

HRM and performance in the public sector: the role of line managers and employee perception in HRM implementation

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ABSTRACT

The New Public Management (NPM) movement emphasises performance, efficiency and effectiveness based on the principle that public organisations perform better when private sector management practices are implemented. The adoption of the NPM model in the public sector has led to the application of a more strategic approach to managing the workforce. There has been growing research on the positive impact of HRM on performance in the public sector. However, the majority of public sector HRM performance research focuses on HRM practices as a mechanism for improving performance. Little is known about the implementation of HRM practices and employees' perception of them.

This thesis aims to fill this gap by focusing on the role of line managers in HRM implementation and employee perceptions of HRM systems of practices in the Malaysian public sector. In a multilevel study of 86 line managers and 453 employees obtained from various working units of two Malaysian public sector organisations, this study tested hypotheses about the relationships between line managers' ability, motivation and opportunity to implement HRM practices, employee perceptions of HRM, and perceived effectiveness of HRM implementation and unit performance. The moderating effects of employee perception of the HRM system, examining the dimensions of distinctiveness, consistency and consensus around HRM practices, was also examined.

The study contributes to a better understanding of the implementation of strategic HRM in the public sector specifically on the importance of line manager ability, motivation and opportunity and the applicability of NPM in a non-western cultural context.

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CHAPTER 1 – INTRODUCTION

1.1 Introduction

Managing human resources is crucial to ensuring that the delivery system is working efficiently and effectively; “If the human resources are functioning well, employee productivity rises (operates at lower costs) and customer service improves (which increases value for the stakeholders), thereby enabling the organization to create more value” (Hill & Jones, 2004: p. 86). Various scholars have highlighted the importance of HRM in attaining organisational performance (Huselid, 1995; Pfeffer, 1995; Youndt et al., 1996). However, most attention to HRM has focused on the private sector context (Knies et al., 2015), and there is a lack of research on HRM in the public sector, especially in developing countries (Knies & Leisink, 2018). The case for more research in the public sector is that the public sector is a people-oriented service (Stanton & Manning, 2013). Managing human resources can therefore be considered more important in the public than the private sector, where performance does not rely on technology, but on people to implement policies and deliver services (Groeneveld & Steijn, 2016).

Since the features of people management in the public sector differ from other sectors in terms of size, structure and mission (Knies & Leisink, 2018), it is interesting to extend HRM research to the public sector. Burke et al. (2013) have highlighted four core reasons for studying HRM in the public sector. The first reason is that HRM scholars always neglect the unique characteristics of public sector organisations compared to the private sector. In particular, this applies to the fact that state-funded services are influenced by the government and other stakeholders, such

as regulatory bodies, associated authorities and elected ownership. The combination of the level of external influence, the public sector's strong values, and the internally unique environment has a significant impact on the way HRM operates in the public sector. Hence, more research into the public sector can improve our understanding of the specific needs, circumstances and other management issues related to public organisations.

The second reason for studying HRM in the public sector relates to the value of the product and services provided by the public sector agencies and the effect this has on public safety, social unity and national prosperity. The products and services offered range from a high level of face to face communication with clients and communities, for instance, in healthcare, education, policing and family support services, to the operational level, such as in road maintenance, water, sewage and other public utilities. The sector also covers administered services, such as issuing licenses and permits, pension payments and issuing passports. These activities involve decisions and actions from public sector employees that potentially influence the living standard and wellbeing of the population as a whole. In order to deliver work that is in the public interest and meets the given standard, there are significant reasons for the public sector requiring high performing public sector employees who are capable of executing a task responsibly and professionally. Given this, it is vital to study HRM practices in the public sector.

The third reason to study HRM in the public sector relates to the amount of investment by the government in civil services, where the amount invested needs to be efficiently utilised by public sector agencies. According to the Organisation for Economic Cooperation and Development (OECD) (2017), in 2015, on average across

OECD member countries, nearly half of GDP was allocated to general government expenditure. Almost 20% of the total workforce in OECD countries was employed by government organisations and, as a result, a substantial portion of government expenditure was allocated to wages and salaries. Considering the significant cost that the public sector absorbs, there is pressure on the government to manage funds effectively and efficiently to ensure benefits for communities. The investment that the government makes in managing human resources should produce a highly capable public sector workforce that will benefit clients and communities.

Finally, research into HRM in the public sector is significant because public organisations deal with many new challenges. The obstacles faced include cost-cutting measures, ongoing reforms, increasingly numerous and complex demands from the public, changes in the demographic landscape, and different levels of working pressure and the way public sector human resources are managed. These challenges have led to many reform movements in the public sector to achieve efficiency, effectiveness and quality of service around the world (Brown, 2004; Hood, 1991).

The public sector has been perceived as not working efficiently because of its size and monopolistic forms of service provision (Alonso et al., 2015; Hughes, 2012). The traditional public sector style has thus been pressured into new types of governance, improved efficiency and customer orientation (Pichault, 2007). For example, healthcare organisations are pressured to enhance not only patient well-being, but also service quality and safety (Veld, Paauwe & Boselie, 2010). There has been pressure on governments at all levels, along with different types of public entities, such as schools and universities, military defence, museums, courts, police

and international organisations (Decramer, Smolders & Vanderstraeten, 2013). At the country level, the United States, the United Kingdom, Australia and New Zealand, as well as newly emerging economies like Malaysia and Thailand, have felt the pressure to improve public sector performance.

Since the 1980s, public sector reform processes have been taking place in both OECD countries and elsewhere in the developing world. These countries have adopted New Public Management (NPM) practices as solutions to public service delivery (Bach & Kessler, 2007; OECD, 2004; Pollitt & Bouckaert, 2011; Turner, 2002). One prominent feature of NPM is its focus on the establishment of a team of managers to apply a more ‘business-like’ approach to improve performance. Hood (1991) suggests that NPM consists of the deregulation of line management, allowing civil service departments to become free-standing agencies or enterprises, using performance-based management and competitive mechanisms such as the introduction of internal markets, privatisation and downsizing (Aucoin, 1990; Ingraham, 1996; Minogue, 1998).

The implementation of NPM has challenged the traditional model of managing people that relies on ideal working conditions based on principles of justice, equality and fairness with incremental salaries, equality of opportunity, excellent pensions and guaranteed job security (Conway et al., 2015; Diefenbach, 2009; MacCarthaigh, 2008; Truss, 2013). The application of NPM demands a more efficient approach to the management of human resources whereby the workforce needs to be fully equipped with appropriate human resource practices to achieve performance goals (Bach & Kessler, 2007). This situation has led to the adoption of strategic human resources management (SHRM) in the public sector (Bach &

Kessler, 2007; Brown, 2004; Truss, 2008). The HRM reform initiative in the public sector is commonly characterised by reference to a certain number of principles (Pichault, 2007): the devolution of responsibility for HRM practices to line managers, paying for performance, and moving away from a rigid structure (Ingraham, 2007). However, the adoption of SHRM as a means of improving performance in the public sector can be challenging as it has unique workforce characteristics and there is limited discretion available for managing employees.

While various pieces of evidence from the private sector context have shown that HRM contributes to organisational performance, the same evidence also emerges in the public sector context. Some of the initial works in this domain include those by Gould-Williams (2004), Gould-Williams (2003) and Messersmith et al. (2011). Their research has shown that HRM has a positive impact on employee attitude and organisation performance in the public sector. Even though several works have emphasised the importance of SHRM for good performance in the public sector, however, there remains a lack of SHRM in this context (Knies et al., 2015; Vermeeren, 2015). Interestingly, it has been suggested that the mechanisms linking HRM practices with both employee and organisational outcomes might differ in the public sector as compared with the private sector due to different workforce characteristics (Knies et al., 2015).

Guest (2011) highlights the importance of looking at the mechanism for linking HRM to performance. Others have argued that it is more accurate to predict the HRM-performance relationship by applying a multi-level approach because this takes into account the interactions of organisational contextual factors of higher-level variables, as well as including individual elements (Peccei & Van De Voorde, 2016;

Shen et al., 2018). For instance, Bowen and Ostroff (2004) propose integrating the two HRM systems features: content (the content of the HR practices) and process (mechanisms through which the HR system is delivered to convey a message to employees). Wright and Nishii (2013), on the other hand, highlight the process model, which explains the mediation processes of the HRM-performance relationship in a multi-level context. The process begins with the intended HRM practices (documented HRM strategies, policies designed by policymakers), actual HRM practices (the HRM strategies implemented by the line managers), perceived HRM practices (employee experience of specific HRM strategies), employee reactions (the employees' reactions based on the perceived HR strategies) and finally organisational performance.

HRM research has been preoccupied with the content as opposed to the process of HRM (Cafferkey et al., 2018; Sanders & Yang, 2016). This situation is worrying as the impact of HRM performance on firm performance is not only established by the selection of HRM practices, but by the features of HRM processes. In this case, it is worth mentioning that consistent implementation of HRM will elicit the desired employee perception of and reactions to HRM practices and, in turn, organisational performance (Bowen & Ostroff, 2004; Khilji & Wang, 2006). Previous research has placed little focus on HRM implementation within organisations (Vermeeren, 2014). Recognising the importance of HRM implementation in HRM-performance, Bondarouk et al. (2016) recently called for a greater focus on this subject. In the public sector, the implementation of HRM practices is becoming increasingly important and many governments are making bold changes to improve performance. These rapid changes have been considered to have

many implications for the management of human resources. Nevertheless, these HRM practices have not thus far been appropriately implemented in the sector (Beattie & Waterhouse, 2007).

Successful HRM implementation depends on line managers because they are the ones who enact HRM practices (Hutchinson & Purcell, 2003). The specialist in the HR department who formerly undertook the HRM implementation task will now devolve it to line managers (Op de Beeck et al., 2016). In the public sector, it is found that the primary responsibility for HRM is more likely to be vested in the HR department than line management (Poole & Jenkins, 1997). Furthermore, public sector managers do not have a direct influence on employee performance because of the limitations on managerial autonomy and the predominance of red tape (Knies et al., 2018). Under such conditions, the implementation of HRM in the public sector becomes more challenging.

Past research indicates that line managers fail to implement HRM practices for multiple reasons (Guest & Bos-Nehles, 2013). Factors contributing to this failure include a lack of competence, desire, capacity, support and unclear policy and procedures (Nehles et al., 2006). Specifically, using ability, motivation and opportunity (AMO) theory, line managers will perform their HRM tasks effectively and efficiently when they can do so because they have the necessary skills, they are motivated to do so, possibly because they want to do it or are rewarded for doing the job, and they are in a good working environment that offers the opportunity, including the support they need to engage in their desired behaviour (Bos-Nehles et al., 2013). Interestingly, there is very little research on the AMO framework that has

been applied to line managers in the public sector, which is something that this thesis attempts to address.

The HRM process is incomplete if we only focus on the implementation portion since HRM processes are operationalised as not only implementing HRM practices via the line managers, but also a set of initiatives targeted at communicating HRM to the employees (Cafferkey et al., 2018; Delmotte et al., 2012). Since employee perceptions of HRM practices usually follow practices implemented by the manager (Nishii & Wright, 2008), employee perceptions of HRM practices are closer to, and thus likely to be more predictive of, their attitudinal and behavioural outcomes than HRM practice assessments provided by managers (Kehoe & Wright, 2013). The public sector workforce often has a range of demographic backgrounds and profiles, and they seem to have different priorities and expectations at work, such as motivation to serve the public, making them likely to evaluate and respond to HRM practices differently from the private sector. Following Wright and Nishii's (2013) process model, therefore, this thesis examines employee perception of HRM implementation as a mediator between line manager reports of the implementation of strategic HRM practices and unit performance.

Numerous researchers have argued that HRM practices are not necessarily perceived as intended by employees because of the differences in interpretation and preferences (Kehoe & Wright, 2013; Liao et al., 2009; Nishii & Wright, 2008; Wright & Boswell, 2002). There are arguments that variance exists in employees' perceptions of HRM system features (Bowen & Ostroff, 2004; Ostroff & Bowen, 2016). Bowen and Ostroff (2004) argue that the desired reactions can only be obtained from employees if HRM practices are clearly perceived and interpreted as

intended by the organisation. They further argue that the HRM system, which has the features of distinctiveness, consistency and consensus, may jointly shape the perceptions of individuals, thereby creating a strong organisational climate. As public sector workers may have different motives in their job, such as motivation to serve the people as well as an emphasis on the well-being of the employees, there may be reason to argue that the perception of HRM differs for public sector employees compared to those in the private sector.

Since there is limited knowledge about the interaction between HRM strength and individual perceptions of HRM (Ostroff & Bowen, 2016), this thesis examines employee perception of HRM system features (distinctiveness, consistency and consensus) as a moderator between employee perception of HRM implementation and unit performance. This thesis also suggests that HRM system features not only act as moderators in the HRM and performance relationship, but they can also be predictors of HRM implementation (perceived by employees). Employees can interpret HRM practices implemented in the unit when relevant information about the HRM practices exist.

This thesis uses line manager perception of unit performance as the outcome variable since NPM establishes a focus on improving public sector performance. In order to improve performance, managers have been using performance management systems such as performance information and monitoring to enable them to be more proactive, deal with planning activities and have more control over the staff in their unit (Butterfield et al., 2005).

1.2 Research context

The current study was conducted in the Malaysian public sector. Malaysia is generally regarded as one of Asia's 'success stories', having achieved sustained economic growth and political stability despite being a multi-ethnic society (Siddiquee et al., 2017). The growing demands and expectations of Malaysians are demonstrated by the level of concern and dissatisfaction expressed with the quality of services and inefficiency and waste within the government (Siddiquee, 2014). Malaysia has followed the global trend in public management reform and announced measures similar to those being used elsewhere, with 'managing for results' becoming the primary goal (Siddiquee, 2014).

Malaysia is among the leaders in developing countries that have undertaken significant and sustained reforms to support national development. Over the past few decades, the public sector in Malaysia has been involved in a transformation programme, applying the various techniques of NPM (Siddiquee, 2014). The initiatives include: organisational restructuring, widespread privatisation and corporatisation of public entities, reengineering of rules and procedures, quality improvement drives, enhanced customer focus, and revised systems of personnel and financial management. The Government Transformation Program (GTP) instituted by Prime Minister Najib Razak in 2009 represents a further drive by the political leadership to entrench a culture of high performance with the ultimate aim of increasing the efficiency and effectiveness of those working in the public sector.

The Malaysian public sector transformation programme has situated HRM as one of the crucial components of realising the aspiration of the government to become a high-income and developed nation. The Malaysian public service has taken a

strategic approach to human resources management (SHRM) in the hope that such an approach will provide management, and especially HR officers, in the public service with a practical tool for managing people in such a way as to ensure the better delivery of public services (Xavier, 2014). In terms of research on the impact of SHRM practices on performance, particularly in the Malaysian context, most research studying the impact of HRM practices focuses on the private sector and there is little research on public sector organisations (Kassim & Mokhber, 2015).

1.3 Research objectives and contribution

As the public sector has faced demands to improve its performance, many countries have adopted NPM practices in public services. The adoption of NPM practices leads to the application of HRM in managing the public sector workforce. While many studies conducted in the private sector have shown the contribution of HRM towards improving organisational performance, there is a lack of evidence regarding the effect in the public sector. In addition, as HRM has been introduced into the public sector, these practices reportedly have nonetheless been poorly implemented (Beattie & Waterhouse, 2007). In examining HRM's relationship with organisational performance, the literature consistently emphasises the need to pay attention to the process of HRM rather than its content (Bowen & Ostroff, 2004). Furthermore, in examining the mechanisms through which HRM affects performance, the process model introduced by Wright and Nishii (2013) raises the distinction between intended and actual HRM practices, as implemented by line managers, and how these are perceived by employees. As public sector workers may have different workforce characteristics than their private sector counterparts, it is

important to understand the way line managers in public sector workplaces implement HRM and how these are perceived by employees.

The objective of the present study is to investigate the relationship between HRM and performance by focussing on the line managers' role in HRM and employee perceptions of their implementation in the Malaysian public sector context. Building on HRM implementation process theories, 13 hypotheses were developed related to line managers' ability, motivation and opportunity in implementing HRM practices, employee perceptions of HRM and the features of HRM system strength. By testing these hypotheses in a Malaysian public sector context, the study contributes to the HRM literature in three general areas.

First, it contributes to HRM implementation scholarship in the public sector through focussing both on the role of line managers by utilising the ability, motivation and opportunity framework (Bos-Nehles et al., 2013), and on the importance of employee perceptions of HRM practices. Specifically, the thesis contributes to the argument that public sector managers are known to experience constraints in managing their employees (Knies & Leisink, 2014). In addition, the focus on employee perceptions in this study reveals that the relationships between HRM and unit performance will be visible only when employees have awareness of what the HRM practices are and have a shared understanding of those practices (Ostroff & Bowen, 2016). The approach adopted in the thesis reveals the importance of using multiple sources of data (in the present case, from line managers and employees), and of following a multiple constituency approach (Tsui, 1990) in HRM research.

Second, the thesis contributes to debates regarding the adoption of New Public Management in a non-western context using the case of Malaysia. The study findings suggest limits to line manager autonomy in this public sector context which have important implications for HRM implementation and success. It is proposed that Malaysia remains a highly centralised cultural context, and so may explain why line managers in this national public sector context experience less autonomy in managing employees (Siddiquee, 2010).

Third, the study identifies unique findings related to one particular feature of HRM system strength – employee consensus for understanding HRM implementation in a non-western context. The finding that consensus was so important to successful HRM implementation in this context may reflect the effect of non-western national values and culture on HRM practice (Farndale & Sanders, 2017). Furthermore, it also supports the argument that context plays an important role in studying the HRM–performance relationship (Boselie et al., 2005).

1.4 Research methodology

The current study encompassed two phases of research. First, as there is limited information about Malaysian public sector HRM (Kassim & Mokhber, 2015), the researcher conducted exploratory interviews with managers in order to gain a broader understanding of current HRM policies and practices related to the public sector transformation programs in Malaysia. Second, focusing on two organisations within the Malaysian public sector, a survey was distributed to a sample of line managers and employees in each working unit of these organisations. The responses from the survey were used to test 13 hypotheses that were developed for this study.

1.5 Structure of the thesis

The thesis is divided into eight chapters. Chapter 2 reviews literature on HRM in the public sector, including the emergence of New Public Management and evidence relating to the link between HRM and performance in the public sector. Chapter 3 focuses more specifically on HRM implementation in the public sector, drawing on wider theory related to the role of the line manager and employee perceptions in predicting successful HRM with respect to HRM system strength and its potential effects on organisational performance. Chapter 4 integrates the theoretical framework presented in the previous chapters and develops a conceptual framework, including the research hypotheses. Chapter 5 describes the two-phases of the research methodology adopted for the current study in the Malaysian public sector context. The two ministries chosen for the survey study are presented along with the rationale for the matched line manager-employee survey design and the development of surveys for line managers and employees. Chapter 6 discusses the Malaysian public sector HRM context and the initial findings from the expert interviews. Chapter 7 presents findings related to the hypothesis testing using the line manager and employee survey responses. Finally, Chapter 8 discusses the overall findings and the theoretical and practical contributions of the thesis.

