events act transfactually. That is, the powers or tendencies always act, but their action can be negated by other powers or tendencies, so that the events in question actually do not occur – even though they tend to.

### 5.2 Causality and causal explanation

In open systems we find laws as powers/tendencies, not laws as event regularities. Fortunately, laws as regularities are neither necessary nor sufficient for offering an explanation. For critical realists, explanation of some event entails providing an account of the mechanisms with their powers/tendencies governing that event.

### 5.3 From thin to thick explanation and causation

Fleetwood & Hesketh (2010) have four related concepts: thin and thick causality, which can be mapped onto thick and thin explanation. According to Fleetwood & Hesketh, there are two conceptions of causality. Thin causality refers to a situation where the cause of an event is assumed to be merely the event(s) that preceded it – i.e. causality as event regularity. For example, the cause of the metal's expansion is the heating of the metal. However, it is vital to note that thin causality maps onto thin explanation, if and when causality is reduced to thin causality – i.e. if explanation of a phenomena is nothing more than a succession or conjunction of events.



### Causality and explanation

Thus, explanation becomes thin in that respect. In the example, then, every time a metal is heated, it expands. A salient feature of this explanation is that it ignores the properties of the metal or anything else which could have led to the metal expansion. Many questions still remain unanswered when it comes to the why? of the expansion. Our understanding of the metal's expansion is reduced to only a succession of events.

### 5.4 Agency and mechanism

It is vital to point out that the agency-structure approach is, quite rightly, given a prominent place within the social science literature. Although agency-structure is the normal way of phrasing things in wider social science, 'structure' is a place holding term, a kind of dustbin category into which we stick anything that is non-agential – e.g. mechanisms, institutions, rules, conventions, etc.

For critical realists, almost anything we say about agents reproducing or transforming structures, we could equally say about agents reproducing or transforming mechanisms, institutions, rules, conventions, etc. etc. What matters is the transformational principle or the Morphogenetic/Morphostatic processes – not necessarily the actual things that are reproduced or transformed. Thus, for the purpose of this thesis, the term 'mechanism' is substituted for the term 'structure'. It is, then, plausible, albeit not common, to use the phrase 'agency-mechanism' to mean, essentially, the same as agency-structure. Where necessary, and to remind the reader of this substitution, I will refer to the agency-structure [mechanism] or the agency-mechanism [structure] framework.

### 5.5 The social world

Conceptualizing the social world entails, first, apprehending its very nature. The social world as opposed to the natural world consists of intentional human beings who act as agents on that world and confer meaning on it' (Layder 1990). It also comprises of phenomena referred to, generically, if not entirely unambiguously, as mechanisms. Explaining the social world entails conceptualizing the relationship between agents and mechanisms. Agents as opposed to mechanisms have intentions. Not only do agents have intentions but they can also act. This is the most important difference between agents and mechanisms. Are mechanisms a product of human action or vice versa? Do they form a duality? Or are they reciprocally related, that is, does agency produce mechanisms and these in turn provide the context and conditions for human action? Do mechanisms have emergent properties? Let us dwell upon some of those different accounts of the agency-mechanism relationship. There exists within the social sciences, various accounts, namely: reductionist, determinist, conflationist and critical realist.

### 5.6 Problems with conflations

Archer (1995) refers to such reductionism as upward conflation'. Here, mechanisms are reduced to, become mere epiphenomena of, or the result of, agents' actions. As such they cannot be distinguished as independent phenomena with autonomous and independent powers/tendencies. Mechanisms are, thereby, explained as nothing more than agents' actions. This creates a distorted picture of the 'human' because it does not leave room for 'resistance to change, the influence they exert on attitudes to change, and crucially, the delineation of agents capable of seeking



change, and endowed with a heritage of vested interests which prompt them to do so' (Archer 1995: 77). Upward conflation has two main problems. First, it disregards the subjective and non-deliberative (i.e. habitual) elements of agency. Second, the assumption that 'every individual is an independent centre of rational calculation' (Barnes 2000: 17) is abstracted from all relations and the social complexities they generate. In sum, the error of upward conflation is to reduce mechanism [structure] to agency.

### 5.7 Relational analysis

For Archer, being in the world necessarily brings agents into contact with (i) structures [mechanisms] that constrain and enable their intentions and (ii) the natural, practical and social orders, which give rise to concerns about physical well-being, performative achievement and self-worth respectively. Agents, knowing their own minds, take these factors into consideration when they reflexively deliberate upon the course of action they feel they ought to take.

### 5.8 A transformational and stratified social ontology

Critical realists and fellow travelers are committed to a stratified and transformational ontology. Bhaskar (1989) proposes a transformational model of society. His transformational model of social activity (TMSA) takes into account an interactionist account of purposive agency and structural causality (Collier 1994). His interactionist account of the relation between agency and mechanism makes an analytical distinction between two aspects of each. This is clear when he suggests that 'society is both work, that is, conscious production, and (normally unconscious) reproduction of the conditions of production that is society' (Bhaskar 1989:34).

