

# Line managers and HRM: A managerial discretion perspective

## Table of Contents

1.0 Introduction .....	3
2.0 Evaluation of the article .....	4
2.1 Literature review.....	4
2.2 Methods.....	5
2.3 Data collection. ....	5
2.4 Findings .....	6
2.5 Discussion.....	9
2.6 Limitations.....	11
3.0 Conclusion.....	11
References .....	13

## **1.0 Introduction**

This journal article discuss about the line managers contribution to human resource management decision making. The authors has used managerial discretion theory to understand the line manager's role in HRM practices. Research has been conducted following an inductive case study approach and journal article is based on the research conducted in UK based fashion retailer.

Currently, line managers participate to HRM in different level such as interviewing candidates, conducting performance evaluation, planning training program and etc. Regardless of such a role, which is widely recognized in literature, research and theory, how it is articulated remains underdeveloped. This gap is significant since any aspect that impact HRM, need to be streamlined to procedures as received by employees and enact by line managers. This journal article evaluate new perception of how line managers involve in HRM practices according to managerial discretion theory (Hambrick and Finkelstein, 1987). Further, this article discuss about the HRM decision making. This study is conducted by Juan Lopez Cotarelo member of Department of Management, London School of Economics and Political Science.

Evaluate how line managers contribute to effective HR implementation is the main objective of this study. Findings of the research propose that managers' intellectual and political ability highly influence to effective implementation and local problem solving of HRM process and some of the decisions need to be based on the local situation.

Literature review of the article focus on the HR devolution literature and managerial discretion theory. It then describes the methods used in the study, followed by the main findings. The original journal article includes six sections, which discuss about developing HRM through managerial discretion. Finally, limitations and implications for research have been discussed in the conclusion.

## **2.0 Evaluation of the article.**

### **2.1 Literature review**

The main two areas that literature review focus in the article are HR devolution and managerial discretion. First author referred the researches first time discussed about the transfer of HR tasks from HR specialists to line managers. Initially, Brewster and colleagues discussed about HRM responsibilities which are assigned to line managers or HR specialists in European countries. There are four main findings. First one is that country wise there are significant difference in extend of line managers' contribution to HRM (Brewster and Larsen, 1992). The second one is that the trend of transferring responsibilities from HR specialists to line managers has been weaken and considerably stable compared to previous (Larsen and Brewster, 2003). Third main finding is that many responsibilities are shared between line manager and HR specialists and there are not much sole responsibilities for both parties. Forth one is that relatively little amount of variation in overall devolution score of the organization can be based on the characteristics such as industry, size, union density and public or private sector or even national economic policy (Brewster at al., 2015).

Further, this article has refer two main driving factors that influence HR devolution. One thing is that organization put more responsibilities on line managers for increasing their accountability for the performances. Other thing is that organization expect more strategic role from HR department instead of administrative role (Hall and Torrington, 1998).

Furthermore, literature review focus on some barriers that could restrain the adaptation such as lack of desire or capabilities, time pressure, conflicting priorities and management do not provide adequate structure to support line managers. According to Sikora, Ferris and Van Iddekinge (2015), there can be negative implication such as lower intention to quit, higher participation for decision making, and better performances by using line managers for HR practices. However, one area that literature review does not discuss about possible disadvantages of using line managers more for HRM practices such as line managers overburden with administrative and routine tasks or possible biasness or conflicts on HR related decision making.

### **Managerial discretion**

This article is highlighted two main components of managerial discretion: latitude of objectives and latitude of actions. Latitude of actions refers that the choice of actions managers have in

perusing organizational objectives (Hambrick and Finkelstein, 1987). Latitude of objectives refers to managers' ability to choose what objective to pursue. Most of the researches related to managerial discretion focus on higher management level therefore, author prioritize literature focused on first level and middle level managers. However, some of widely theories relation managerial discretion such as Williamson's managerial discretionary theory is not discussed in this article. Williamson's discretionary theory discuss interests of both shareholders and managers and describe managerial discretion through managerial utility function (Armstrong, (2012).

## **2.2 Methods**

This research is based on an inductive case study approach. UK based large fashion retail company has been selected to conduct the research. Company has several hundred stores in UK and more than 50,000 employees work in the company. A retail organization is more suitable for the research since it represent both geographical dispersion and requirement of central control approach (Cotarelo, 2017). Further, gender equality is relatively high in fashion sector. Therefore, industry and the company is much suitable for the research. Inductive research approach is related to qualitative method of data collection and analysis which aim to buildup meanings from the collected data sets to identify certain pattern, trend or relationships to support the theory. There is no specific research question to be explored. One of main advantage of inductive approach is that since it start with specific observation it encourage to explore more to test whether judgement is right or wrong. This can be clearly understand since probabilities are used to evaluate results. However, there are some disadvantages of this method. This approach has very limited scope which focus on single observation. Further, another disadvantage is that the observation could be wrong or incomplete if it isn't observed or investigated much.