CHAPTER 2 - HRM AND PERFORMANCE IN THE PUBLIC SECTOR

2.1 Introduction

The purpose of this chapter is to provide an overview of the concept of HRM and its relationship with performance in the public sector. Previous literature illustrates that studies on the influence of HRM on work performance have been largely conducted in the private sector. Therefore, it is still contested whether the same effect applies in the public sector context. Addressing this issue is essential since the public sector has long been subject to substantial pressure to improve its performance, and this situation has a significant impact on its employees. The public sector has attempted to emulate its counterparts' HRM practices to improve the way people are managed, which leads to enhanced performance.

This chapter begins by discussing the similarities and differences between the private and public sector. Developing insight into this area is an initial step in understanding how HRM-performance relationships in the private sector can be applied to the public sector. The debate on the similarities and differences between the public and private sector then brings us to the discussion of the rise of New Public Management (NPM) in the public sector. The discussion covers the concept of NPM, the impact of NPM on HRM, and the adoption of NPM across countries.

As the concept of NPM is accepted globally, with major HR implications, it becomes necessary for the public sector to adopt a new approach to managing people. This development in the public sector generates further discussions on the

characteristics of its HRM. The discussion on this subject includes explaining the characteristics of public sector employees and how they differ from their private-sector workforce counterparts. Understanding the distinct characteristics of HRM in the public sector is vital as these characteristics are likely to affect the HRM-performance relationship.

Since many HRM advocates report the importance of becoming more strategic in managing employees, this chapter discusses the adoption of the strategic method of employment (SHRM) in the public sector context. Since the initial findings in public sector research reveal the positive impact of SHRM on performance, it is necessary to discuss the HRM-performance relationship in the public sector context in detail (Messersmith et al., 2011). The discussion of the HRM-performance relationship revolves around the contextual element (e.g. institutional factor) and other public sector characteristics that affect this relationship. The issue of measuring performance in the public sector is also discussed. Finally, since the research on HRM and performance mainly focuses on the design of HRM as a predictor of performance, this thesis looks at the implementation of HRM as a significant contributor to performance.

2.2 The public and private sector – similarities and differences

Reform advocates and economic theorists consider the public sector to be less efficient and productive than the private sector (Bok, 2001; Drucker, 1990). However, the empirical evidence on public and private sector performance is unconvincing and does not provide any concrete conclusion that public organisations perform worse (or better) than private businesses (Andrews et al., 2011). The issue

of comparing performance between public and private organisations is highly debated and can become controversial (Rainey, 2009; Rainey & Chun, 2005). It is arguable that a direct comparison of the performance of the two sectors is inappropriate approach because many factors, such as size, task or function, as well as industry characteristics, can affect an organisation more than its status as a public entity. Emery and Giauque (2005) have argued that “the public sector cannot be managed in the same way as the private sector, because the private sector has its own characteristics which differentiate it” (p. 650).

The literature on public sector management illustrates that, over the years, heated debates have occurred on the similarities and differences between the public and private sector organisations. Some scholars argue that the public sector and the private sector are different. Rainey et al. (1976) began a stream of research comparing the private and public sector, pointing out the differences, instead of the similarities, between the two sectors. Rainey (2009) argued that an obvious difference can be seen in the objectives or purpose of the operations of the two sectors. The objective of the public sector is to serve the interest of the public, rather than focusing on maximising profit, as is practised in the private sector. Boyne (2002b) highlighted several distinctions between the two sectors. First, it is the political community, not the entrepreneur that owns public sector organisations. Second, taxpayers’ money, not the fee paid by the customer, is the source of funding to operate public sector organisations. Third, the political situation, not the market force, influences the environment of public sector organisations. Public sector entities, such as education, defence and emergency services, and the central government administration, are bound to national well-being, while sheltered from the market. In contrast, private

sector entities, such as postal, telecommunications and transport services, are directly involved in market operations. The three characteristics highlighted by Boyne (2002b) above can be categorised as: ownership, funding and control, which forms the substance of the term “publicness” (Bozeman, 1987). This term notes “its realisation and representation of public interest and its possession of unique public qualities compared to business management” (Haque, 2001: p. 65). Bozeman (1987) argued that no organisation is wholly public or private. Instead, private firms and government agencies can be grouped into a three-dimensional model of publicness. The important aspect of the publicness concept is that the level of publicness will decline if public and private distinctions erode, the composition of service recipients is narrowed, the role of the public sector is weakened, problems of accountability are worsened, and the level of public trust declines (Haque, 2001).

Pollitt (2003), Rainey (2009) and Rainey and Chun (2005) listed the distinctive features of the public sector. The list is divided into three characteristics: environmental factors, organisation or environment transactions and organisational roles, structures and processes. The details of each characteristic are summarised in Table 2.1:

Table 2.1: Distinctive characteristics of public organisations

Distinctive characteristics	Details
Environmental factors	<ul style="list-style-type: none"> ○ The public organisation does not operate in the market environment – financial resources rely on governmental appropriations, not on the sale of goods and services; ○ Presence of elaborate and intensive legal constraints; and ○ Presence of intensive external political influences.
Organisation or environment transactions	<ul style="list-style-type: none"> ○ Public organisations are often involved in producing public goods and they are likely to handle situations where there are significant externalities, or other activities in which private sector organisations do not willingly engage; ○ Government services are often coercive and monopolistic; ○ Public activities tend to have a vast impact, and often carry a high symbolic significance; ○ Public managers are often subject to greater public scrutiny than their counterparts; and ○ Public managers are expected to apply a higher level of fairness, honesty, openness and accountability than their counterparts.
Organisational roles, structure and processes	<ul style="list-style-type: none"> ○ Higher level of vagueness, intangibility, or ambiguity in measuring goals. Similarly, the greater the multiplicity of goals, the higher the tendency for conflict between goals; ○ Public managers’ general roles involve many of the same functions as those of managers in other sectors. Their roles involve more political, expository activities and crisis management; ○ The public manager has less decision-making autonomy and flexibility because of constraints that come from external political influences, limited authority over subordinates because of institutional constraints and external political links between subunits and subordinates; ○ Public organisations experience more red tape – bureaucratic organisational structuring and procedural requirements; ○ The strategic decision-making process in public organisations is subject to interruptions and more interventions by external groups; ○ Public sector managers and employees have fewer extrinsic incentives (for example, pay, promotion and benefit packages) and there are weaker relations between performance and extrinsic rewards; ○ Public managers and employees have different work-related values, they are more community-oriented, have higher levels of public service motivation and lower work satisfaction than their counterparts; ○ Public organisations and employees are cautious and reluctant to innovate.

Greener (2013) argued that the gap between private and public sectors has been narrowed as governments around the world are applying increasingly business-like approaches to improve their performance. The public sector's transition to a market-type mode has also challenged such publicness. The challenges include issues such as public service identity, public employee motivation and public service legitimacy (Haque, 2001). Haque (2001) raised the concern that with the current practice of the market type mode, the reputation of public services as a genuine public domain seems to have reduced and even affected the quality of public institutions. Demands from the public for a more efficient and effective public sector will likely force public sector organisations to emulate specific management techniques from the private sector and implant them into public sector organisations. Some researchers have argued that the management techniques of the private sector cannot be transferred directly to the public sector, however, because the features of the public sector are more bureaucratic than those of the private sector (Carnevale, 1998). This problem also occurs, for example, in Europe, where a high degree of centralisation is still prevalent (Meyer & Hammerschmid, 2010).

However, Boyne (2002b) argued that even if dissimilarities exist, there is no concrete reason to reject the application of successful private sector management techniques. Therefore, the drive for change has inspired public sector organisations to adopt a new principle of management, which is termed new public management (NPM).

2.3 The rise of NPM in the public sector

For a country to achieve economic growth, it requires capable state management, including the effective delivery of services by the public sector (Turner et al., 2013). The public's low level of confidence in the management of government budgets, as well as a rise in public spending and taxes, are among the features forcing public sector organisations to shift from the traditional public administration model towards NPM initiatives (Bach & Kessler, 2007; Hughes, 2012).

The traditional public administration model has received significant criticism from scholars. Broadbent and Laughlin (2002) highlighted that public sector organisations are flooded with professionals who operate public services to please producers rather than customers. This is similar to a study conducted by Mintzberg (1979), who coined the phrase "professional bureaucracy" to convey that professional dominance and a combination of the bureaucratic elements are present in public service organisations. Public sector reforms have emphasised the concepts of economy, efficiency and effectiveness, all of which the traditional public administration model was incapable of satisfying (Dunsire, 1999). The three areas highlighted above nonetheless contradict the principle of equity and fairness that is practised in the traditional model. Another situation that creates 'administration model thinking' is what Greener (2013) described as the "implementation gap" whereby public officials are found to be hesitant to adapt to the three areas mentioned above, and this reflects an attitude of resistance to changing the work environment.

Farnham and Horton (1996) highlighted the contrast between the administrative and management system. They concluded that administrative systems are less clear on their objectives and goals. The criteria for success are also not

expressed quantitatively; they place less emphasis on the efficient use of resources, there is less task culture, a lack of willingness to make decisions, less delegation and they are unlikely to focus on opportunities or take the initiative. Moreover, public administration is attached to a specific model of service delivery that follows the principles of Weberian bureaucracy that offers little managerial freedom (Bach & Kessler, 2012). This traditional administration model has also attracted criticism from service users. Those who demand improvements in the services criticise public sector organisations because they are neither accountable nor controllable for the tasks they are assigned (Greener, 2013).

In the UK during Margaret Thatcher's Conservative Party government in the 1980s, the administration rejected the traditional model and began to consider a new type of public service delivery. The administration argued that the public sector should be managed more efficiently by mimicking the private sector style, thereby eliminating the disparities between the sectors (Bach & Bordogna, 2011). This situation generates outcomes that fulfil the customer's needs in a competitive market. This idea also found favour with the US President Ronald Reagan and the New Zealand Labour government, as well as appealing to many other states, including Australia, as part of their respective public sector reform programmes. Since this time, the developed world has witnessed a continuous wave of public management reforms (Pollitt, 2002).

In meeting the above needs, the adoption of a "do more with less" approach is considered relevant (Hood, 1991). This is a mantra that continues to dominate. Lapsley (2008: p. 77) outlined a similar view, noting that:

In this world of the global economy, reforming governments will continue to focus on areas of influence – which is the public sector – and means of making this part of the economy as efficient and effective as possible, which makes governments turn to NPM for solutions to public services delivery.

The NPM framework has dominated the debates within the public sector for the last three decades because the old model for the public sector is perceived to be flawed as it is too large, monopolistic and inefficient (Alonso et al., 2015; Hughes, 2012). NPM emerged in the 1980s as a programme of reform to fix the failures of the old public administration model (Pollitt, 2003). Therefore, it is claimed that NPM offers a universal key to creating a higher performance culture in the public sector (Hood, 1991). A shift from public administration to public management is thus emphasised in the literature (Dunleavy & Hood, 1994; Hood, 1995, 1991) as a strategy to attain efficiency, effectiveness and quality of service (Brown, 2004).

There are two schools of thought outlining the definitions of NPM. The first develops from the economic organisation theory, which is also known as public choice theory. The idea of this is to reinforce the power of political leaders against bureaucracy. The underlying assumption is that individuals are selfish and they try to maximise their utilities. This situation leads to low trust management. It therefore implies a management culture that places more restrictions and limitations on the employees (Bach & Bordogna, 2011). This type of behaviour promotes bureaucracy and poor decision making, it erodes staff commitment, thereby making the work process less efficient. The second idea develops from the managerialist school of thought, suggesting the need to re-establish the primacy of managerial principles over bureaucracy. This school focuses on providing a culture of trust for employees.

Employees are therefore given more freedom to manage themselves. From this, it is clear that there is some tension between the interpretations of NPM. It is also interesting to note that Christensen and Lægreid (2001) described NPM as a “double-edged sword” because both centralisation and devolution are prescribed under NPM.

It is clear that there is no concrete definition of what NPM is (Dunleavy & Hood, 1994). This argument is similar to that outlined by Pollitt (2003) and Ferlie et al. (1996). Pollitt (2003) argued that NPM can be “chameleon-like” as it emerges in various situations for different reasons and so its meanings are customised to the specific context. Similarly, Ferlie et al. (1996) pointed out that:

Indeed, sometimes the new public management seems like an empty canvass: you can paint on it whatever you like. There is no clear or agreed definition of what the new public management is and not only is there controversy about what is, or what is in the process of becoming, but also what ought to be (p. 10).

Hood (1995, 1991) claimed that NPM comprises seven essential items: hands-on management (free to manage) of the public managers, explicit standards and measures of performance, greater emphasis on output rather than input (results-oriented), a move to disaggregation into manageable units, competition-based to lower costs and raise standards, private sector management styles and practices, and cost-cutting measures and activities. As well as the long list provided by Hood (1995, 1991), a simple definition can be obtained from Dunleavy et al. (2005) and Bordogna and Neri (2011). Dunleavy et al. (2005) outlined a combination that consists of “disaggregation”, “competition” and “incentivisation”, whilst Bordogna and Neri (2011) viewed it as combining elements of privatisation, marketisation and

managerialism. Even though the definition is debatable, there are clear similarities about its fundamental ideas, objectives and policy components. The primary goal is to reverse the traditional approach to public management by reducing or eliminating the differences between the public and private sectors, and by shifting the emphasis from process accountability towards accountability for results (Bach & Bordogna, 2011). The new features of the public sector resulting from the shift were laid out by Burnham and Horton (2013) as follows:

- i. Principles of the market;
- ii. Competitive or contractual organisational relationships;
- iii. Separation of policy-making and arm's-length delivery by managers;
- iv. Ways of working and allocation of tasks are flexible and reflect market principles;
- v. Competition between public and private suppliers as well as customer orientation;
- vi. The motivations of public officials are driven by interest maximisation;
- vii. Employment terms are flexible in hiring and rewards based on individual contracts;
- viii. Task/function is based on personal or team responsibility for results; and
- ix. Accountability mechanisms are based on performance measures.

Although the supporters of NPM have pledged to improve public services by turning public sector organisations into something similar to a “business-like” model (Diefenbach, 2009), the NPM model is still questionable (Hughes, 2012). Its supporters view NPM as an alternative to the traditional administration model, given the obvious problems with the previous model. By contrast, some scholars regard

this as merely an adoption of the features of private management, which therefore ignores the fundamental differences in the public sector environment. Critics have further argued that there are some excellent aspects to the old model, such as having a high ethical standard and service to the state, and these are ignored in the pursuit of adopting the new model. Hughes (2012) even postulated that the new model may pose some problems. However, the benefits are far more substantial than the costs.

With limited evaluation of the overall impact of NPM, the picture remains complicated. NPM entails many different elements, each of which may lead to different positive and negative outcomes and effects (Pollitt, 2003). The effect of NPM on public sector performance is still debatable, even after many public sector reforms (Bejerot & Hasselbladh, 2013). Recently, the first meta-analysis research was conducted by Pollitt and Dan (2011), which involved 520 studies and through which the Co-ordinating for Cohesion in the Public Sector of the Future website showed that the impact of NPM in Europe is somewhat contradictory. Ultimately, NPM outcomes are found to be about changes in activities and procedures rather than real results (Pollitt & Bouckaert, 2011).

Even if the reform activities are successful in achieving specific outcomes in one particular area, they may fail to achieve the intended results in another area (Pollitt & Bouckaert, 2011). For example, a study by Carter et al. (2011) surveyed workers' perceptions and experiences of the implementation of the lean management technique (which is usually associated with manufacturing sectors) in Her Majesty's Revenue and Customs in the UK, drawing several concerning conclusions. Lean management is shown to undermine work enrichment and empowerment (Carter et al., 2011). As tasks become fragmented, skilled service work is reduced to semi-

skilled assembly line work. The quality of working life is impacted by working under intense pressure and a tightly monitored environment. Carter et al. (2011) also claimed that their research provided evidence that the adoption of private sector management techniques heightens the control approach in the public sector.

In its early stage, NPM attempted to focus on cost-cutting and efficiency activities (Hood & Dixon, 2013). NPM is also pursued to attain a broader agenda than cutting public expenditure; in particular, it is supposed to increase consumer satisfaction and choice (Alonso et al., 2015). However, evidence of the impact of public sector austerity suggests that employees are facing downward pressure with regards to their job security, increased usage of zero-hours, temporary and short-term contracts, as well as a reduction in pay and terms and conditions (Cunningham et al., 2013). Several public sector researchers have also argued that NPM is currently being replaced with a new public sector style that places greater emphasis on governance by policy communities and networks, which in turn addresses some of the problems identified in NPM implementation (Dunleavy et al., 2005). Although adverse consequences are emerging from NPM, the ideas are nonetheless widespread and being adopted globally.

2.4 Comparing NPM implementation across countries

Scholars such as Osborne and Gaebler (1992), the authors of *Reinventing Government*, have claimed that NPM is inevitable and it is not only happening in the US, but everywhere in the world. The principles and values of NPM have encouraged OECD countries like the US, UK, Australia and New Zealand to pursue public sector reform. Several scholars (see, for example, Barzelay & Gallego, 2006; Pollitt, 2001)

have highlighted how such reforms are based on rational choices made by policymakers to address a fiscal crisis, or a kind of institutional isomorphism (Bach & Bordogna, 2011). The adoption of NPM in these countries has proven to be controversial (Samaratunge et al., 2008), leading to many negative consequences, such as work intensification and job loss, skill shortages and high turnover (Brunetto et al., 2011; Willis et al., 2005). Regardless of the consequences, this model is still considered an influential guide to reform that can be implemented in any public sector organisation (Goldfinch & Wallis, 2010).

In comparing the global application of NPM, scholars' opinions differ on whether there is divergence or convergence of NPM practices and outcomes. In NPM's diffusion, there has been arguments about whether this phenomenon in the public sector means that "everyone is travelling along roughly the same road" (Pollitt, 2002: p. 472). The previous studies have explained that NPM models have diverged in response to local institutions (O'Donnell et al., 2011). A divergence model of reform that is country-specific can be seen from a comparison of Italy and France. While Italy adopts the NPM principle closely, France has been more cautious in following this path. One of the many reasons for this is that in Italy the trade unions are strong, whilst the political system is weak. On the other hand, the traditional strength of the French administrative tradition and the authority of the administrative elite within the French political field have made France unwilling to accept NPM reform (Bordogna & Neri, 2011).