### 5.9 Agency and mechanism: the interplay

To explain the agency-mechanism link, it is vital that the following ontological claim be made. Mechanisms pre-date actions which lead to its transformation or reproduction in time. This assumption draws on a transformational and stratified social ontology. The interplay between agency and structure [mechanism] has been conceptualized through the morphogenetic model propounded by Archer. It has to be noted that both Bhaskar's TMSA and Archer's morphogenetic model are the same concepts but with different terminology.

### 5.10 Conclusion

The inadequacies:

- Empirical, quantitative research on the HRM-P link presumes the existence of a statistical association between HRM and performance.
- It uses the covering law method, which (only) works with quantitative research techniques.
- This method, and these quantitative research techniques, is rooted in a meta-theory of scientism/positivism.
- Scientism/positivism presupposes an ontology of observed, atomistic events, a conception of causality as event regularity and a concept of law as event regularity.
- Knowledge comes from observing these events and their regularities.
- Causality takes the form of one event regularly succeeding another event.
- If causality is mere event regularity, the concept of causal law takes the form of law as event regularity.
- Because event regularities are rare, they have to be 'engineered' generating (theoretically) closed systems.
- The objective of scientism/positivism is prediction – albeit conflated with explanation.
- Scientism/positivism and, therefore, quantitative research on the HRM-P link, lacks genuine theory and, therefore, lacks explanatory power.

The critical realist alternative:

- Critical realism offers an ontology of entities that are stratified (i.e. into the empirical, the actual and the 'deep') emergent and transformed (by agents) in open systems.
- With the recognition that the social world is open and event regularities rarely if ever occur, investigation must switch to the domain of the deep' where mechanisms operate.
- Knowledge is obtained from investigating the deep' mechanisms and their transfactually acting powers/tendencies.
- A notion of law as tendency as opposed to notion of law as event regularity.
- In open systems prediction is impossible; but explanation is not. The goal of social science shifts from predicting events to explaining mechanisms.
- A thick' notion of causality as opposed to the thin' notion of causality as event regularity is adopted.
- A thick' notion of explanation as opposed to a thin' explanation is adopted.
- The method is causal-explanatory. Its aims are to explain and provide a causal account.

- The ontology consisting of agents and social structures and mechanisms as well as other phenomena like rules, norms, regulations and conventions.
- The ontology is transformational or morphogenetic-morphostatic. Agents interact with, and thereby reproduce or transform pre-existing structures and mechanisms.
- Theory consists of providing a causal explanation of events by identifying the mechanisms and their powers/tendencies.

## 6.0 What are theories?

Theories are fundamental to researching any field, in part because they guide us in narrowing down, and ultimately selecting, the parts of the world we need to focus attention on and collect data on; and in part, because it is theory where explanation is located. Without theories all we have is a kind of naïve empiricism, and, at worst, measurement without theory and, therefore, without explanation. As I also noted in chapter 2, empirical research on the HRM-P link has problems vis-à-vis theory. In some cases there is no theory, resulting in measurement without theory and, therefore, without explanation. In most cases there is some theory, but it is very weak - resulting in 'measurement with very weak theory'.

### 6.1 The absence of theories

Much scientific-based empirical research on the HRM-P link suffers from the problem of under-theorisation. Guest's (1997) appeal for more theory-led research seems to have been taken-up by exceptionally few researchers. This is, arguably, because much research on the HRM-P link is still being carried out using quantitative methods with scant attention being given to theory or theory development. For Fleetwood & Hesketh (2007: 1977) 'empirical work has multiplied with little or no theoretical development'. A few researchers are aware of how deep the problem runs. Wright & Nishii (2006), Paawe (2009) and more recently Purcell et al. (2009) share Fleetwood & Hesketh's and Guest's concern with the problems of under-theorisation. Purcell et al.'s (2009: 8) worries are clear when they state that

### 6.2 The scientific view of theories: the inadequacies of shallow realism

Theory development is (via the 'meta-theoretical chain' noted in chapter 2) heavily influenced and shaped by commitment to our ontology. Because events and their regularities are given a greater importance within the scientific tradition, most researchers operating within this perspective, implicitly adhere to a view of theory which reflects an ontology of observed, atomistic events coupled with an aetiology of event regularities.

Given this ontology and aetiology, the more events manifest in the form of regularities, the stronger are the claims about causality that can be made. It is no surprise then, that researchers' operating from a scientific perspective base their (implicit) conception of a theory upon events and their regularities. This remains the case even when the language of events and event regularities gives way to a language of variables (quantified events) and statistical associations of various kinds between variables (constant conjunctions between events)..

### 6.3 The fetishization of causal modelling and regression analysis

Within scientism, theories are often (mis) understood to involve, empirical generalisations. Thus, it is crucial to uncover the process that leads to such generalisations. Merton (1967: 149) draws our attention to such generalisations which, he argues, are assimilated to theories.