## **2.3 Data collection.**

Structured interviews have been used as data collection method. Overall they have conducted interviews with 44 managers in 13 stores and 5 members of central HR department in head office (Cotarelo, 2017). In this scenario, researchers has used personally administering questionnaire which collect the information immediately. Therefore, response rate is 100%. Normally, face to face interviews provide rich data and provide opportunity to have rapport with interviewees to explore the issue more. However, this method is time consuming and could be expensive too. Further, in this method, population of sample is relatively low. Even in this research, only 4

employees were interviewed including store manager in the store which has 45 total employees. Further, another issue of data collection is that 80% of respondents are females (Cotarelo, 2017).

Questionnaire includes question such as “what are the main HR practices you are involved?” “Can you recall recently participated HR decision making process?” “Do you think company HR policies are effective to manage your team?” “Do you have interaction with HR specialists?, to understand the line managers and employees’ involvement HRM and recent HRM decision making process, their perspective of effectiveness of the HR polices and their collaboration with the HR department (Cotarelo, 2017)..

All collected data through interviews were analyzed through Nvivo database. Data were coded to identify contribution of each line managers and HR specialists for HRM decision making process.


## **2.4 Findings**

There are four main findings that can be identified based on the information.

### **HRM decision making processes**

In the company, some processes are highly centralized and HR specialists from HR department of head office involve more on decision making process. On the other hand, in some HR processes, line managers highly involve in decision making. Below figure shows a summary of findings in different areas.

Figure 01 – Design of HRM decision making processes.



Area of HRM	Decision making process
Store structure	All positions, working hours and shifts are set by central HR team. However, store manager need to monitor it locally via hiring, consultation, supervising etc. According to productivity formula, man hours can be adjusted locally.
Salary and bonus	Salary level for all job positions are decided by central HR team. Store managers can suggest additional incentives under many conditions. Bonuses are decided centrally based on the store revenue and individual's work hours.
Performance management	Absence and lateness trigger points, quick performance management actions, seasonal customer service appraisal, pre disciplinary guidelines are set by central HR team. These are applied by line managers and subjected to audit. Some strict disciplinary actions are taken by local managers with the consultation of central HR department.
Training and development	Training materials and resources are allocated by central HR department. Personal development plans are conducted locally. Further, training can be conducted locally via absence cover and delegation.
Promotions	Promotion decisions are made by line managers who manages internal selection process. Promotion criteria are decided by central team.
Hiring	Stores hire its own staff within their store structure and budget.

Decentralized

(Source, Cotarelo, 2017).

### **Performance pressure.**

HR activities of the stores are highly influenced by the performance pressure of Centralized the stores. Seasonal, monthly and weekly sales targets are set by head office and incentives of every staff member of store are paid if only store sales target were achieved. Every day, acting store managers review previous day revenue with weekly target. If stores couldn't achieve its targets, head office can downgrade the store or downsize the store structure (Cotarelo, 2017). Manager's engagement to HR activities can be affected due to this tight control system. Further lack of opportunity to decision making also can negatively affect to the store performance. Due to performance pressure, managers may not have enough time to do HR activities (Dessler, 2015). However, managers encourage to conduct training programs, performance management according to plan due to performance pressure. Therefore, there are both positive and negative impacts of performance pressure for conducting HR activities by line managers.

### **Role of the HR department.**

How HR activities conducted in the stores is based on the way HR department interact with the stores regularly. HR department of head office have 20 staff members and department is divided to five regional team. These teams are based on their region and visit stores time to time. They allocate 4 days of a week to visit stores and regional headquarters (Cotarelo, 2017). Further, HR officials of head office communicate with stores via phone and email related to HR matters. This set up is suitable to HR to interact with the stores and influence and control the HR decision making of the stores. HR takes more control on areas such as disciplinary and in some other areas, HR team play advisory role. HR team consider their role as keeping fairness and consistency in HR practices and level of their influence on HR practices and decision making is vary depend on the area (George and Scott, 2012).

### **Role of line manager**



There are three ways that line managers involve with HRM practices. First one is that line managers make or propose decisions within their formally defined scope. Most of the times, hiring decisions, promotions, trainings come under this. Second, line managers make some decisions which were not clearly defined in formal policies by negotiating and compromising with HR team. Thirdly, sometimes, line managers avoid policies and make decisions that contrary to policy without knowledge of HR department (Cotarelo, 2017).

## **2.5 Discussion**

There are three main insights in this journal article. First, author consider how managerial discretion theory support to understand the line managers' contribution to HRM practices. Second, author evaluate that HR team of head office highly consider about importance of their contribution to HR practices of stores and manage it through formal policies and procedures and their direct involvement to day today decision making. Then, author argue that logic behind the diverse procedure that make HR devolution a multifaceted fact.

### **Line managers and effective HR implementation**

According to Managerial discretion theory, the actions of strategists are not completely determined by the formal strategies, however, it provide freedom to them to use their cognitive and political abilities and select and conduct strategic action plan (Hambrick and Finkelstein, 2017). Therefore, as mentioned before, there are three ways of how HR managers engage with HRM policies and procedures.

Figure 02 – Role of line managers in HRM decision making processes.