Another example that illustrates divergence in public sector reforms is between New Zealand and Norway. Both countries pursue a reform strategy based on their institutional traditions. By taking into account the environmental factors,

polity features and institutional constraints, Christensen and Lægreid (2001) argued that Norway has been a moderate reformer; scoring low on both environmental and internal factors enhancing administrative reform suggests a soft and light variant of NPM. The variant adopted by Norway's government demands high autonomy and flexibility. In contrast, New Zealand is considered an aggressive reformer, where the combination of external pressure and weak national countervailing cultural forces has led to a radical version of NPM. The version adopted by the New Zealand government stresses on market forces and contracts.

The examples above are consistent with Pollitt's (2007) statement that "NPM must be accounted a winning species regarding its international propagation and spread" (p. 113). Pollitt (2003) argued that NPM is a global trend, but its interpretation and implementation are still shaky and, at times, messy (Pollitt, 2003). He supported this argument by highlighting that countries such as Germany and France are unlikely to adopt NPM ideology, while countries such as Canada, Norway, Finland, the Netherlands, Denmark and Japan are very selective in adopting the NPM ideology. On a similar note, Bach and Della Rocca (2000) provided evidence from countries in Europe and asserted that experimentation with NPM has been carried out, but there is considerable variation among these countries. The country that is closest to adopting the NPM package reform is the UK. Continental European countries, on the other hand, are less interested in NPM than Anglo Saxon countries (Lane, 2009). More recently, in a comparative analysis of 12 developed countries spanning 30 years, Pollitt and Bouckaert (2011) concluded that the ideology of NPM is globally omnipresent, but the whole world is not heading along the same route.

The implementation of NPM in the public sector across the globe has led to the term ‘new managerialism’. This describes a process whereby public sector organisations are run like the private sector, placing more responsibility on public managers to manage (Farnham & Horton, 1996). In order to embrace a business-type approach to managing public sector employees, traditional personnel management has been changed to a new approach to managing people, termed human resources management (HRM). This approach precisely follows the route by which traditional public administration was transformed into NPM (Burnham & Horton, 2013). It focuses on restructuring the regulation of the employment relationship, spreading the usage of HRM practices and modifying the role of trade unions (Bach & Bordogna, 2011). The techniques that emerge from the private sector are intended to improve service quality and assist the government in reducing its costs. While NPM principles seem to be the model for improving performance, it is necessary to discuss the characteristics of HRM in the public sector as this might give a clearer picture of what form the management of HR took before public organisations attempted to follow the NPM approach.

2.5 The characteristics of HRM in the public sector

According to Stanton and Manning (2013), the public sector is a people-oriented service. Ingraham et al. (2003) also highlighted that “government activities are typically highly personnel intensive” (p. 18). Thus, managing human resources is more important in the public than the private sector because public sector organisations’ performance does not rely on technology, but instead mainly on people who implement policies and deliver services (Groeneveld & Steijn, 2016).

There is significant evidence that public sector employees differ from those in other sectors (Bach & Kessler, 2007). Public sector employees have a unique employment status governed by different employment laws, which is managed by a different set of terms and conditions. This employment is generally for life, with recruitment typically starting at the beginning of a career and promotion to higher-level positions reserved for internal applicants (Brown, 2004). Public sector employees' remuneration is not based on performance, but instead on seniority and the employees generally accept lower wages than in the private sector (Baluch, 2017). There are various benefits, such as standard contracts that provide continuous, life-long employment, assured progression through salary increments and generous pension rights (Brown, 2004; Horton, 2009; Truss, 2013), and thus public sector employees enjoy more employment rights than those in private enterprises (Truss, 2013).

Truss (2013) reported that there are a few characteristics that are unique to the public sector compared to the private sector. Public sector workers are generally older because the public sector workforce tends to stay longer with their employer. The level of unionisation in the public sector is higher and the public services are more strictly regulated and controlled by the state. HRM in the public sector is underpinned by a set of values related to justice, fairness and equality.

Another prominent aspect of employee characteristics in the public sector is that public employees are thought to possess a greater desire for intrinsic non-monetary opportunities than their private counterparts (Giauque et al., 2013). The characteristics of public service motivation (PSM) are thus highly relevant when describing the motivation of staff in public organisations (Giauque et al., 2013; Perry

& Hondeghem, 2008). Reference has been made to public workers' altruistic work values and their desire to serve the community at large (Perry & Hondeghem, 2008). Such distinct work motives are features of PSM, which in turn has been positively related to organisational outcomes (Brewer & Selden, 2000; Kim, 2005). As public sector organisations continue to experience severe cuts in budgets and resources, there is growing concern that these cost-cutting programmes, and by implication increased workloads, may undermine desirable employee outcomes, both directly and indirectly, by diluting employees' public service values (Hebson et al., 2003). Employees often have ethical or ideological motives for working in the sector, thus it can be expected that they will prioritise HR practices differently, which vary with regard to their responses to HR practices. Empirical research has shown that PSM is a critical construct; Mostafa et al. (2015) even found that PSM mediates the relationship between high-performance HRM, affective commitment and organisational citizenship behaviour.

In highlighting the differences between public and private sector employees, Boyne et al. (1999) and Poole et al. (2006) provided evidence that private and public sector managerial attitudes and behaviours are still different. A public sector ethos remains extremely important for managerial priorities. While private-sector managers emphasise owners and shareholders, public sector managers are committed to the public at large. Other evidence of this can be found in Lyons et al. (2006) and Wang et al.'s (2012) studies. Lyons et al.'s study focused on the difference in overall values, work values and organisational commitment between public, private and

parapublic¹ sector knowledge workers in Canadian organisations. The study found that organisational commitment is higher among private than public and parapublic knowledge employees. In Wang et al.'s study, they compared the job satisfaction and turnover intentions of public and private employees. The results showed that public sector employees experience lower extrinsic and higher intrinsic job satisfaction than private sector employees. Public sector employees were also found to have a lower intention to quit than private sector employees.

As the public sector aspires to be a "model employer" (Brown, 2004), the focus is more on the fair and equitable treatment of staff than on managing performance (Truss, 2013). Gould-Williams (2016) argued that HRM practices that focus on high commitment should be featured in public sector organisations given that the public sector is widely known as the sector that places emphasis on employee wellbeing.

With regard to the HRM style, Guest (1987) and Storey (1992) identified two styles of HRM: soft and hard. These two styles were drawn from the Harvard model for soft HRM (Beer et al., 1985) and the Michigan model for hard HRM (Fombrun et al., 1984). The primary distinction between the soft and hard style of HRM is whether the emphasis is placed on the human or the resource. The soft HRM style can be considered enlightened and humanistic, giving more focus to the needs and aspirations of individuals. This satisfies employee needs as an end in itself, and the positive attitudes generated from the use of certain HRM practices, which includes

¹ In Lyons et al.'s (2006) study, they used the term "parapublic sector", rather than the more common "non-profit sector", to distinguish organisations that are publicly funded but not operated by government agencies, such as public schools and hospitals, from private non-profit organisations, such as voluntary organisations, charities and other non-governmental organisations.

communication, motivation and leadership. The result is often commitment to the organisation and improved performance. The hard HRM style, on the other hand, treats employees as instruments that can be manipulated in order to gain organisational ends. This is only concerned with “the quantitative, calculative and business-strategic aspects of managing the headcount resource in as rational a way as for any other factor of production” (Storey, 1992: p. 2). Boyne et al.'s (1999) study found that the public sector has a different strategy from the private sector. The private sector appears to favour “hard” HRM (e.g. variable pay linked to individual employee performance), while the public sector takes a relatively “soft” HRM approach with an emphasis on employment security and employee participation.

Farnham and Horton (1996) highlighted four features of the traditional personnel administration model in the public sector when managing employees. This model comprises a paternalistic management style that emphasises protecting and encouraging employees’ welfare and wellbeing. It also has standard employment conditions that require the employees who have the same employment terms and conditions to perform the same task irrespective of their location. It entails collectivised industrial relations that maintain the influential role of unions, thereby leading to a higher level of staff participation and negotiations – on the terms and conditions of employment. Trade unions may also increase the focus of HRM on wellbeing and then performance due to their strong agency as observers and enforcers of employment contracts. Public sector organisations thereby behave like model employers that set an example to the private sector (for example, equality and fairness in the workplace).

Despite the fact that various empirical findings on the performance outcomes of performance management structures in the public sector have been deemed unsatisfactory, the competitive working environment has forced public sector organisations to focus on delivering performance through the application of performance management systems in public services (Taylor, 2015). Carter et al.'s (2011) study on front-line workers in Her Majesty's Revenue and Customs in the UK government's civil service showed that the public sector adopts the harder NPM style where performance management control and lean management are used to meet targets and objectives. Similarly, the Australian public sector embraces performance management for employees in order to focus on achieving high performance. Evidence suggests that there is an effort being made in the UK public sector to balance the choice of HRM style, although environmental factors also seem to define which style is the most important at any one time (Horton, 2009).

One of the most significant distinctions between the public and private sector in all countries is the degree of direct government control applied to public sector organisations, which serves to limit the level of discretion available to employers in the management of people (Truss, 2013). As a result of this, there is limited discretion granted to the line manager and HR specialists in making decisions related to managing their subordinates (Horton, 2009). The public sector HRM therefore matches the operation of the Weberian principle. The employment system is based on bureaucratisation procedures that follow specific rules and regulations. This system is centralised and run by central agencies that are responsible for making employment decisions, which includes recruitment decisions, rules of employment, training and career development (Brown, 2004). This relationship might, for

example, be influenced by the fact that legislation sets limitations on how managers can engage in HR practices.

Boyne et al. (1999) claimed that these features of HRM in the public sector are a barrier to better organisational performance (p. 411). Bach and Della Rocca (2000) made similar claims, arguing that public sector employment contributes to demotivating staff and poor performance because of the limited opportunities for promotion, high levels of absence and difficulties in recruiting and retaining staff. The UK Chartered Institute of Personnel and Development (CIPD, 2010) argued that the traditional public sector approach is no longer viable. Therefore, it can be suggested that public sector organisations should move away from the traditional public administration model to one that focuses on performance.

In order to modernise the human resources strategy so that it aligns with the current demands and expectations, public sector HRM can follow the initiatives undertaken in most OECD countries (Shim, 2001). Most of these countries have initiated public sector HRM reform to ensure that they can appropriately manage their human assets. Ingraham (2007) argued that there are three kinds of HR reform in public sector organisations. The first is increasing flexibility that moves away from the standardised and centralised system. This practice is useful for giving the manager greater freedom to manage the workforce and attain the intended targets and objectives. The second reform is related to pay, which entails paying for performance and performance contracts. This practice is intended to clarify the performance objectives and to improve the reward system. The third places emphasis on decentralisation and devolution. An organisation that adopts this kind of reform aims to move away from a rigid structure and improve its financial and human resources,

giving this a clear direction. Nevertheless, Pichault (2007) argued that not all modernisation efforts in public sector organisations can be successful. Instead, some processes lead to more problems than improvements (Pichault, 2007).

As HRM has grown in popularity, the “model employer” has come under pressure (Common, 2011). Colling (2001) pointed out that “where once the concern was with due process and comparability, the focus is now on ‘performativity’ – that is, making the additional investment, including pay, conditional on demonstrable increases in efficiency and effectiveness” (p. 621). Despite many attempts to improve public sector performance, conventional HRM remains constrained in its application to the public sector (Common, 2011).

Public sector employees have been criticised for being reluctant to work towards enhancing public satisfaction and it has been suggested that they are more interested in satisfying personal achievement. Therefore, the idea of making public sector employees more responsive to public needs is an important one to consider; this can be implemented through adopting private sector techniques or the creation of markets (Bach & Kessler, 2012). The adoption of NPM demands that the public sector workforce are fully equipped with the right human resource development strategies in order to achieve their goals. This strategy will enable them to be adaptable to various changes and to perform efficiently so the goals can be achieved.

There have also been calls to manage public sector employees effectively through a strategic approach (Truss, 2008). The new approach to HR is to strategically situate human resources development and management as a critical strategic instrument in managing public sector employees (Farazmand, 2004). It has been argued that the adoption of a more strategic HR role in the public sector could

facilitate the recruitment and retention of valued staff, enhance organisational cost-effectiveness, and serve to promote a performance-driven culture (Bach & Della Rocca, 2000; Ferlie et al., 1996; Truss, 2008). Similarly, the OECD (2011) has recognised the importance of SHRM in the public sector and claimed that SHRM helps the government to meet its strategic objectives, and to increase efficiency, responsiveness and quality in service delivery. Innovative HRM practices (Gould-Williams & Gatenby, 2010) should also help public sector managers to equip employees with the knowledge and skills they need to develop a good policy, to manage organisations efficiently, to deliver a quality public service, and to tackle global economic crisis issues.

2.6 Adoption of a SHRM approach in the public sector

The arrival of NPM in the public sector has led to the implementation of many private sector HRM practices. Recently, the main driving force in the public sector has been the concept of efficiency, effectiveness and public value, rather than political value (Horton, 2009). Previous research has focused on how the public sector organisations meet their needs while enhancing the quality of their products and services, while simultaneously accommodating tighter budgets and greater scrutiny from various stakeholders (Burke et al., 2013). In many countries, for example, health care organisations are under pressure to enhance service quality and safety, while at the same time elevating efficiency levels and patient well-being (Veld, Paauwe & Boselie, 2010). Pressure is being put on governments at all levels, along with different types of public institutions, such as schools and universities,

military, museums, courts, police and international organisations (Decramer et al., 2013).

The SHRM model, which was developed in the mid-1980s in the private sector context has been introduced into the public sector as part of a shift from a 'rule-bound' culture to a 'performance-based' culture (Boyne et al., 1999; Shim, 2001). The adoption of NPM has introduced the possibility of managers developing sophisticated HRM techniques that are not practised in the traditional approach (Brown, 2004). For example, NPM has helped to promote the application of performance management in the public services of many industrialised countries across the globe, such as the United States, the United Kingdom, New Zealand and Australia, and numerous emerging countries, such as Malaysia and Thailand (Taylor, 2015). The approach "allows a more flexible and responsive approach to questions of recruitment, selection, retention, training and development of public sector employees" (Brown, 2004: p. 305).

Gould-Williams's (2004) study involving surveys and interviews with local government organisations in Wales provided evidence that high commitment HRM practices have a significant effect on worker attitude. He further pointed out that "the positive effects of high commitment HRM practices are similar across public and private sector organisations" (p. 78). Rodwell and Teo's (2004) study of SHRM in profit and non-profit organisations in knowledge-intensive health services in Australia found that health service firms that adopt strategic HRM contribute to organisational performance regardless of whether they are for-profit or non-for-profit. The study concluded that "irrespective of whether the organisation is for-profit or non-profit, strategic HRM is the key predictor of performance" (p. 327). Elsewhere

in the world, countries are adopting SHRM in public sector institutions. SHRM surveys in central/federal governments of OECD countries (OECD, 2010), comprising the use of performance assessments, capacity reviews and strategic workforce planning in central HRM or federal governments, revealed that the utilisation of SHRM in central government varies from one country to another. Among the highest levels of application of SHRM are found in Australia, Canada and the UK, whilst Greece and the Slovakian Republic are among the lowest. These results clearly show that countries that score high in this survey are similar to the countries that are leaders in adopting NPM principles.

The traditional model of HRM in the public sector, particularly the strategies on hiring, firing, assessment, career decisions and rewards, rests on central agencies. This situation may prevent the HRM model in the public sector from becoming more strategic. Implementation of the strategic HRM model is also becoming more complicated since public sector organisations have multiple goals and priorities that often conflict with each other due to the demands of different stakeholder groups (Perry & Porter, 1982; Rainey, 2009). Under such conditions, implementing a strategic approach to HRM can therefore prove to be complicated (Knies et al., 2015). Interestingly, the initial findings in Messersmith et al. (2011) suggested that strategic HRM has positive effects on performance in the public sector. Thus, “the applicability of SHRM to public sector organisations is clearly established” (Brown, 2004: p. 305). However, research into the HRM-performance relationship has been dominated by studies considering private sector organisations (Knies et al., 2015; Vermeeren, 2015). Therefore, it is necessary to further examine the SHRM model in the public sector.

2.7 The relationship between HRM and performance in the public sector

The services offered by public organisations affect people's lives in many ways, from birth (hospital care), through to childhood and teenage years (schooling), adult life (safety, refuse collection, transportation, parks, roads), old age (elderly care) and finally death. For all these responsibilities, the public sector is increasingly facing pressure to provide citizens and service users with efficient and effective services, along with demonstrating value for money expenditure. Changes have an overall impact on the public organisation's HRM policies, including the introduction of performance management systems that incorporate performance-based measures such as performance-based pay and promotion based on performance. However, in many countries public organisations are experiencing cuts in resources, while at the same time trying to improve their service quality to the public. Such developments make the study of SHRM and public performance a relevant topic (Knies et al., 2018).

In earlier studies of SHRM in the private sector, scholars highlighted the importance of HRM in attaining organisational performance (Huselid, 1995; Pfeffer, 1995; Youndt et al., 1996). As a result of a focus on the impact of HRM on performance, research on this topic is widespread. This includes several empirical research studies (for example, Katou & Budhwar, 2010; Ramsay et al., 2000; Purcell & Hutchinson, 2007), review articles (refer to Boselie et al., 2005; Guest, 2011; Paauwe, 2009; Wall & Wood, 2005) and meta-analyses (refer to Combs et al., 2006; Jiang et al., 2012). Based on all this evidence, this thesis considers to what extent the HRM-performance model stemming from private sector research can be applied to public sector organisations. This thesis also argues that scholars should not view

lessons from private sector studies as ‘business as usual’ by giving limited consideration to the public sector context (Knies et al., 2018). The reason for this is that the public sector has characteristics that make research into HRM and performance more sophisticated and highly distinctive from studies conducted in private sector contexts (Knies et al., 2018). For example, Vanhala and Stavrou (2013) explored HRM practices and the HRM-performance relationship in public and private sector organisations in three clusters: the Anglo, the Germanic and the Nordic European. Their study revealed that: 1) HRM is more advanced in the private than the public sector in all clusters; and 2) the HRM-performance (service quality) relationship is stronger in the public sector. This study contributed to the literature by confirming that HRM and the HRM-performance relationship are different in the public and private sectors. Furthermore, arguments from various scholars (for example, Boyne, 2002b; Emery & Giaouque, 2005) that public sector organisations should be managed differently from the private sector provide a clear indication that it is necessary to adopt a separate way of managing the public sector workforce.