An empirical generalisation is an isolated proposition summarising observed uniformities of relationships between two or more variables'. Notice that this is a reference to law-like relations without using the term 'law'.

Regression analysis is routinely used by empirical researchers as a way to establish statistical associations. What is regression analysis? According to Ron (2002: 120) it 'refers to various mathematical methods that aggregate observations in which a dependent variable is a mathematical function of independent variables  $Y = F(x_1 + x_2 + \dots + x_n)$ , often in a way that allows a statistical inference regarding the parameters of the function outside the specific sample'.

### 6.4 Theorising mechanisms

The final section of this chapter introduces, and explores the limitations of, Mertonian-inspired mechanisms and 'mechanism-based' approaches, reflects upon their inadequacies, and notes that despite moving in a critical realist direction, these approaches lack the meta-theoretical sophistication to make them entirely suitable. The section, then, moves from meta-theory to theory to show how critical realism offers a more sophisticated meta-theoretical and theoretical tool-kit for thinking about mechanisms.

### 6.5 Mechanisms and ‘mechanism–based’ approaches

According to Tilly (2001), there are competing definitions and practical proposals for the analysis of mechanisms and processes that have proliferated recently (Bunge 1997, 1998, 2004; Elster 1999; Tilly 2006; Hedstrom 2005; Hedstrom & Swedberg 1998; Little 1991; Stinchcombe 2005).

Despite these competing definitions, no conceptual, theoretical or methodological consensus has so far emerged. The different definitions given in the table below reflect the different ways researchers conceptualise the idea. The following is a table adapted from Hedstrom et al. (2010: 51).

### 6.6 Inadequacies of the ‘mechanism–based’ approaches

Although researchers such as Hedstrom, Elster, Stinchcombe, Little and Tilly all subscribe to the fact that the world is stratified and that investigation should focus below concrete events to articulate the mechanisms at work, they fail to provide a clear distinction between the empirical, the actual and the deep. Their problems seem to be far more fundamental.

### 6.7 From Ontological confusion to ontological renaissance: the critical realist turn

As explained above, the current scientific-oriented empirical research has thus far failed to offer explanation for the HRM-P link. Critical realism differs from scientism in terms of its ontology, epistemology, aetiology and theory. One major concern is to set out a theory that explains the HRM-P link, one rooted in causal mechanisms. Pawson (2000: 284) claims that the blueprint for a middle- range hypothesis is captured perfectly by critical realism’s explanatory strategy of positing how social regularities are constituted by the action of underlying generative mechanisms’.

### 6.8 Causal mechanisms and the three domains of reality

One of the foremost claims of critical realism is that social phenomena cannot be theorised successfully without considering one’s ontological position – which may be explicit principles or implicit presumptions. As Elder-Vass (2007: 232) puts it, ‘social ontology and social theory are inextricably interwoven’. The theoretical starting point prompts us to take a look at the nature of social reality. Given critical realism’s stratified, emergent and transformational ontology, it opens the possibility to recognise, and therefore, to theorise, the underlying mechanisms that operate at the level of the deep. The layered social ontology consists of 3 domains: the empirical, the actual and the deep.

### 6.9 Conclusion

CR interpretation of the scientific meta-theory underpinning empirical research on the HRM-P link. Section two sets out what critical realism has to offer as a meta- theory with which to investigate the HRM-P link. Section three shows that the failure to explain the HRM-P link is inextricably bound up with a rather distorted expectation of what theory is and the important ontological considerations that are ignored whilst building any theory. The final section introduces and explores the limitations of ‘mechanism-based’ approaches, before moving on to show how critical realism offers a more sophisticated meta-theoretical and theoretical tool-kit for thinking about mechanisms. The next chapter takes these critical realist ideas on mechanisms and combines them with ideas on HRM practices were discussed..

### 7.0 Implications for practice

What are the implications for practice? The following stakeholders could benefit from such investigation; First, the academic community. In terms of empirical content, this research gives insights that add to our understanding of how and why HRM practices do what they do to influence performance.

In terms of meta-theoretical content, this research shows that critical realism is a fruitful meta-theory. It also shows that it is possible to use qualitative research techniques to investigate what would commonly be considered quantitative phenomena.

Second, HR managers, to design more ‘employee-friendly’ HRM practices. Other HR managers, especially those in organisations under pressure to compete, may use the insights to improve their company’s ability to extract profits from their workers. Unfortunately, any research can be used in this way, even if it is not my intention.

Third, trades unionists. HRM practices are often introduced after protracted negotiations with employees. By having a better understanding of how and why HRM practices operate, trade union negotiators are better placed to resist the

harmful (to employees) effects of potential HRM practices.

## 8.0 Conclusion

This thesis has made an important and original contribution to the research programme on the HRM-P link. The concepts developed and applied from critical realism meta-theory, such as mechanisms, structures, powers/tendencies, agents' habits and morphogenesis/morphostasis can indeed provide a solid basis to reject scientism. This approach could also be extended to other areas, not only the area of HRM, but wider organisation and management areas

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