	Decide and propose	Ask and negotiate	Avoid and circumvent
Store structure	None	Negotiate changes to standard structure	Informal shift arrangements
Salary and bonus	Propose for merit increase	Negotiate higher salary on promotion	None
Performance management	Carry out investigation and disciplinary hearing. Make decision 'together' with HR	Negotiate lesser sanction Ask for changes to absence trigger points	Failure to act on misconduct
Training and development	Plan training activities Program absence covers	Arrange developmental job assignments in other stores or head office	Failure to develop employees
Promotions	Decision to appoint	Negotiate direct appointment (without publication in bulletin) Inquire about potential candidates	Failure to provide feedback to candidates
Hiring	Decision to hire	None	None

(Source: Cotarelo, 2017)

Two aspects of managerial discretion: latitude of action and latitude of objectives help to identify the line managers' contribution to HR practices. In the article, it is discussed the collaboration between two components of managerial discretion and three ways how line managers engage with HR practices. When it comes to HR implementation, latitude of objective refers that line managers' ability to make HRM decisions based on his opinion, what objective to pursue (Shen and Cho, 2005). Above mentioned "Avoid and circumvent" decision making approach comes under this. On the other hand, latitude of actions refer that managers' ability to select course of actions to pursue the organizational objectives. "Decide and propose" and "ask and negotiate" decision making approaches are come under this.

### **HR specialists and effective HR implementation.**

Managerial discretion theory can also apply to HR specialists' role in HRM process. According to managerial discretion theory, latitude of action arise by interaction among intellectual and personal abilities of managers and contextual limitations. On the other hand, latitude of objective is limited

by different policies and procedures. However, latitude of action in HRM is not only depended on the intellectual and political capabilities of manager but also on the open policies and procedures and regular engagement of HR team members to support, guide or facilitate to line managers (Hambrick and Finkelstein, 2017). Further, latitude of objectives in HRM can be limited through policies and procedures, tight control and supervision and performance pressure.

The discussion is completely based on the findings of the research. However, validity of the finding is an issues mainly due to all information were gathered through interview. Further, it is difficult to measure effectiveness of the HR devolution by analysis only one company. Researchers can get better results through evaluating two companies which follow two different practices and comparing their performance. This research mainly aim on HR specialists, HR officials and middle level managers.

However, there are some implications of this study. One of main implication is that the study provide better understanding about HRM decision making process and the role of HR specialists and line managers in term of HR practices. Further, this study explain complexity of actual HR decision making process which need strong understanding between line managers and HR specialists. Findings of the research propose that managers' intellectual and political ability highly influence to effective implementation and local problem solving of HRM process and some of the decisions need to be based on the local situation.

## **2.6 Limitations**

The main limitation of the research is that interview data are the main data source therefore there could be biasness (Cotarelo, 2017). Further, this is a single case study approach which investigate one organizational context therefore, it is difficult to come to conclusion without comparison. Thus, it is important to compare the findings of this study with another organization in different industry, different geographical location or different performance level. On the other hand, here only financial performance consider to measure performance, therefore, other criteria such as innovation, customer satisfaction etc.

## **3.0 Conclusion**

This study propose that HR team members consider to establish the managerial discretion in HRM systems and develop and maintain HR policies and processes to facilitate certain extent discretion

to line managers by targeting to limit latitude of objectives and promoting latitude of actions. Based on the study, as a summary it can be identified that there are both centralized and decentralized approach for HRM decision making. Therefore, HR devolution is a multifaceted and complicated phenomenon.

## References

- Armstrong, M., 2012. *Human resource management practice*. 12<sup>th</sup> edition, London: Kogan page
- Brewster, C., & Larsen, H. H. 1992. *Human resource management in Europe: Evidence from ten countries*. *International Journal of Human Resource Management*, 3, 409–434.
- Brewster, C., & Larsen, H. H. 2000. *Responsibility in human resource management: The role of the line*. In C. Brewster, & H. H. Larsen (Eds.), *Human resource management in Northern Europe: Trends, dilemmas, and strategy*. Oxford, UK: Blackwell.
- Brewster, C., Brookes, M., & Gollan, P. J. 2015. *The institutional antecedents of the assignment of HRM responsibilities to line managers*. *Human Resource Management*, 54, 577–597.
- Catarelo, J. L., 2017, *Line manager and HRM: A managerial discretion perspective*. *Human Resource Management*; 28:255–271.
- George, S. A. & Scott, B. W., 2012. *Managing Human Resource*, 16th Edition
- Hambrick, D. C., & Finkelstein, S., 1987. *Managerial discretion: A bridge between polar views of organizational outcomes*. *Research in Organizational Behavior*, 9, 369–406.
- Hall, L., & Torrington, D. 1998. *Letting go or holding on—the devolution of operational personnel activities*. *Human Resource Management Journal*, 8, 41–55.
- Sikora, D. M., Ferris, G. R., & Van Iddekinge, C. H. 2015. *Line manager implementation perceptions as a mediator of relations between high-performance work practices and employee outcomes*. *Journal of Applied Psychology*, 100, 1908–1918.
- Shen, W., & Cho, T. S. 2005. *Exploring involuntary executive turnover through a managerial discretion framework*. *Academy of Management Review*, 30, 843–854.