In Section 2.5, it was identified that the public and private sector differ regarding HRM. The emphasis on “context” as an essential element in the HRM-performance relationship (see, for example, Paauwe, 2004; Boselie et al., 2005) has made the examination of HRM and performance in the public sector increasingly relevant (Vermeeren, 2015). The empirical results of Boselie et al. (2003) explained this situation, revealing that the impact of HRM on performance is insignificant in highly institutionalised industries, such as hospitals and local government, in comparison to a less institutionalised sector like hotels. The result showed that there

is a greater possibility of public sector organisations experiencing difficulties in implementing HRM practices due to factors of institutionalism.

The mechanisms linking HRM practices with both employee and organisational outcomes can differ in the public sector as compared with the private sector due to different workforce characteristics (Knies et al., 2015). Also, since public sector employees have different demographic profiles, and they appear to have different motivations at work, such as determination to serve the public, they are likely to appraise and respond to HRM practices differently from private-sector employees. The way the public sector employee responds to HRM will affect their performance and may in turn influence the effect HR practices have on performance (Boyne et al., 1999).

Similarly, Vermeeren et al. (2014) argued that we should not assume that the relationship between HRM and performance will be the same in the public sector. Public organisations are more likely to be involved in activities associated with the role of the model employer; for example, such as commitment to staff training, trade unions, employee participation in decision making, promotion of equal opportunities, and concern for the welfare of employees and their personal and family needs.

HRM can help public managers attain good performance from the workforce. HRM has been recognised as an enabler to improve the service quality efficiency and organisational effectiveness of public sector organisations (Brown, 2004; Burke et al., 2013). The initial findings of Messersmith et al. (2011) suggested that HRM has positive effects on employee motivation and organisational performance in the public sector. Even though the importance of the HRM-performance relationship in the public sector has been stressed numerous times in the literature, only a few studies

have been conducted on this relationship in the public sector context (Ko & Smith-Walter, 2013; Vermeeren, 2015).

The HRM-performance research in the public sector is dominated by studies focusing on the developed world; for example, the studies of Messersmith et al. (2011), Ko and Smith-Walter (2013), and Ogbonnaya and Valizade (2016). Messersmith et al. (2011) undertook a study into local government authorities in Wales, where they found a significant and robust effect linking a high-performance work system to departmental performance. Focusing on federal-level public sector organisations in the US, Ko and Smith-Walter's (2013) study revealed that HRM practices can directly enhance organisational performance, as well as enhancing organisational performance indirectly by affecting work attitudes. Applying multi-level mediation analysis, Ogbonnaya and Valizade's (2016) research focusing on the UK National Health Service (NHS) found that high-performance work practices positively affect organisational performance in terms of patient satisfaction and staff absenteeism through job satisfaction and employee engagement.

As public sector employment is usually regarded as labour-intensive, the performance of public sector workers is vital to the delivery of services (Knies & Leisink, 2018). HRM studies also generally point out that HRM contributes to organisational performance through the attitudes and behaviour of employees. Upon noting this importance, some scholars have evaluated the effects of HRM practices on employee outcomes, such as employee commitment, employee motivation and desire to remain with the organisation (Gould-Williams & Davies, 2005). Boselie (2010) in turn examined high-performance work practices in Dutch general hospitals using affective commitment and organisational citizenship behaviour, whilst Mostafa

et al. (2015) examined public service motivation as a mediator through which high-performance human resource practices affect employees' affective commitment and organisational citizenship behaviours in Egypt's public sector organisations.

There is a relative lack of research on HRM in the public sector in developing countries (Knies & Leisink, 2018; Tessema & Soeters, 2006). Rees (2013) noted that the primary HRM activities, such as recruitment and selection, training and development, as well as performance management, are likely to be the same as in the developed countries, but the intentions, stakeholders, values and constraints for public sector organisations in developing countries are likely to be different. Rees (2013) further observed that the political, social, economic, educational, health and environmental problems in developing countries certainly result in insufficient delivery of public services, mainly because public sector organisations lack the human capacity to put HRM policies into action. In the developing world, particularly in Malaysia (the context of this study), research on HRM and performance has mainly been conducted in the private sector. Little empirical research has been conducted on the HRM-performance relationship in the public sector in Malaysia (Abdullah et al., 2009; Amin et al., 2014, Lew, 2009; Osman et al., 2011). Therefore, it is necessary to examine the HRM-performance relationship in the public sector in Malaysia.

2.7.1 Performance in a public sector context

In HRM and performance studies, performance is divided into three main categories: financial, organisational and HRM outcomes (Dyer & Reeves, 1995). Financial measures, such as sales and turnover, are commonly used (Delery & Doty,

1996; Guthrie, 2001), as evidenced by 104 HRM and performance articles reviewed by Boselie et al. (2005). Their study revealed that half of all articles used financial terms as a measure of performance. These indicators reflect that the primary goal of private organisations, which is also the object of most studies, is profit maximisation or maximising stakeholder value. However, public sector organisations such as health and education are not profit-maximising entities and no price mechanisms are in place. Therefore, using financial performance concepts, such as sales or profit, to measure performance is irrelevant in public sector studies. Compared with private organisations, the relationship between HRM and performance is more difficult to grasp in the public sector, particularly given that public sector organisations have various dimensions of performance due to their multiple goals and priorities set by various stakeholders (Knies et al., 2015).

In the context of the NPM developments in the public service sector, performance criteria have been dominated by economic rationality focusing on the organisational performance outcomes of efficiency and effectiveness. Historically, public sector organisations have relied on action controls (rules and procedures) to manage organisations; however, the past decade has witnessed various changes in the management of public sector organisations, including a shift towards output control. In this respect, Brewer and Selden (2000) broadened the concept of organisational performance in the public sector by including effectiveness, efficiency and fairness. Boyne (2002a) in turn elaborated a multi-dimensional concept of public service performance, distinguishing between five conceptual categories: output, efficiency, service outcomes, responsiveness and democratic outcomes. Based on a multi-dimensional perspective of performance, Vermeeren (2015) analysed data

from a Dutch national survey of labour productivity in the public sector and found that three human resources components have different impacts on three different performance outcomes in the public sector: effectiveness, efficiency and fairness. As a measure for assessing public service performance between various types of public organisations, this multi-dimensional concept is useful. However, concerns exist with regard to its suitability for measuring context-specific mission performance, given that, for example, outputs and outcomes in a school may differ from those in a municipality (Knies & Leisink, 2018).

Several other scholars have argued that government or non-profit organisational performance can be measured using two key areas: 1) the quality of the service provided; and 2) departmental reputation (Messersmith et al., 2011). Nevertheless, due to higher levels of labour intensity in the public sector, these two areas are strongly correlated to employee actions (Delaney & Huselid, 1996; Wall & Wood, 2005). Managers who are responsible for monitoring and coordinating the activities of their departments concentrate on measurement, documentation and information management to achieve unit/department performance (Dunk & Lysons, 1997). While it has been recognised that a results-oriented culture is positively associated with performance, public managers use performance measures to evaluate, control, budget, motivate, promote, celebrate, learn and improve their unit or departmental performance (Behn, 2003). NPM slogans such as “make the manager manage” or “let the manager manage” illustrate that public sector organisations have given administrators space to improve the performance of their agencies, while at the same time requiring them to measure their outcomes (Page, 2005). All the above arguments show that public managers in work units are responsible for their own

work unit performance simply because they are given the responsibility for monitoring the performance of their work unit so the overall organisation goals can be attained.

In considering the vast gap between HRM practices and financial outcomes, there should be a more precise focus on proximal outcomes rather than distal indicators of performance (Paauwe & Boselie, 2005). Thus, unit performance can be considered more proximal, and thus regarded as a means of measuring performance in the public sector.

2.7.2 HRM implementation as a mechanism to influence performance

In the HRM literature, it is noted that the impact of HRM on performance relies on three dimensions: the extent of vertical alignment, horizontal alignment and effective implementation (Gratton & Truss, 2003). Vertical alignment emphasises the fit between the HRM strategy and the organisation goals. It is argued that the HRM strategy can only have a practical impact if it supports the organisation's goals. If the HRM strategy reflects the organisation's missions and goals, employees will know what kind of commitments are expected of them. Horizontal alignment focuses on the fit between the individual HRM policy selection. A horizontal fit is achieved when several HRM practices form a consistent set or system (so-called HRM bundles). This then permits the organisation to send a consistent message to employees about expected behaviours and attitudes. The third dimension (implementation) was added by Gratton and Truss (2003), who argued that results will only be attained when the policies are effectively implemented.

The majority of public sector HRM-performance research focuses on the content of HRM practices rather than the HRM implementation process as a mechanism to improve performance (except for Vermeeren, 2014). HRM implementation focuses on the extent to which public managers can strategically implement HRM practices that will eventually influence employees and performance. A prominent question in the literature on HRM and performance in the public sector is to what extent can public managers influence employee performance given the constraints on managerial autonomy and the prevalence of red tape (Knies et al., 2018). This question is important to consider because public sector HRM practices are subject to a high degree of institutionalisation and not every decision regarding the implementation of HRM practice is strategic. Stakeholders such as politicians and unions have more influence on public sector HRM practices than other counterparts. For example, policies related to pay and employee benefits are subject to collective bargaining. This implies that the adoption of HR practices needs to be contextualised when studying public organisations (Knies et al., 2018). Research has shown that managers who experience more discretionary room when implementing HRM policies undertake more people management activities (Knies & Leisink, 2014).

Although HRM implementation in the public sector is becoming more important as the fast changes in the public sector have been considered to have significant implications for HRM practice, these HRM practices have nonetheless been poorly implemented in the public sector (Beattie & Waterhouse, 2007). This situation can be explained by what HRM researchers recognise as the fact that “intended” HR practices may differ from “actual” HR practices implemented by line

managers, which in turn may differ from “perceived” HR practices, that is, HR practices perceived by employees (Wright & Nishii, 2013). Since emphasis has been placed on the importance of HRM implementation in explaining the relationship between HRM and performance (Gratton & Truss, 2003; Guest & Bos-Nehles, 2013), given that line managers are responsible for HRM implementation, they also play a crucial role in shaping employees’ perceptions of HRM. Public sector employees have distinct characteristics as compared to their counterparts, which affects their perception of HRM practices; therefore, in the next chapter, this thesis examines in detail line managers’ role and employees’ perceptions of HRM implementation.

2.8 Conclusion

This chapter set out to discuss HRM and performance in the public sector. As described, there are significant differences between the public and private sector context. However, as the public calls for the public sector to be more efficient, public sector organisations apply NPM principles to improve their performance. The characteristics of HRM in the public sector are found to be a barrier to meeting performance objectives. The significant difference found between public and private sector HRM is the control imposed by the government that limits employer discretion in managing people. In addition, the obvious unique characteristic in public sector employees is the motivation to serve people.

In order for the public sector to meet its performance objectives, there has been emphasis on applying a more strategic approach to managing employees. This chapter also touched on the adoption of SHRM in the public sector. Empirical

research has found a positive relationship between strategic HRM practices and performance in the public sector. This leads to discussion of the HRM-performance relationship in the public sector. This relationship may be influenced by the institutional, organisational and public sector workforce characteristics.

Previous studies on the HRM-performance relationship were generally confined to using financial measures of performance, which is more relevant in private sector settings. While many studies in the public sector have focused on HR outcomes, the adoption of NPM principles has led to emphasis on performance. This situation has led to the practice of giving managers preference to manage while, at the same time, making the managers manage their department or unit. Thus, using unit performance as a measure of performance is useful for studying the HRM-performance relationship.

In the literature, in order to ensure that HRM impacts performance sufficiently, one of the areas that is currently being emphasised is the implementation of HRM. This is because HRM practices in the public sector are poorly executed. With the limitations of managerial autonomy, it is debated to what extent managers in the public sector can implement strategic HRM practices that push employees to improve performance. Moreover, public sector employees have unique characteristics that distinguish them from the private sector (e.g. motivations to work). Thus, it is argued that this characteristic affects how public sector employees perceive the HRM practices implemented in their workplace.

CHAPTER 3 – HRM IMPLEMENTATION IN THE PUBLIC SECTOR: THE ROLE OF THE LINE MANAGER AND EMPLOYEE PERCEPTION OF HRM

3.1 Introduction

In Chapter 2, it was shown that many works have argued that HRM is essential for improving performance. However, the relationship between HRM and performance in the public sector may be different from that in the private sector because this relationship can be influenced by institutional, organisational and workforce characteristics. There is no doubt that the adoption of NPM in the public sector has paved the way for the public sector to apply private sector HRM techniques. However, previous studies have found that these HRM practices are generally poorly implemented (Beattie & Waterhouse, 2007). The public sector is also known for its constraints on managerial discretion due to the strength of government directives, detailed personnel policy regulations, its highly unionised feature and the heritage of traditional administrative HRM roles that put the managers in a position where they have less space to strategically design and implement HRM for their employees. This situation reflects the importance of looking at HRM implementation, in particular the role of line managers, as they are the key actors who convey HRM practices to the employees. With limited literature on HRM implementation, especially in the public sector (except Vermeeren, 2014), and with the increasing importance of HRM implementation in determining the desired outcome (Guest & Bos-Nehles, 2013), this thesis focuses on HRM implementation in the public sector. Recognising that variation occurs when line managers implement

strategic HRM practices with their subordinates, this thesis proposes looking at line managers' ability, motivation and opportunity as these factors may affect their implementation of strategic HRM.

In Chapter 2, it was found that the public sector workforce has different demographic backgrounds and profiles, and it seems to have different priorities and expectations at work, such as motivation to serve the public. Based on this, they are likely to evaluate and respond to HRM practices differently from private sector workers. The non-profit setting offers a rich area for investigating how employees' HRM perceptions emerge, as their norms, motives, commitment, identity, expectations and the organisation's orientation to HRM in this sector may constrain employees from gaining a shared understanding of the behaviours that are expected in the organisation (Baluch, 2017). Moreover, research on HRM and performance involving public sector employees has generally perceived the public sector as a single group of employees (Brunetto et al., 2011). Public sector employees should not be regarded as a uniform group that responds in only one way to an HRM policy (Brunetto et al., 2011). To ensure that perceptions of HRM are shared across employees, public sector employees must be aware that the features of the HRM system are distinctive, consistent and consensual. This chapter discusses this subject in greater detail.

This chapter highlights (Wright & Nishii, 2013) the process models for SHRM as this model provides greater insight into explaining the HRM-performance relationship. This model distinguishes between intended HR practices (those designed by senior management), actual HR practices (those that are actually applied, usually by line managers), and perceived HR practices (the way in which employees

experience and assess the HR practices applied to them). This thesis applies this model to reflect the connection between the line manager and employee perception of HRM in explaining the HRM-performance chain. The majority of prior research on HRM-performance appears to focus on intended HR practices, mainly designed at the strategic level of the organisation. However, little is known about the actual enactment or implementation of HR practices and employees' perception of them (Safdar, 2011).

This thesis also responds to calls in the literature to study the process of HRM rather than the content of HRM in order to better understand the HRM-performance relationship (Guest, 2011; Paauwe et al., 2013).

3.2 Understanding the HRM-performance relationship: content versus process

Much empirical evidence has shown that SHRM and performance are positively related. Even research undertaken in the public sector has shown a link between strategic HRM and performance (Knies et al., 2015; Messersmith et al., 2011). However, those studies only focused on HRM and performance – two variables that are far from one another in the causal chain, and thus the “causal ordering of the variables integrated in these relationships was not convincing” (Katou & Budhwar, 2010: p. 25). Even the relationships between these variables are often statistically weak, and the results are vague (Paauwe & Boselie, 2005). Thus, in order to overcome this limitation, many HRM scholars emphasise the transmission mechanism through which HRM affects performance, which is referred to as the “black box” (Jiang et al., 2013; Guest, 2011). However, this area of research has not

received much attention and there is limited agreement on this causal mechanism (Jiang et al., 2013; Paauwe et al., 2013). Guest (1997) raised the issue of the HRM-performance relationship theory. He pointed out that:

“if we are to improve our understanding of the impact of HRM on performance, we need a theory about HRM, a theory about performance and a theory about how they are linked” (p. 263).

However, 20 years after Guest first raised this issue in 1997, Guest (2011) again noted such concerns in one of his articles as follows:

“how after 20 years of extensive research we are more knowledgeable but not much wiser, in that we have not been able to explain the demonstrated association between HRM and performance with any conviction, and to outline possible lines for developing research that might provide some answers”(p. 3).

In the same article, he concluded that:

“Many of the basic questions remain the same, and after hundreds of research studies, we are still in no position to assert with any confidence that good HRM has an impact on organisation performance” (p. 11).

Acknowledging the situation described by Guest (1997, 2011), an increasing number of studies have begun to investigate such mechanisms (e.g. Gong et al., 2009; Sun et al., 2007; Takeuchi et al., 2007). These studies have established that various mediating variables may play a role in the HRM-performance relationship. Some researchers have adopted the behavioural perspective by considering the factors influencing employee behaviours (Jiang et al., 2012). Wright and Snell (1998)

suggested that HRM policies improve employee skills and affect employee behaviour, which in turn has an impact on business performance. A study by Ko and Smith-Walter (2013) provided an example of how HRM affects performance through employee behaviour. Their study evaluated the intermediate link between HRM practices and organisational performance in the public sector context, revealing that HRM influences organisational performance through work attitude.

On the other hand, HRM can also operate by enhancing employees' knowledge, skills and abilities, allowing employees to act and motivating them to perform (Combs et al., 2006). A study into Greek manufacturing by Katou and Budhwar (2010) indicated that employee skills, attitudes and behaviour mediate HRM influence on organisational performance. A meta-analysis by Jiang et al. (2012) provided another example of this situation. Drawing upon multiple theoretical perspectives of HRM, such as ability, motivation and opportunity (AMO) theory, the behavioural perspective, human capital theory and resource-based theory, Jiang et al.'s meta-analysis showed that human capital and employee motivation mediate the relationship between HR system, voluntary turnover and operational outcome.

The research on the mediating relationship between HRM and performance has emphasised a single-level perspective: either individual- or organisational-level analysis. The fact that the level of analysis is either at the individual or organisational level, it seems to suggest that there is no variation in HRM practices and employees' reactions within the firm (Wright & Nishii, 2013). The recent trend, however, has been to adopt a multi-level approach to understand how SHRM affects performance (Wright & Nishii, 2013). The purpose of focusing on a multi-level analysis is to bridge the gap between the organisational and individual level of analysis. A multi-

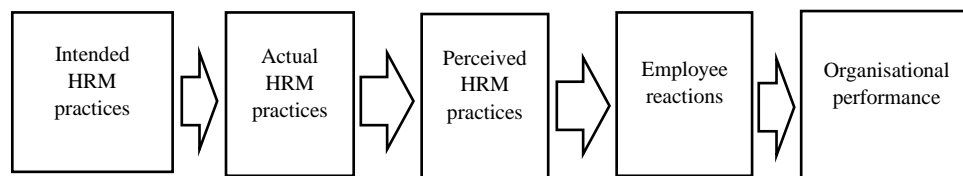
level analysis provides a clearer understanding of the HRM-performance relationship (Snape & Redman, 2010). Several strategic HRM scholars have suggested that the influence of HRM on firm performance is fundamentally a multi-level phenomenon (Lepak et al., 2006; Bowen & Ostroff, 2004). The basic logic behind this idea suggests that HR systems designed at the unit level first need to be experienced by individual employees in order to influence their knowledge, skills, abilities and other characteristics, as well as their work efforts and motivation. Individual employee outcomes, in turn, are aggregated through emergent processes to impact unit-level outcomes (e.g. Nishii & Wright, 2008; Nishii et al., 2008).

The relevance of multi-level analysis to HRM research was stressed by Wright and Boswell (2002). In their review paper, they noted that HRM research has been divided into the strategic (macro) and functional (micro). Macro HRM research has focused on examining the impact of HRM practices at the organisational level, whilst micro HRM research has emphasised the impact of HRM practices on individuals. Looking at this situation, the study suggested intersecting these two research areas so that a positive impact on performance can be obtained.

The process model of SHRM presented by Wright and Nishii (2013) can be applied to explain the micro and macro approaches highlighted by Wright and Boswell (2002) above. The model by Wright and Nishii highlights the variability that is likely to occur within each section of the model. Thus, it can further explain the differences in unit-level performance outcomes. The model explains the chain of a process of linking HRM to performance, which begins with *intended HRM practices*. This is where the formulation of HRM policy at the strategic level begins (e.g. HR department). Later, the intended practices become *actual HRM practice*, where line

managers pass on the intended HRM practices to lower-level management. The actual HRM practices will influence the perceived *HRM practices* (perception by the employees – either positive or negative) and then this perception will affect the *employee reactions* (the employee reaction is illustrated by their behaviour and attitude). Lastly, this reaction will affect *organisational performance*. This process is depicted in detail in Figure 3.1.

Figure 3.1: The process model of linking HRM to performance



(Source: Wright and Nishii (2013))

In highlighting the use of the multi-level approach in explaining the HRM-performance relationship, Bowen and Ostroff (2004) also distinguished two features of the HRM system: content and process. HRM content refers to the intended practices and policies that are developed by the organisation’s strategic objectives and values. On the other hand, the HRM process focuses on understanding the process of “how the HRM system can be designed and administered effectively by defining meta-features of an overall HRM system that can create strong situations in the form of shared meaning about the content that might ultimately lead to organisational performance” (p. 206).

For the past few years, HRM research has been preoccupied with the content, as opposed to the process, of HRM (Cafferkey et al., 2018; Sanders & Yang, 2016).

Scholars in HRM have begun to question the robustness of this content approach and criticised its one-sided approach in connecting the impact of HRM to performance (Sanders et al., 2014). This criticism is based on a one-sided approach that primarily focuses on the HRM content-based approach; thus, it only focuses on developing robust HRM practices and policies so that it can produce the desired organisational outcome. For example, some researchers emphasise the effects of single HR practices like recruitment and selection, training, performance appraisal and team-work on performance, while others place emphasis on the effect of so-called bundles or systems of HR practices, like high-performance work systems (HPWS) or high commitment work systems (HIWS), on performance (Huselid, 1995; Ramsay et al., 2000). Therefore, over the last decade or so, attention has shifted towards the HRM process perspective (Sanders et al., 2014). Ostroff and Bowen (2016) argued that the message from employers with regards to the HRM policy and practices should be delivered unambiguously so that a shared perception of the climate can emerge and build consensus among employees before it improves performance.

Noting the importance of the HRM process approach in examining the HRM-performance links, several scholars have begun to examine the HRM process and demonstrated the validity of the process-based approach in advancing understanding of the HRM-performance relationship (for example, see Frenkel et al., 2012; Li et al., 2011; Nishii et al., 2008; Sanders et al., 2008; Sanders & Yang, 2016). As noted above, the HRM process can be considered to entail the implementation of HRM practices by line managers, employee perception of HRM and the psychological processes through which employees attach meaning to HRM (Bondarouk et al., 2016; Sanders et al., 2014). Furthermore, implemented practices and employee perceptions

must be presented simultaneously in order to achieve performance (Arthur & Boyles, 2007).

Several scholars have highlighted the importance of HRM implementation because until the HR system is properly implemented, a well-designed HR system on paper only might be insufficient to prove that it will positively influence employee, and ultimately organisational, performance. Khilji and Wang (2006) argued that the gap often appears between intended HRM practices and those that are implemented. Their study suggested focusing on actual “implementation” of HRM within the organisations in order to close this gap. Nishii and Wright (2008) argued that variability in HRM implementation often exists at the work unit level. Thus, having consistent implementation of HRM will elicit the desired perception and reactions among employees to HR practices and, in turn, affect performance (Bowen & Ostroff, 2004; Khilji & Wang, 2006). Becker and Huselid (2006) suggested placing HR strategy implementation effectiveness as a primary mediating variable between HR architecture and firm performance.

Several empirical research studies have illustrated the importance of the HRM implementation construct in HRM-performance research. In their multi-year study involving a range of large organisations in the UK, Gratton and Truss (2003) confirmed that HR implementation appears to be essential to successful employee management and thus increasing firm performance. Chow’s (2012) study involving Hong Kong and Taiwan firms operating in China showed that HR implementation is a relevant mediating factor in enhancing the HPWS-performance relationship. Woodrow and Guest’s (2014) study in the National Health Service (NHS) focusing on workplace bullying showed that even if the policy is perceived to be effective, it

can still produce a bad result. In this study, it was shown that bullying cases are still on the rise, even when there is a workplace bullying policy in place. All this empirical evidence reveals that effective implementation is critical to the HR-performance link. In the HRM implementation process, line managers are in charge of actual implementation of the intended HR practices to such a degree that they can influence the attitudes and behaviours of employees, which, in turn, results in individual and organisational performance outcomes (Wright & Nishii, 2013). Although many scholars emphasise the importance of HRM implementation, this issue has been generally neglected in the literature (Guest, 2011; Paauwe et al., 2013; Vermeeren, 2014).

Employees also necessarily play an important role in the HRM implementation process; there is agreement among scholars that HR practices influence organisational performance through their influence on HR-related outcomes, or employee reactions, such as employee attitudes and behaviour (Appelbaum, Bailey, Berg & Kalleberg, 2000; Nishii et al., 2008). However, Bowen and Ostroff (2004) argued that it is not only HRM practice that affects employee reactions, but also how employees perceive these HR practices. Thus, the perception of HRM determines employee attitude and behaviour, which finally results in organisational performance (Kinnie et al., 2005). Referring to Wright and Nishii's (2013) process model, the employee reaction to HR is preceded by the employee perception of HRM. Specifically, employee perception of HRM is likely to be a better predictor of their response than HRM ratings provided by line managers.

Once employees have processed the information regarding the HR practices, they will also have to form an internal strategy on how they will react (Wright &

Nishii, 2013). This reaction will eventually affect their attitude and behaviour, and finally, organisational performance. However, recent HRM studies have empirically shown that employees' reactions to HRM are far less homogeneous than previous studies have assumed (Nishii et al., 2008). Nishii and Wright (2008) introduced the concept of variability within SHRM research, arguing that failing to acknowledge this concept can lead to inaccurate conclusions regarding the HRM-performance relationship. This means that the same HRM content may lead to widely divergent employee reactions because employees may understand the HR practices idiosyncratically; any two employees may interpret the same practices completely differently (Katou et al., 2014). Only when perceptions are shared across employees, or when a strong organisational climate exists, it is expected that employees will develop the desired collective attitude and behaviour that will have a positive effect on organisational performance (Gerhart, 2005; Nishii & Wright, 2008). To enhance the likelihood that employees interpret the message conveyed by HRM in a uniform manner, employees should be able to perceive HRM practices as distinctive, consistent and consensual. In this situation, employees will have a better understanding and "share a common interpretation of what is important and what behaviours are expected and rewarded" (Bowen & Ostroff, 2004: p. 204). Therefore, in this thesis, the examination of the HRM-performance relationship follows the process model of Wright and Nishii (2013). This relationship will be examined by distinguishing the HRM practices implemented by the line manager from employee perception of HRM practices, and this process will be tested based on unit performance. This thesis thus responds to recent calls in the literature to examine the mechanism through which HRM affects performance (Guest, 2011; Paauwe et al.,

2013). In the following few sections, this thesis will discuss and propose: 1) the role of the line manager in HRM implementation, by considering the line manager's ability, motivation and opportunity as essential factors of line manager HRM implementation; 2) employee perception of HRM as a mediator; and 3) employee perception of HRM system strength (distinctiveness, consistency and consensus) as a predictor of employee perception of HRM implementation as well as a moderator of a relationship between employee perception of HRM implementation and unit performance.

3.3 Line manager's role in HRM implementation

Several scholars have argued that the public sector has applied a lesser degree of devolution compared to the private sector (Butterfield et al., 2005). The reason for this might be because the public sector has a high union membership and collective agreements limit the autonomy of decision making by individual managers (Harris et al., 2002). It is also found that in the public sector the primary responsibility for HRM is more likely to be vested in the HR department than line management (Poole & Jenkins, 1997). Hope-Hailey, Gratton, McGovern, Stiles and Truss (1997) found that, despite an overall change in the responsibility and direction of line managers, HR retains responsibility for operational activities such as recruitment and selection. Harris et al. (2002) also argued that the traditional governing principles of functionalism, uniformity and hierarchy still affect attitudes and approaches towards managing staff. The study maintained that there remains significant reluctance to dismantle centralised HR control. Indeed, Parry, Kelliher, Mills and Tyson (2005) argued that there is still a strong emphasis on formal approaches and procedures and

on public services being seen as fair and model employers. Therefore, increasing line manager involvement in HRM is problematic as it clashes with the existing control approaches.

However, the NPM reforms have advocated for a transfer of private sector management techniques to the public sector, including decentralisation or devolvement of HRM activities to line managers (Boon & Verhoest, 2016). Previous research and studies from a variety of regions and with a range of different focuses (for example, Boyne et al., 1999; Hou et al., 2000; Shim, 2001) have observed increasing devolution in the area of HRM in the public sector. In line with the NPM efforts, new thinking on the devolvement of responsibility to the line manager has become more prominent and represents a major shift in traditional thinking about the role of line managers, as well as signalling a strong commitment to increasing the responsiveness of public organisations to changing business environmental circumstances.

The HRM tasks that are usually handled by the HR specialists are now being devolved to the line managers as part of the public sector's attempt to ensure that HRM is more strategic in order to achieve efficiency, effectiveness, and economy in public sector activities (Teo & Rodwell, 2007). This shift expands line managers' responsibilities from concentrating on their operational tasks only, to include HR tasks (Den Hartog et al., 2004; Hall & Torrington, 1998; Kulik & Bainbridge, 2006). The trend for devolving HRM tasks to line managers has become widespread globally (Larsen & Brewster, 2003; Perry & Kulik, 2008; Shim, 2001). The reason for this is because line managers are always responsible for managing people in the workplace or within work units and, at the same time, they are accountable for the

performance of their subordinates (McConville, 2006). Line managers also have more of a direct impact than the HR department on their subordinates' motivation, commitment and the discretionary behaviour within their work units (Poole & Jenkins, 1997; Gilbert et al., 2011). HR policies described in detail by the HR department may only exist on paper (Khilji & Wang, 2006). However, if line managers perform successfully in implementing HRM tasks, the gap between an organisation's intentions with regard to HRM practices and what is implemented at the operational level can be narrowed (Chow, 2012; Khilji & Wang, 2006; Purcell & Kinnie, 2007).

McGuire et al. (2008) noted that the public sector gains benefit by devolving HRM responsibility to line managers. First, this devolvement offers more freedom for the HR specialist to concentrate on other strategic issues that add value to the organisation. Second, it enables closer engagement between HR specialist and line managers and encourages a partnership model towards managing employees. Third, the line managers will appreciate the complexities of dealing with employee issues. Fourth, line managers are more involved in daily management decisions. Lastly, decisions can be made quickly to solve emerging issues and problems.

The literature has acknowledged that line managers play a crucial role in understanding the relationship between HRM and performance since they are responsible for bringing HRM practices to life (Brewster et al., 2013; Gratton & Truss, 2003; Gilbert et al., 2015; Renwick, 2003). Even though the literature emphasises the importance of the line manager's role, the role that line managers play in achieving successful HRM implementation has been generally neglected (Brewster et al., 2013; Gilbert et al., 2011; Guest & Bos-Nehles, 2013). Furthermore,

the majority of HRM studies focusing on line managers have concentrated on a hospital context (e.g. Armstrong-Stassen & Schlosser, 2010; Hutchinson & Purcell, 2010; Kellner et al., 2016; Knies & Leisink, 2014; Leisink & Knies, 2011; Townsend et al., 2012; Woodrow & Guest, 2014). As such, line managers have been “neglected by academics and practitioners” (Hutchinson & Purcell, 2010: p. 357), particularly in the sections of the public sector that are outside healthcare.

Although the practice of transferring HRM functions to the line manager has been emphasised in public sector organisations, the academic literature on public management has long neglected the role of frontline supervisors (Brewer, 2005; Knies & Leisink, 2014). The importance of the line manager in the public sector should therefore be further emphasised. The reason for this is because NPM has an impact on the role of managers in the public sector (Butterfield et al., 2005), especially given that public sector managers are now expected to use their increased power to monitor, assess and measure the performance of HRM to a far greater extent (Brunetto et al., 2011). One implication of the approach that has been adopted in Australia and the UK is that the role and power of public sector managers have expanded significantly to incorporate more functions, such as performance management, monitoring and evaluation, which in turn affects how employees work. Brewer (2005) examined the role of the frontline supervisor in the 22 largest federal agencies and found out that “management matters” and frontline supervisors play a vital role in organisation performance, and supervisory management is an essential determinant of performance in federal agencies.

HR devolution research has shown that line managers are often mainly responsible for operational HR tasks, including recruitment and selection. At times,

line managers influence hiring and firing decisions and conduct assessment interviews with their subordinates. Other areas of responsibility include performance management, training and development (making decisions as to who receives training), work planning, discipline procedures and grievance handling (Groeneveld & Steijn, 2016; Hall & Torrington, 1998; Khilji & Wang, 2006; Kulik & Bainbridge, 2006; Reilly et al., 2007; Renwick, 2003). Line managers who conduct useful performance appraisals, give feedback and offer training will make employees feel that they are supported and encouraged in the organisation. Initial research indicates positive results from line manager involvement in HRM. The way line managers communicate or put the intended HRM practices into practice influences employees' attitudes and behaviours within the work-units (Gilbert et al., 2011; Vermeeren, 2014). Two case studies conducted by Alfes et al. (2013) provide evidence of how line managers implement HRM practices that impact employee attitude and behaviour. Their study involved a total of 1,796 participants in service-sector organisations in the United Kingdom. The study revealed that perceived line manager behaviour is associated with employee engagement and, in turn, employee engagement influences individual performance. Similarly, a case study by Currie and Procter (2001), focusing on line manager involvement in HR in the NHS, found that line managers are critical contributors to strategic change when they are provided with discretion in implementing HRM practices within their workgroups.

As line managers are trying to implement the intended HRM, variability will always occur within the work unit because line managers may differ in how they implement HRM practices across the organisation (e.g. business units and departments) (Nishii & Wright, 2008; Vermeeren, 2014). Researchers have claimed

that the way line managers enact HRM practices differs according to varying levels of competence, motivation and the opportunities of these line managers (Appelbaum et al., 2000; Bos-Nehles et al., 2013; Delery and Shaw, 2001; Gilbert et al., 2011; Harney & Jordan, 2008; Purcell & Hutchinson, 2007; Nishii & Wright, 2008). Thus, they can do the job because they possess the necessary skills, and they will do the job because they are motivated to, they are given sufficient incentives and the work environment provides them with the opportunity to do so. These factors contribute to the effective execution of HRM practices.

However, it can be argued that the way HRM is implemented may be different in the public sector because of the persistent differences in managerial attitudes, behaviour and experiences between public and private managers (Poole et al., 2006). Public managers are known to experience constraints on the discretionary room due to the influence of government control and political oversight (Rainey, 2009; Truss, 2013). Public sector line managers also receive little autonomy because of extensive centrally dictated goals (see, for example, Butterfield et al., 2005; Currie, 1999; Hoque et al., 2004; Knies & Leisink, 2014; Thomas & Dunkerley, 1999). In previous studies, line managers in the public sector have expressed that they lack control over rewards, financial or otherwise, which becomes a major obstacle to being able to get the best from their staff (McConville, 2006). Harris et al. (2002) concluded that devolution is a more complicated process than is commonly assumed. Public sector managers are reluctant to make use of their increased responsibility because they feel ill-prepared or insufficiently supported by management. Heavy workloads are a major obstacle to line managers, who may be pressured to focus on short term priorities and defer implementation of processes due to longer-term outcomes, such

as staff development (Hutchinson & Purcell, 2010). In Butterfield et al.'s (2005) study, the implication of applying the NPM principle was found to be that police sergeants were in less frequent contact with their constables than before, as they were more confined to their desks engaging in "fire-fighting" routine paperwork and maintaining the computer record systems. Another example is that, in the pursuit of more efficient and cost-effective services, the NHS has sought to transform health-care professionals into managers. Hutchinson and Purcell's (2010) research in the NHS revealed that as a result of a heavier workload in ward managers' current clinical duties, the people management work is covered outside regular working hours or is not done at all.

Public managers are also experiencing a particular form of tension in implementing HRM: between the need for change and the continuity of traditional values and systems (McConville, 2006). Thus, without their HR role being clearly outlined, line managers' personal motivation to perform HRM is affected (Bos-Nehles et al., 2013). In terms of line managers' knowledge of HRM, although organisations invest in management development programs, including the development of supervisory abilities, it is suggested that managers lack ability and knowledge of recent developments in HRM (Larsen & Brewster, 2003). Harris et al. (2002) and McConville (2006) outlined their concern that line managers in the public sector have a lack of knowledge, not only in terms of specialist knowledge in HR, but also their level of managerial skills and commitment to handling employment issues. McGuire et al. (2008) even suggested the need for high-quality training programmes for line managers to ensure that they are confident delivering their new HRM responsibilities. Kellner et al.'s (2016) study in an Australian hospital showed

ward managers' HRM abilities to be lacking, while technical and operational abilities were well developed.

Purcell and other colleagues, such as Kinnie, Hutchinson, Rayton and Swart (2003), Hutchinson (2007) and Kinnie (2007) have made a significant contribution by highlighting that both management and leadership components are related to the role of line managers in implementing HRM. The management components include the enactment of specific and formal HRM practices that are the responsibility of the line manager, such as recruitment practices, performance appraisals and training activities. Line managers need well-designed HRM practices to be applied in their daily employee management activities so that they can help motivate and reward employees and deal with performance issues (Purcell & Hutchinson, 2007). On the other hand, the leadership component requires the continual display of a wide variety of leadership behaviours in order to influence employees' attitudes and behaviour. This further provides direction and structure to their daily activities (e.g. providing support to subordinates, consulting subordinates about crucial decisions and recognising valuable contributions). In this regard, leadership can be defined as the traits, abilities and behaviours of a manager or supervisor (Van Wart, 2003). These two components, situated under the heading of "people management", are significant in shaping employee behaviour and attitudes. The two components also act to balance each other because "poorly designed or inadequate policies can be rescued by good management behaviour in the same way as good HRM practices can be negated by poor line managers' behaviour or weak leadership" (Purcell & Hutchinson, 2007: p. 4).

Thus, since employees are likely to be influenced by both their managers' leadership behaviour and by the HRM practices they experience, both components are essential for effective HRM implementation in the organisation (Purcell & Kinnie, 2007). When the components of HRM implementation are further divided into management and leadership, it is possible to consider Wright and Nishii's process model (2013) discussed in the previous section. This thesis conceptualises the role of the line manager in HRM implementation in two ways. First, it can be argued that there is a relationship between a line manager's ability, motivation and opportunity (the leadership component) and the implementation of strategic HRM by the line manager (the management component) within work units. Second, it can be suggested that line managers influence employees' perceptions of HRM practices through their enactment of HR practices, such as recruitment, performance appraisals and training activities. Both components influence employees' perceptions of how they are managed, and this will therefore affect their attitudes and behaviour, both of which are important for effective HRM implementation by line managers in the organisation (Gilbert et al., 2011).

3.4 How the line manager's ability, motivation and opportunity affects the implementation of strategic HRM practices

The ability, motivation and opportunity (AMO) framework has been broadly accepted in HRM literature to explain the link between HRM and performance (Boselie et al., 2005; Janssens & Steyaert, 2009; Paauwe & Boselie, 2005). Boxall et al. (2016) stated that the "AMO model is central to the performance stream" (p. 109). Many articles that have explored the HRM-performance linkage use this theoretical

framework, either implicitly or explicitly (Boselie et al., 2005; Ehrnrooth & Bjorkman, 2012; Hutchinson, 2013; Paauwe & Boselie, 2005). In the HRM discipline, AMO theory has been extensively adopted in the high-performance stream to guide the choice of HRM practices in order to influence individual performance outcomes. The AMO model of HRM suggests that employee performance is related to three main components: the employees' ability, motivation and opportunity to perform. Jiang et al.'s (2012) study showed that the AMO framework guides the organisation to choose the relevant HRM practices based on the AMO dimensions in order to predict employee performance. Their meta-analysis demonstrated that HRM practices designed to improve employees' abilities, motivations and opportunities affected the human capital and employee motivation. This in turn improves turnover, and operational and financial outcomes.

While the AMO framework has been utilised extensively to explain employee performance, several authors have also explored it from the managerial perspective (Bos-Nehles et al., 2013; Gilbert et al., 2015). The line manager's ability, motivation and opportunity (AMO) is being given less attention in the implementation of HRM, however, especially in the public sector (Evans, 2016; Knies & Leisink, 2014).

In the context of line managers, Bos-Nehles et al. (2013) defined ability, motivation and opportunity as follows: ability – "HRM-related competencies necessary to successfully implement HRM practices on the work floor" (p. 864); motivation – "desire and willingness to perform HRM tasks" (p. 865); and opportunity – "environmental or contextual mechanisms that enable action, where the work environment provides the necessary support and avenues for expression" (p. 865).

Several scholars have applied the AMO framework to line managers in order to study the HRM-performance relationship. Harney and Jordan (2008) proposed the “people-performance framework” (Purcell et al., 2003) by applying the AMO framework to line managers to study the impact on HRM-performance relationships in a call centre context. This framework highlights that AMO for line managers is one of the components of the people-performance framework that is linked to performance. In a study involving a survey of 160 front line managers in the Netherlands and the support activities they carried out among older workers, Leisink and Knies (2011) found that the ability to coach, willingness to use their abilities and opportunities they received influenced the level of support provided to the older workers.

Larsen and Brewster (2003) summarised the factors that influence line managers to not assume HRM responsibility. These factors included lack of time, lack of ability, ignorance of recent developments in HRM, lack of organisational or longer-term view of HRM topics, and poor policy-making in the HRM areas. Nehles et al. (2006) grouped the above problems into competence, desire, capacity, support, policy and procedure factors. They examined these factors alongside line managers’ HRM implementation effectiveness. In their study, Bos-Nehles et al. (2013) employed data from 74 different departments of a Dutch international naval defence company and a national construction company to empirically test the ability (A), motivation (M) and opportunity (O) factors in order to examine the factors that drive line managers to implement HRM practices. Bos-Nehles et al. (2013) made a valuable contribution by grouping Nehles et al.’s (2006) five devolution factors under the AMO rubrics and applying this to explain factors that impact line managers’

HRM implementation effectiveness. They found that line managers' ability (assisted by training) to carry out their HRM responsibilities has a direct relationship with their subordinates' assessments of their HRM implementation performance. The line managers' opportunities then strengthen their ability, but motivation generally has a negative effect on the way employees perceive the managers' HRM performance. More recently, Gilbert et al.'s (2015) study in five organisations in Belgium introduced line managers' AMO to perform the HR role as mediating variables between line manager perception of a strong HRM process and effective HRM implementation. Their study revealed a positive main effect of perceived ability on subordinates' perceptions of HRM implementation effectiveness. While Bos-Nehles et al. (2013) and Gilbert et al. (2015) tested the AMO model in the private sector, it is essential to note that the AMO framework varies from one context to another (Blumberg & Pringle, 1982; Kellner et al., 2016).

Therefore, study of the line manager's AMO in the public sector is essential in helping public organisations to explain the line manager's performance in effectively assuming HRM responsibilities. Knies and Leisink's (2014) study in the Dutch police force and an academic medical centre established that middle managers in these organisations tend to feel that they have insufficient discretionary room. This insufficient discretionary room affects the supervisory support the manager can offer to employees. These factors in turn might influence public sector managers to decide on the implementation of certain HRM practices (Hutchinson & Purcell, 2010). Although they included the ability and motivation of the line manager as antecedents to supervisory support, this study did not specifically focus on HRM implementation.

Thus, line manager AMO has not been tested in much detail in the public sector context.

3.5 Employee perception of HRM practices as a mediator

The HRM process is incomplete if we only focus on the implementation portion to improve performance. HR processes are operationalised not only as implementing HRM practices, mainly through the line managers, but also as a set of initiatives focusing on communicating HRM to the employees (Cafferkey et al., 2018; Delmotte et al., 2012). Even if line managers introduce many innovative HR practices to increase firm performance, this will not achieve its goal unless the employees perceive such HR practices as an effective way to increase their skills and motivation. This situation with employees will be even more important in the public sector as their specific characteristics and experiences are different from those in other sectors, and therefore it is possible that they will regard HRM practices differently.

Wright and Boswell (2002) argued that “any research attempting to demonstrate a relationship between HRM and firm performance stands on firmer grounds when assessing the actual practices rather than the intended policies” (p. 264). Various empirical evidence in the research supports the argument that individual employee perception leads to employee attitude and behaviour. Kehoe and Wright’s (2013) study, involving surveys of employees at a large multi-unit foodservice organisation, found that the employees’ collective perception was related to their attitude and behavioural outcomes. Alfes et al.’s (2013) study in service-

sector organisations in the United Kingdom provided evidence that employee perceptions are positively related to levels of employee engagement.

Leaders or managers influence employee perception of HRM practices, mainly through their role as implementers of organisational policies and practices (Nishii & Wright, 2008). The employees who experience and receive HRM practices and policies from the line managers may react accordingly, which will affect their behaviour and attitude. In turn, this affects the performance of their work unit. This situation is similar to Wright and Nishii's (2013) study, which found that employees' reaction to HRM is affected by how employees perceive the HR practices implemented by line managers.

Previous empirical studies have generally adopted a managerial perspective to find managers' opinions of the use of HRM policies and practices in the organisation, based on the assumption that what is reported by managers will be consistent with employees' perceptions (Jiang et al., 2013). However, Liao et al.'s (2009) study, which used data from a national bank in Japan, reported that the managerial ratings of the HPWS are significantly higher than employees' ratings. Thus, the misalignment that occurs between manager and employee-rated HR practices can affect HR outcomes (Liao et al., 2009; Nishii et al., 2008). This misalignment suggests that employees do not have a clear perception of HR policies and practices; consequently, these practices have less impact on employees' attitudes and behaviours. This implies that there is a discrepancy between HRM implementation perceived by the line manager and HRM implementation perceived by employees, which is explained by the differential meanings imposed on these

practices by employees with regard to what is valued, expected and rewarded (Ostroff & Bowen, 2016; Nishii et al., 2008).

HRM-performance research is historically dominated by single-level studies (Peccei & Van De Voorde, 2016). Research that focus either on the unit level or the individual level limit the general understanding of the connection between HRM and performance. Some scholars have argued that the nature of HRM is multi-level (Jiang et al., 2013; Lepak et al., 2006; Ostroff & Bowen, 2000; Shen et al., 2018). The rationale for this is that HRM policies and practices developed by policymakers need to first be experienced by individual employees in order to affect their attitudes, behaviours and actions. This individual outcome will then impact unit-level outcomes (Nishii & Wright, 2008; Nishii et al., 2008). The emphasis on multi-level research has attracted several scholars to investigate employee perception as a mediation mechanism between HRM and performance (Aryee et al., 2012; Den Hartog et al., 2013; Liao et al., 2009; Vermeeren, 2014). Studies have found that HRM can influence employees, but only a few have considered the mediating effects of employee perception on the HR-performance relationship (Choi, 2017). Scholars such as Aryee et al. (2012), Den Hartog et al. (2013) and Liao et al. (2009), who have examined employee perception of HRM practices as a mediator between HRM perceived by the manager and performance, focused simply on the individual level variable, such as employee attitudes and behaviours as the final outcomes. Only in Vermeeren's study was manager's perception of unit performance used as the outcome. However, in her study, the intraclass correlation (ICC) of 0.077 showed that only a 7.7% variance of employees perceived HRM at the work unit level, which is low (see Byrne, 2012). This low ICC is likely to reflect a small clustering effect

with significant individual variability within the groups (Hirschmann & Swoboda, 2017). The reason for the small ICC is probably because the study took place in a single organisation. This limits the capacity to capture more groups that may have less individual variability. Therefore, in order to gain more significant individual variability, it is essential to test employee perception as a mediator in more than one organisation.

3.6 HRM system strength features as a moderator and predictor

In the previous section, it was explained that knowledge of employee perception is vital for understanding the HRM-performance relationship. However, the employee perception of HRM mentioned in the previous section is not similar to the employee attribution of HRM. The difference is that employees may share the belief that HRM practices exist in the organisation, but they may disagree on the design of the HRM practice in the first place (Shantz et al., 2016).

Supporters of the process-based approach have highlighted the importance of psychological factors, noting that “HR practices communicate messages constantly and in unintended ways, and messages can be understood idiosyncratically, whereby two employees interpret the same practices differently” (Bowen & Ostroff, 2004: p. 206). This situation may occur because there is a difference in personal experiences and unique preferences (Bowen & Ostroff, 2004; Den Hartog et al., 2004). If the understanding of the HRM system is not shared among employees, employees’ shared perceptions may be weak and, as a result, the specific purpose intended by employers may not be appropriately achieved (Nishii et al., 2008). Kinnie et al.’s (2005) empirical evidence suggested that there is within-person variability in how

employees view individual HRM practices. Nishii et al.'s (2008) study also revealed that employee reaction to HRM is far less homogenous than was assumed in previous studies and it also varies among employees within the same organisation. Numerous scholars have also discussed that HR policies are not always understood by the employees as intended by the organisation (e.g. Guest, 2011; Kuvaas & Dysvik, 2010; Liao et al., 2009; Sanders & Yang, 2016).

Guest (1999) argued that “workers like their experience of HRM. The more HRM practices they are currently experiencing in their employment, the more satisfied they seem to be and the better their psychological contract” (p. 23). The satisfaction of the employees with regard to specific HRM policies and practices in their work context affects the employees’ attitudes and behaviour (Bowen & Ostroff, 2004).

In public sector organisations, it is assumed that organisational goals will be similar to employees’ personal goals of serving the public. Hence, striving for the achievement of public value should be a desirable performance outcome in the public sector. It can be argued that under the NPM principles, the usage of private HRM practices emphasising efficient working practices, such as a performance management system, might not be suitable for the public sector employment characteristics that emphasise the well-being of workers (Gould-Williams, 2016). Employees might argue that the usage of performance is a way to exploit them in order to achieve organisational objectives (e.g. cost reduction) or they may express concern about their well-being. Baluch (2017) noted that non-profit employees are also likely to make negative attributions to their employer when they experience the cost-minimisation approach to HRM. Several studies have recognised HRM

outcomes as a reduced level of satisfaction among public sector workers about as a result of numerous HRM policy selections (Ackroyd et al., 2007; Gould-Williams, 2004). As employees attach various meanings to HR practices and the rationale behind them (e.g. enhancing service quality and employee wellbeing versus cost reduction and exploiting employees), they modify their attitudes and behavioural responses accordingly.

Many researchers have suggested focusing on the attribution theories in examining the so-called 'black box' between HRM and performance (Hewett et al., 2018). Three main theories are related to the HR attribution concept – HR system strength theory, functional human resource attribution and HR attributions theory. This thesis is interested in exploring HR system strength because this concept is suitable for explaining variability in how individuals respond to HRM practices (Hewett et al., 2018).

Many studies have focused solely on employee perception of HRM practices (e.g. Beletskiy, 2011; Gong et al., 2009; Kehoe & Wright, 2013; Messersmith et al., 2011; Strumpf et al., 2010; Sun et al., 2007; Takeuchi et al., 2009) without considering the employee attribution process. Scholars who have focused on employee perception as a mediator have also failed to consider this critical construct. Den Hartog et al. (2013) suggested that communication plays a moderating role in improving the path from manager-rated HRM to perceived unit performance via employee-rated HRM. They concluded that high quality communication from the manager about HRM practices and policies led to the greater alignment of manager-rated HRM and employee-rated HRM, which in turn positively affects the employee outcome. Vermeeren (2014) focused on employee perception as a mediator and

found that leadership style contributed positively to HRM implementation. She concluded that a transformational leader who implements more commitment-oriented HR practices to the employees will eventually improve employee perception and this, in turn, leads to performance.

Den Hartog et al. (2013) and Vermeeren's (2014) studies contribute to the managerial perspective; they found manager's quality communication and leadership style to be a contributor to effective implementation. Effective implementation will eventually positively affect the employee perception of HRM practices. However, it can be argued that even though the line manager may clearly communicate HRM practices to the employees, or a leader who is transformative may adopt more commitment-oriented HRM practices to their subordinates, this will not explain the process of how employees perceive HRM that shapes their responses, which in turn affects their unit's outcomes.

The studies highlighted above neglect the critical point that employees are likely to differ in how they experience and interpret the HR practices, thereby reflecting variance in employee perceptions of HRM practice, and these differences are associated with the attitudinal and behavioural reactions of the employees (Nishii & Wright, 2008). Such an approach (i.e. Den Hartog et al., 2013; Vermeeren, 2014) also implicitly assumes that all employees experience the same circumstances and it fails to capture the variability in employees' experience of HRM practices when examining the HR-performance relationship (Nishii & Wright, 2008).

Employees in the organisation need relevant and sufficient information about certain HRM practices implemented in the organisation so they are able to make sense of it (Nishii et al., 2008). Ostroff and Bowen (2016) further argued that the goal

of HRM practices is to create a familiar context for employees and generate shared meaning by sending coherent signals. When perceptions are shared across employees, or when a strong organisational climate exists, only then will the employees develop the desired collective attitude and behaviour and this will have a positive effect on organisational performance (Ostroff & Bowen, 2016). Bowen and Ostroff (2004) asserted that “in a strong situation, employees developed a shared interpretation of the organisation’s policies, procedures and goals and developed shared perceptions about what behaviours are expected and rewarded in the organisation” (p. 207). The reason for this is that strong situations offer clear interpretations; they are likely to limit the range of individual reactions and make them more homogeneous, thereby producing low variability in the employee perceptions of certain HRM practices and policies. The low variability then may affect how the employees interpret the actual HRM practices implemented.

On the other hand, in delicate situations, employees experience a high degree of ambiguity regarding what the appropriate responses should be. This is because, in weak situations, individuals do not perceive events in the same way, and accordingly they do not develop uniform expectations about the most appropriate responses, which leads to high variability in employees’ perceptions of HRM practices and policies in place (Dello Russo et al., 2018; Katou et al., 2014).

The HRM system strength concept suggests that the relationship between HR and performance cannot be demonstrated “unless the practice is salient across employees so that they collectively come to know what the practice is and develop a shared understanding of the practices and their foci” (Ostroff & Bowen, 2016: p.

197). Although the concept of HR system strength is crucial, it is often overlooked in the literature (Dello Russo et al., 2018).

HRM system strength is based on attribution theory. Kelley (1973) highlighted attribution theory and defined it as:

“Attribution theory is a theory about how people make causal explanations, about how they answer questions beginning with why? It deals with the information they use in making causal inferences, and with that they do with this information to answer causal questions.” (p. 107).

The attributions that a person develops form the basis of decisions about how to act, which subsequently affects his/her behaviour (Kelley, 1973). Kelley further explained how an individual processes the information to make an attribution. One of the principles introduced by Kelley is the covariation principle. This suggests that an individual tries to understand the cause of situations by taking into consideration relevant information related to the distinctiveness, consistency and consensus of that particular situation.

Drawing on Kelley’s covariation concepts, Bowen and Ostroff (2004) introduced the concept of HRM system strength, which comprises nine meta-features grouped into distinctiveness, consistency and consensus, which together signify a strong HR system. The distinctiveness of HRM practices is conceptualised as a function of its visibility – the level to which employees have unambiguous ideas about which HRM practices are offered; understandability – the level to which the content and functioning of HRM practices is certain; legitimacy of authority – the level to which the HR function is perceived as being highly accepted and credible; and relevance – the degree to which HRM practices are perceived as beneficial,

supportive and relevant. The consistency dimension entails three subcategories: instrumentality – the degree to which the HRM practices positively influence the level of employee motivation, competence and opportunity and are accordingly able to navigate the behaviour of employees in the desired direction; validity – the level of consistency between what HR practices are intended to do and what they actually do; and consistency of HRM messages – the degree of internal continuity, stability and consistency of HRM practices. Consensus in employee perception of the HRM system includes the agreement among principal HRM decision-makers – the degree to which policymakers share the same goals with regard to the design and implementation of HRM practices; and fairness of the HRM system – the degree to which HRM practices abide by the principles of distributive, procedural and interactional justice (Delmotte et al., 2012; Piening et al., 2014).

Bowen and Ostroff's (2004) conceptual work was based on the assumption that the HRM-performance link is subjected to the strength of the HR system in place. This allows employees to form a shared sense of the behaviours that are expected, supported and rewarded by management. Accordingly, the effective implementation of an HR system depends on employees' perceptions of the HRM system's distinctiveness, consistency and consensus. To relate this to the employees in the organisation, they uniformly interpret the message if they perceive HRM as distinctive, consistent and consensual (Bowen & Ostroff, 2004; Ostroff & Bowen, 2016).

In illustrating the importance of HRM system strength, several scholars have applied this principle to their research. Sanders et al.'s (2008) survey in four Dutch hospitals showed that when the employees perceive the HRM system as more

distinctive and consistent, they are positively related to affective commitment. Li et al. (2011) replicated Sanders et al.'s (2008) study, conducting a survey in three Chinese hotels and revealing that the distinctiveness of an HRM system is found to be related to the three employee work attitudes. Li et al.'s (2011) results were similar to those of Sanders et al. (2008), showing that distinctiveness positively relates to employee outcomes. However, these two studies also showed differences, whereby consistency is more prevalent in the Netherlands, while the consensus component is vital in China. Cafferkey et al.'s (2018) study in Malaysia found that employee perception of the HRM system as distinctive, consistent and consensual affects their affective commitment.

Apart from becoming the important predictor of HRM outcomes, the features of distinctiveness, consistency and consensus can also determine the strength of a situation. Thus, it is argued that perceived HR practices shape desired employee reactions in stronger situations compared to weaker situations (Katou et al., 2014). It is therefore supported that these features may moderate the relationship between perceived HR practices and employee reactions. Several authors have explored the HRM system strength as a moderator of the relationship between individual perceptions and individual outcomes (Hewett et al., 2018). Recently, Hewett et al. (2018) reviewed papers in HRM research informed by attribution theories and they found that the majority of the research neglects the role of HR system strength as a moderator (e.g. Aksoy & Bayazit, 2014; De Winne et al., 2013; Delmotte et al., 2012; Frenkel et al., 2012; Gilbert et al., 2015; Guerci & Pedrini, 2014; Guest & Conway, 2011; Hauff et al., 2017; Li et al., 2011; Liden & Mitchell, 1985; Marchington et al., 2011; Pereira & Gomes, 2012; Sanders et al., 2008).

Nevertheless, scholars have explored the role of HR system strength as a moderator (for example, Bednall et al., 2014; Chen et al., 2007; Dello Russo et al., 2018; Katou et al., 2014; Sanders & Yang, 2016), where the moderator was tested considering the relationship between individual HRM perceptions and individual outcomes. There are a few research studies that have tested HR system strength as a moderator with the final outcome at the unit level (Hewett et al., 2018). Also, little is known about the interaction of HRM strength and individual perception (Dello Russo et al., 2018; Ostroff & Bowen, 2016).

Multi-level research on the meta-features of HRM system strength (distinctiveness, consistency and consensus) is mostly neglected in the literature (Hewett et al., 2018). Katou et al.'s (2014) study, which took place in Greek public and private sector organisations, is the only work to measure HRM system strength following Bowen and Ostroff's (2004) HRM system strength features. However, their study was based on a score drawn from the average perception of HRM system strength as a whole. Furthermore, they aggregated individual perception of HRM system strength to the organisational level. Data aggregation is problematic because it ignores individual differences within units (Peccei & Van De Voorde, 2016; Shen et al., 2018).

3.7 Conclusion

This chapter discussed the mechanism through which HRM affects performance. This situation led to a discussion of the process model by Wright and Nishii (2013), whereby the distinction between intended, actual and perceived HRM was discussed. This process model is essential because it outlines how the HRM-

performance relationship is studied in this thesis. Central attention was given to the role of the line manager in HRM implementation, the employees' perception of HRM and how employees interpret HRM practices. It is important to focus on HRM implementation because the line manager in the public sector has limited authority to develop and implement strategic HRM practices to their employees. As public sector employees are different from their counterparts in terms of their characteristics, their perceptions of HRM practices may also differ.

As variability exists in how line managers implement HRM, the chapter highlighted that the line manager's ability, motivation and opportunity are essential factors in the line manager's implementation of strategic HRM practices. Public sector managers have been recognised in the literature as having fewer abilities, being unmotivated and lacking opportunities to deliver HRM practices. Thus, it is crucial to study these factors in the public sector context. By introducing these factors, this thesis has drawn a distinction between the management component (the implementation of HRM practices) and the leadership component (line manager's ability, motivation and opportunity) in HRM implementation.

As well as understanding the role of the line manager in HRM implementation, it is also essential to consider the employee perception of HRM in response to line managers' implementation of HRM. The reason for this is that employee attitude and behaviour are influenced by their perception of HRM, rather than the actual implementation reported by line managers. Their perception of HRM will affect their behaviour and attitude, which in turn will affect unit performance. Based on this argument, employee perception of HRM is proposed to be a mediator in the HRM-performance relationship.

Lastly, this chapter not only emphasised employee perception of HRM practices per se, but also the importance of how employees interpret HRM practices. This is necessary because the way employees perceive HRM practices differs. As public sector employees have different motives for their jobs, such as motivation to serve the people, there is a tendency for the way they perceive HR to not be shared across employees. Bowen and Ostroff (2004) proposed that employees will perceive HRM practices similarly if they consider HRM practices to be distinctive, consistent and consensual. Apart from suggesting that these features as a predictor of a HRM outcome, it may also determine the strength of the situation. Thus, it is suggested that the HR system strength features – distinctiveness, consistency and consensus – should also be used as a moderator in the HRM-performance relationship.

CHAPTER 4 – RESEARCH HYPOTHESES AND THEORETICAL FRAMEWORK

4.1 Introduction

In Chapter 2, it was noted that NPM has given way to a public sector organisation focus on performance. Continuous effort has attracted public sector organisations to employ strategic HRM as part of their effort to manage people to achieve performance. Much empirical research conducted in the private sector has found that HRM has a significant influence on performance. However, given the nature of the public sector, the centralised structure and the characteristics of public sector employees, it is expected that HRM and performance in the public sector will be different from the private sector. In focusing on the HRM-performance relationship in the public sector, there is limited emphasis on HRM implementation, as HRM practices in the public sector have been poorly implemented. In the literature, it was found that the HRM implementation responsibilities rest on the line manager. The role of the line manager is crucial since it shapes the perception of the employees. However, given that the public sector is known for its constraints on managerial autonomy, the implementation of strategic HRM practices by line managers may be limited.

In Chapter 3, the literature recognised the importance of the mechanism through which HRM affects performance. The process model by Wright and Nishii (2013) was presented to explain how HRM affects performance. The model begins with intended HRM practices, which are formulated at the strategic level (e.g. HR department). Later, the intended practices become actual HRM practice (line

manager allocates the intended HRM practices to the lower level management). The actual HRM practices will then influence the perceived HRM practices (employees' positive or negative perception), and then perception affects the employee reactions (the employee reacts by exhibiting appropriate behaviour and attitude). Lastly, this reaction will affect organisational performance. Since the 'intended' HR practices may differ from 'actual' HR practices implemented by line managers, which in turn may differ from 'perceived' HR practices, that is, HR practices as they are perceived by employees, it is crucial to focus on the process approach by studying line managers, as the implementers of HRM, and employees, so as to understand the HRM-performance relationship.

Although the line managers are trying to implement the intended HRM, variability occurs within the work unit because line managers may differ in how they implement HRM practices across the organisation (e.g. business units and departments) (Nishii & Wright, 2008; Vermeeren, 2014). As researchers have claimed that the way line managers enact HRM practices differs according to the level of competency, motivation and opportunity of these line managers, it is relevant to extend these factors to the public sector. In the public sector, it has been recognised that the line managers have limited opportunities to perform HRM tasks, and they lack personal motivation and the ability to perform HRM. Thus, these factors, if addressed correctly, are likely to influence the line manager to implement strategic HRM practices in the public sector.

Alongside the line manager, the employees themselves are also important in improving performance since their perception of HRM affects their attitude and behaviour. In particular, public sector employees – who have unique workforce

characteristics – may also have different perceptions of HRM practices. Other workforce characteristics, such as motivation to serve the public, may also limit employees from obtaining a shared sense of the behaviours that are expected by the organisation. For this reason, it can be argued that public sector employees are expected to prioritise HR practices differently, which varies their responses to HRM practices. A shared perception can only be achieved when employees perceive HRM practices as distinctive, consistent and consensual.

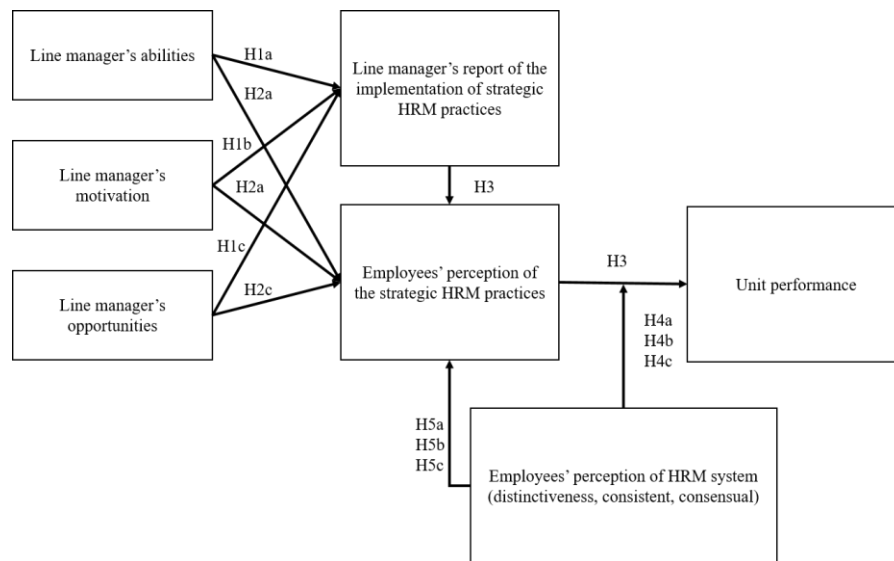
NPM develops a focus on improving public sector performance by encouraging the government to establish results-oriented performance measures. Since the establishment of these reforms, public organisations have developed performance measurement systems to encourage and apply performance information in response to such reforms. As NPM has broadened the role of line management in a similar way to that found in the private sector, with increased responsibility for managing people and performance (Butterfield et al., 2005), line managers apply a performance measurement system to monitor and evaluate their unit or departmental performance. The systems of performance information and monitoring have permitted line managers to be more proactive, to deal with planning activities and have more control over the staff in their unit (Butterfield et al., 2005). Therefore, it is relevant for this thesis to use unit performance as a measurement of performance.

The hypotheses that have been developed have emerged from both the public sector and the HRM literature. It is essential to examine the theoretical framework in the public sector context because public organisations are coming under increased pressure to provide citizens and service users with efficient and effective services, along with demonstrating value for money. As this sector is typically characterised

as labour-intensive, the performance of public sector workers is important to the delivery of services. Hence, it is necessary to ensure that all strategic HRM practices are appropriately implemented so that the public money used for developing the public sector workforce does not go to waste. Most of the research of this type has taken place in the developed world. Thus, it is relevant to examine the SHRM-performance relationship in the developing world where there are relatively fewer research studies.

Building on the review of the literature examining HRM and performance in the public sector (Chapter 2) and the role of the line manager and employee perception of HRM implementation (Chapter 3), this chapter proposes a theoretical framework to explain the mechanism influencing the effect of HRM on performance. The chapter builds on this theoretical framework to propose a series of hypotheses designed to examine the role of the line manager's ability, motivation and opportunity, employee perceptions of HRM and how employee perceive HRM in explaining the implementation of strategic HRM in a public sector context. The theoretical framework and hypotheses are outlined in Figure 4.1:

Figure 4.1: Theoretical framework and hypotheses



In this theoretical framework, the thesis uses unit performance (as reported by line managers) as the primary outcome variable. The unit performance can also be measured using objective measures, but a large body of literature has considered self-report performance measures. Some studies applied self-report in their research, and this aligns quite well with objective measures (see Guest et al., 2003). Based on the theoretical framework presented above, the following few sections will discuss the proposed hypotheses in greater detail.

4.2 The role of line managers' ability, motivation and opportunity in explaining the implementation of strategic HRM

The HR devolution literature has emphasised the importance of line managers in enacting HR policies (Harney & Jordan, 2008). The role of the line manager has gained recognition as being critical to the success or failure of HRM policy, practice and process implementation (Kellner et al., 2016).

As more HR tasks have been devolved to line managers, researchers have highlighted various ways that line managers can perform poorly in implementing HRM practices (Bos-Nehles et al., 2013; Larsen & Brewster, 2003). For example, line managers might avoid taking responsibility, they may lack sufficient time to deal with HR tasks, they may lack the ability to handle HR issues properly, they are often ignorant about recent developments in HRM, they may not want to adopt a long-term view of HR, and they may be poor at policy decisions in this area. Nehles et al. (2006) discussed five factors that hinder line manager and HRM implementation effectiveness. According to the interviews conducted in their study, HRM implementation will be unsuccessful if line managers lack the desire, capacity, competency or support from the HR department, or if they are unclear on HR policy and procedures.

The factors highlighted above can be summarised using the AMO framework (Bos-Nehles et al., 2013). Given that the AMO framework is rarely applied to line managers (Knies & Leisink, 2014), it is necessary to consider the AMO framework from the line manager point of view. It can be suggested that in order to ensure that line managers perform HR tasks effectively, they must have the ability to do the job, they should be motivated to do the job because they want to, and they must be given the appropriate opportunity to do the job.

In terms of a line manager's ability to implement HRM practices, Bos-Nehles et al.'s (2013) study found that a line manager's ability is the primary predictor of their HRM implementation effectiveness. Similarly, Gilbert et al.'s (2015) study noted that the line manager's perception of ability is positively related to HRM implementation effectiveness.

With regard to line managers' motivations for implementing HRM, incentives that have often been linked to employees' work performance, such as employment security, promotion opportunities and performance-based pay, are not found to be successful motivators for line managers. A study by McGovern et al. (1997) suggested that personal motivation related to HRM activities is more influential than other sources of motivation for line managers, such as company values, promotion opportunities or performance targets. Bos-Nehles et al. (2013) similarly suggested that personal motivation to perform HRM tasks should be inherent in line managers.

To perform HRM well, line managers must also have adequate opportunity to do so. In arguing for the importance of "opportunity", Blumberg and Pringle (1982) noted that individual performance is situated in a context. They summarised the reasoning for the AMO framework by pointing out that "individual attributes have a huge impact, but even the most able and motivated people cannot perform well if they lack 'the tools to finish the job' or work in an unsupportive social environment" (Boxall & Purcell, 2008: p. 173). Knies and Leisink's (2014) study in the public sector in the Netherlands found that discretionary room given to middle managers has an indirect effect on supervisory support. Knies and Leisink's (2014) study can be related to the importance of emphasising line managers' opportunities in HRM implementation.

There are several points that should be considered in order to extend the AMO framework to public sector line managers. First, public sector managers are known to experience constraints in terms of the discretion they are given (Knies & Leisink, 2014) and a lack of time to focus on HR tasks because of their heavy workloads.

Second, public sector managers experience a particular tension in implementing HRM, between the need for change and the continuity of traditional values and systems, which affects their personal motivation to perform HRM (Bos-Nehles et al., 2013). Third, public sector managers lack the abilities and knowledge related to recent developments in HRM (Larsen & Brewster, 2003). These factors may impact the line manager's implementation of strategic HRM practices in the public sector.

It is crucial to consider the implementation of strategic HRM practices, both in terms of the line manager's perception and the employees' perception of the strategic HRM practices that have been implemented in the unit. The reason for this is to avoid single-source bias. When research studies neglect either of these constructs, they risk underestimating or overestimating one construct over the other. In this regard, Nishii et al. (2008) proposed that studies should consider both the manager and the employees' perceptions of HRM. Evidence has also shown a gap between actual and perceived practices, as well as differences between managers and employees' reports of HR practices implemented by line managers (Edgar & Geare, 2005; Nishii et al., 2008).

The first set of hypotheses examined in this thesis considers the relationship between the line manager's ability, motivation and opportunity (as perceived by the line managers themselves), and perceived HRM implementation from the perspective of both line managers and employees. Hypotheses 1a, 1b and 1c below rely on single-source reports based only on the line manager; as such they are open to single-source bias. Therefore, Hypotheses 2a, 2b and 2c are also proposed in order to provide more reliable estimates of this relationship. This leads to six separate hypotheses as follows:

Hypothesis 1a: There is a positive relationship between line manager ability and line manager reports of the implementation of strategic HRM practices.

Hypothesis 1b: There is a positive relationship between line manager motivation and line manager reports of the implementation of strategic HRM practices.

Hypothesis 1c: There is a positive relationship between line manager opportunity and line manager reports of the implementation of strategic HRM practices.

Hypothesis 2a: There is a positive relationship between line manager ability and employee perception of the implementation of strategic HRM practices.

Hypothesis 2b: There is a positive relationship between line manager motivation and employee perception of the implementation of strategic HRM practices.

Hypothesis 2c: There is a positive relationship between line manager opportunity and employee perception of the implementation of strategic HRM practices.

4.3 Employee perception of HRM as a mediator of the relationship between HRM and performance

A substantial body of research in HRM has examined the relationship between HRM and performance (Huselid, 1995; Liao et al., 2009; Sun et al., 2007). In linking HRM and performance, one of the critical issues to understand is the

mediating mechanisms or processes through which HRM influences firm performance (Batt, 2002; Boxall, 2012; Jiang et al., 2013). Individual-level mechanisms are considered to be necessary. Therefore, one of the ways in which HRM practices are likely to affect firm performance is through their impact on employees, assuming that employees are motivated to behave in line with organisational goals. High-performance HRM practices are assumed to increase employee motivation and performance and, in turn, these motivate employees to improve organisation performance. Several scholars have stressed the importance of employee attitude and behaviour in converting HRM practices into performance (Den Hartog et al., 2013; Nishii & Wright, 2008; Ramsay et al., 2000). A few studies have supported the claim that high-performance HRM practices work directly through employee attitudes and behaviour, such as job satisfaction, affective commitment (Gong et al., 2009; Takeuchi et al., 2009), service-oriented citizenship behaviour (Sun et al., 2007) and social exchange (Takeuchi et al., 2007). In line with the more central role of employees, several authors have emphasised the need to include employee perceptions in HRM-performance studies (Guest, 1999; Nishii & Wright, 2008).

Within units, it is predicted that a positive individual-level relationship is expected between employees' perception of HRM practices and outcomes, such as perceived unit performance (Den-Hartog et al., 2013). This is similar to Takeuchi et al. (2009), who argued that shared climate perceptions in work units develop in part due to the social and structural stimuli that all members of the same unit are exposed to (e.g. unit norms, HR practices, leadership). To date, however, research has produced only limited insights into the influence of employee perceptions of HRM

on performance outcomes measured at the unit and organisational levels (Aryee et al., 2012; Vermeeren, 2014). Moreover, since employee perception of HRM is necessarily a response to their line managers' implementation of HRM, employee perceptions are closer to and thus likely to be more predictive of their attitudinal and behavioural responses than HRM ratings provided by line managers (Delmotte et al., 2012; Kehoe & Wright, 2013). This suggests that employee perceptions of HRM act as a mediating variable in the relationship between implemented HRM and perceived unit performance.

Many cross-level frameworks in HRM and performance relationship studies have provided evidence that employee perception of HRM mediates this relationship. For instance, Aryee et al. (2012) examined "experienced HPWS" as a mediator of the relationship between the use of HPWS and employee psychological empowerment. Den-Hartog et al. (2013) tested employee-rated HRM as a mediator between manager-rated HRM, employee satisfaction and perceived unit performance. They found that employee-rated HRM mediates both HRM-employee satisfaction and HRM-unit performance relationships. Finally, Vermeeren (2014) found employee perception of HRM to be a mediator in the relationship between HRM implemented by line managers and perceived unit performance.

In the current thesis, the HRM-performance relationship is examined based on the line managers' accounts of the degree of strategic HRM implementation and their assessment of their unit's relative performance within their organisation. Building on previous studies focusing on the need to consider employee perceptions in this relationship, it is proposed that employee perceptions of the implementation

of strategic HRM mediate the line manager reports of the HRM-unit performance relationship.

Hypothesis 3: Employee perception of the implementation of strategic HRM mediates the relationship between line manager reports of the implementation of strategic HRM and unit performance.

4.4 HRM system features (distinctiveness, consistency, consensus) as a moderator of the HRM-performance relationship

The main aim of HRM practice is to generate a common message for employees and to create shared meaning by sending clear signals (Ostroff & Bowen, 2016). Ostroff and Bowen (2016) noted that “if [the HRM practices] are not implemented or enforced consistently, the result is still likely to be idiosyncratic perceptions or unintended climate” (p. 207). HRM practices are expected to be effective when they are consistently implemented across employees within an organisation, and they are interpreted similarly by the people involved (Dello Russo et al., 2018).

A strong organisational climate exists when the employees perceive the HRM practices in the same way. On the other hand, a weak organisational climate exists when employees perceive HRM differently. Recent empirical HRM studies by Nishii et al. (2008) revealed that employee reactions to HRM are less homogeneous than is often assumed and they may even differ among employees within the same organisation. This means that the same HRM content can lead to varying employee reactions. Thus, low variability among employees creates a strong organisational climate because the HRM message is clear and it consistently reaches employees. In

contrast, high variability generates a weak organisational climate since it is likely that the HRM message is unclear and it does not effectively reach all employees. When a strong organisational climate exists, employees are likely to foster a desired collective attitude and behaviour that will impact organisational performance (Bowen & Ostroff, 2004).

Variability across employees related to their perceptions of HRM practices speaks to the inconsistency of HR implementation. This is attributable to the absence or weakness of one or more of the features that define the strength of the HRM system (Ostroff & Bowen, 2016), such as distinctiveness, consistency and consensus. Distinctiveness refers to “features that allow the event-effect relationship to stand out in the environment, thereby capturing attention and arousing interest”. Consistency refers to “features that allow the event-effect relationship to present itself the same over time, people, and contexts”. Consensus refers to “features that produce agreement among an employee’s views of the event-effect relationship” (Katou et al., 2014: p. 530-531). When employees perceive the HRM practices to be highly distinctive, consistent and consensual, this implies that unambiguous HRM signals are being sent to employees, who can then develop clear interpretations of these organisational signals and attune their reactions to what the organisation desires. Bowen and Ostroff (2004) proposed that these HR system meta-features influence the level to which employees build shared perceptions of the HR system.

The unique characteristics of public sector employees’ motives, identity, expectations and the organisation’s orientation to HRM may prevent employees from gaining a shared understanding of the behaviours that are expected in the organisation (Baluch, 2017). In particular, public sector employees often have ethical motives for

working in the public sector, such as commitment to serve the public interest. Thus, employees in this sector are expected to prioritise HRM practices differently and vary their responses to HRM practices (Baluch, 2017). Public sector employees are thus likely to make negative attributions to their employer about the current cost-minimisation approach to HRM (Baluch, 2017). As the public sector continues to increase its performance based on unrealistic demands, the employees are allocated intensive workloads, including working long hours; hence, the employees will develop perceptions of whether the HRM practices that have been implemented are relevant to them. They will consider whether the HRM practices that have been implemented are designed to ensure their wellbeing or just to measure performance (e.g. performance appraisal). During this intense situation, the employees will also develop beliefs about the fairness of the reward (whether the rewards appropriately fit performance) and career opportunities (whether career opportunities appropriately fit performance) and whether these practices are consistent with the objectives of the organisation. As the primary responsibility for HRM is more likely to be vested in the HR department rather than line management (Poole & Jenkins, 1997), and the government controls serve to limit the level of discretion available to employers in the management of people (Truss, 2013), there is less room for disagreement about how to design and implement HRM practices. For example, line managers might want to send their employees on training programs. However, the HR department might disagree with the decision by the line manager, probably because of a tight budget or strict training policy. This situation may affect employees' perceptions as they might consider decisions on the HRM practices that have been implemented as having achieved consensus among decision-makers.

A strong HRM system produces a shared understanding about HRM among employees, thus shaping employees' common attitudes and behaviours, which in turn influences the organisational goals. Considering that the features of distinctiveness, consistency and consensus determine the strength of the situation, it could be expected that these features will moderate the relationship between the perception of employees on HRM practices that have been implemented and unit performance. Thus, it can be argued that the chances of HRM practices positively influencing unit performance will be higher in stronger situations compared to weaker situations (Li et al., 2011; Sanders et al., 2008).

This research differs from other works examining HR system strength features in many ways. First, this thesis tests the HR system strength features as a moderator between employee perception of HRM practices and perceived unit performance. The knowledge about the interaction between HRM system strength features and individual perceptions of HR is inadequate (Ostroff & Bowen, 2016). Recognising the importance of this construct, several HRM scholars have suggested testing HR system strength features in multi-level research (Hewett et al., 2018). Research examining the HR system strength as a moderator also use employee outcome as the dependent variable. When researchers limit their attention to the cross-level influence of firm-level HRM practices and policy on individual-level variables and they consider individual outcomes as the final outcomes, this alters the purpose of applying a multi-level perspective in SHRM research, where the concern lies with how the HRM system affects firm performance (Jiang et al., 2013). Thus, this research uses unit performance as the final outcome. Second, this thesis measures the HR system strength features as an individual score for each meta-feature. This

approach allows for the detection of differential effects of meta-features with the outcomes (Hewett et al., 2018). Third, the HR system strength features are not aggregated (i.e. Katou et al., 2014), but the construct is considered to be latent at between level (unit level). Very few studies have tested HR system strength features at the unit level (Hewett et al., 2018). Fourth, although experimental and field study research from psychology shows that the way employees perceive their cultural background influences their environment, little or no attention has been paid to the cultural background of the employees in HRM process research (Sanders et al. 2014). Thus, this thesis is interested in further examining HRM system strength features in the Malaysian public sector.

This expectation leads to the following hypotheses about each of the features of HRM system strength:

Hypothesis 4a: Employee perception of the distinctiveness of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM practices and performance will be stronger when distinctiveness is high.

Hypothesis 4b: Employee perception of the consistency of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM and performance will be stronger when consistency is high.

Hypothesis 4c: Employee perception of the consensus of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM practices and performance will be stronger when consensus is high.

4.5 HR system features (distinctiveness, consistency, consensus) as predictors of how employees perceive HRM practices

The HR system features not only act as moderators in the HRM and performance relationship, but they can also be predictors of HRM implementation (perceived by employees). Employees can draw interpretations of HRM practices implemented in the unit when relevant information about the HRM practices exists. Employees who understand the rationale behind the HR practices can also make sense of these and reduce uncertainty. In contrast, when managers are inconsistent and convey confusing messages, there is less clarity and more uncertainty about organisational issues (Den Hartog et al., 2013). If this situation occurs, employees are then likely to rely on their subjective perceptions when interpreting HR practices (Nishii et al., 2008). In this regard, the employees can depend on the degree of distinctiveness, consistency and consensus as a means of drawing confident interpretations of HRM practices (Kelley, 1973). Gilbert et al. (2015) found a positive significant direct effect between strong HRM processes characterised by distinctiveness, consistency and consensus (i.e. shared perception) and line managers' effective HRM implementation (as judged by subordinates). Based on the argument and finding above, this thesis proposes the following relationships between

the degree of the HR system strength and employee perception of strategic HRM practice implementation:

Hypothesis 5a: There is a positive relationship between employee perception of HRM system distinctiveness and employee perception of strategic HRM practice implementation.

Hypothesis 5b: There is a positive relationship between employee perception of HRM system consistency and employee perception of strategic HRM practice implementation.

Hypothesis 5c: There is a positive relationship between employee perception of HRM system consensus and employee perception of strategic HRM practice implementation.

4.6 Conclusion

The research framework presented in this chapter follows Wright and Nishii's (2013) process model with the overall aim of understanding how HRM affects performance in the public sector. The framework pays attention to the factors that affect line managers' implementation of strategic HRM practices, employees' perceptions of the implementation of strategic HRM practices, and employees' perceptions of HRM system strength (distinctiveness, consensus and consistency). The hypotheses were developed after taking into consideration the unique workforce characteristics of the public sector that might affect the HRM-performance relationship. Following this, the hypotheses were developed by questioning the effect of the line manager's abilities, motivation and opportunities to implement strategic HRM practices. This chapter also proposed the impact of employee perception of the

implementation of strategic HRM practices as a mediator between line manager reports of the implementation of strategic HRM and unit performance. Finally, this thesis proposed HRM system strength features (distinctiveness, consistency and consensus) as: 1) a moderator between employee perception of the implementation of strategic HRM practices and the unit performance relationship; and 2) a predictor of employee perception of the implementation of strategic HRM practices. Chapter 5 discusses how this framework is operationalised.

CHAPTER 5 – RESEARCH METHODOLOGY

5.1 Introduction

This chapter presents the study of line manager and employee perceptions of HRM in a public sector context in order to test the research hypotheses outlined in Chapter 4. First, the chapter presents the argument for adopting a positivist approach. Second, a section on research design discusses the multiple-source data collection strategy. Third, the study context in the Malaysian public sector is described, presenting the reason for choosing this context and participants in the study.

Exploratory interviews with experts at various ministries in the Malaysian public sector are described, before presenting the design and implementation of a survey of line managers and employees. This includes a discussion of the sampling strategy and the process of constructing the questionnaire. Research access and the survey distribution strategy are then described, followed by the analytical strategy used to test the hypotheses proposed in the study and the research ethics. The chapter finally discusses the reliability, validity and study limitations. This section explains why the data obtained from the survey is reliable and valid for hypothesis testing and it discusses the data limitations that should be taken into account when interpreting the findings.

5.2 Research paradigm and study design

In exploring the HRM-performance relationship, many researchers have adopted a positivist approach. Such evidence can be seen from statistically driven research using large-scale surveys (e.g. Arthur, 1994; Delery & Doty, 1996; Huselid,

1995; Ichiniowski et al., 1997; Katou & Budhwar, 2010; Macduffie, 1995; Wright et al., 2005). Boselie et al. (2005), who reviewed 104 articles on the HRM-performance link, found that the majority of research used survey data collection methods. As this study aims to test hypotheses, data collection involving a large-scale survey in selected public sector organisations is considered a relevant approach. This data can be used to test hypotheses using statistical techniques (Zikmund et al., 2010).

The study design in this work involved two phases. The first phase entailed exploratory interviews with managers in the public sector in Malaysia. The interviews were conducted to understand current HRM policies and practices related to its implementation and transformation programs in the Malaysian public sector. The second phase considered a sample of line managers and employees in each work unit² using a quantitative survey. The survey was conducted over the course of three months between June and September 2017. The sections below elaborate on this study design.

5.2.1 Multiple sources of data collection

The study design was based on multiple source data collection. This approach is similar to the multiple constituency approach (Tsui, 1987, 1990). The multiple constituency approach suggests that various stakeholders have different perceptions when asked to assess the effectiveness of HRM practices. It has been argued that a single manager cannot represent the opinion and experience of all employees in an organisation with regard to HRM practices (Bowen & Ostroff, 2004; Nishii &

² In this thesis, 'work unit' refers to a single well-defined organisational component within an organisation with a definite place in the organisational chart and which has been assigned specific tasks to accomplish within the domain of a line manager.

Wright, 2008). Therefore, the inclusion of multiple ratings results in greater reliability (Wright et al., 2001). Taking this into consideration, the collection of data from multiple stakeholders working with the line manager is meaningful because the consideration of various perspectives can enhance our understanding of HRM implementation. In order to answer the hypotheses that this study developed, data was collected from both the line managers and employees.

5.2.2 Study context

The study context for this research is the public sector in Malaysia. The public sector in Malaysia comprises federal, state and local government. This study focuses on the federal government of Malaysia because all national policy matters are formulated at the federal government level. The administrative structure in the federal level comprises ministries, departments and statutory bodies who are responsible for executing various public services. This research only considered ministries and departments as the target sample because these organisations are heavily involved in formulating policies and programmes for the public.

A minister and a deputy minister are in charge of each ministry. The ministries play a crucial role in planning, coordinating and executing governmental policies. The secretary general is the administrative head of the ministry. The primary function of the secretary general is to assist and advise the minister on all matters of the ministry and they are responsible and accountable for the proper implementation of all policies and directives concerning the ministry. Departments are headed by a director general, who oversees the policy implementation under their jurisdictions.

The transformation programme is a government initiative to improve the performance of the ministry and department agencies in delivering its policies and plans. As part of this programme, at the time of this research ministries and departments were being evaluated and monitored using a set of criteria developed by the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) of the prime minister's department. This assessment and evaluation program takes place every two years. The criteria for the evaluation focuses on transformation, innovation, compliance and quality. This set of criteria enables public sector agencies to be rated using a Star Rating Index. One of the main objectives of the system is to give recognition to agencies that display high standards of governance and continuous improvement in their public service delivery. This system is also used to assess and rank ministries based on the overall performance of the ministry and government agency administration. The five-star rating evaluates a ministry's performance on a level from poor to excellent. Ministries achieve only one star for a poor performance and they are awarded five stars for excellence performance. The rating systems put pressure on ministries and agencies to continuously improve services so that they can be awarded the highest rating (Xavier, 2013). In the year 2015-2016, some ministries and agencies were awarded a five-star rating and some a four-star rating.

This research focused on two organisations, one four-star rated ministry and the other a five-star rated department. The selected organisations were the Ministry of Human Resources (MOHR) (a four-star rated ministry) and the Public Service Department (PSD) (a five-star rated department agency). Both MOHR and PSD employ 4,000 to 6,000 people across Malaysia.

MOHR plays a crucial role in shaping HRM policies and practices in Malaysia. MOHR is headed by a minister, who is responsible for the development of the labour administration policy, including the promotion of workers' welfare, occupational safety and health, trade unions, industrial relations, industrial court, labour market information and analysis and social security. More importantly, it plays the role of coordinator with the private sector by maintaining the supply of multi-skilled labour in various disciplines through controlling union activities and maintaining an efficient workforce. In executing the responsibilities highlighted above, MOHR's human resources department aims to ensure that all planning and implementation of the Human Resource Strategic Plan is in tandem with MOHR's objectives, mission and vision (MOHR, 2016-2020).

The Public Service Department (PSD) is the leading agency under the prime minister's department. The PSD is the central personnel agency that formulates and determines the policies on all matters related to the civil service, including job postings and transfers, training and career development, pay and incentives management, pensions and disciplinary issues. PSD is responsible for ensuring that the public service is managed by competent, dedicated and well-trained personnel capable of implementing government policies and objectives. To ensure that all the responsibilities described above are successfully implemented, PSD's human resources department is committed to managing the human resources efficiently and effectively. A concrete, strategic HRM plan has been developed to realise these aspirations (PSD, 2017-2020).

The main reason for choosing ministries with different ratings is because it could be argued that strategic HRM implementation in the five-star agency is likely

to be better progressed than in the four-star ministry: line managers in the ministry that achieved a five-star rating will take on more of an HRM role than line managers in the ministry that achieved a four-star rating; line managers in a five-star ministry will be more involved in selecting new employees, consistently monitoring and reviewing employee performance, rewarding employees, deciding on which employees to send on training and development programs, giving more opportunities to employees to perform and encouraging employee participation in decision-making within the work unit. As a result of actively implementing strategic HRM practices with their employees, it could be argued that such employees will be more aware of the HRM practices in their unit.

Thus, by representing two different organisations, the study was able to assess whether there is a difference in the way those two organisations implement HRM. Such a situation helps the researcher to find more variation between work units. This argument supports Nishii and Wright's (2008) suggestion that variations exist at the work unit level. This approach allows for a better test of the proposed hypotheses in this research.

5.3 Exploratory interviews with experts in the public sector

The exploratory interviews were designed to gather as much information as possible from the experts (Bogner & Menz, 2009). The respondents for the exploratory interviews were directors, senior managers, managers and assistant managers in the public sector in Malaysia. This was not restricted to the two ministries that were the focus of hypothesis testing, but instead they came from several ministries in the Malaysian public sector. The researcher conducted 12

exploratory interviews with experts at different managerial levels from several ministries in the Malaysian public sector. Four line managers, three senior managers and five directors agreed to take part in the interviews. Guest (2011) suggested employing multiple informants in research assessing strategic HRM.

Since there was limited literature on Malaysian public sector HRM (Kassim & Mokhber, 2015), the objective of these interviews was to gain an overall understanding of the current HRM practices and policies in the Malaysian public sector, as well as the Malaysian public sector transformation program. These interviews helped the researcher to understand in detail the overall context of the study. This parallels Bogner and Menz's (2009) suggestion that "exploratory interviews help to structure the idea under investigation" (p. 46).

As a public sector employee, the researcher had access to several high ranked officers, which meant they were able to identify the right people for the interviews. Also, with several years of experience in the public sector, the researcher had information about the government structure and employees, which was useful for identifying experts for the interview. The threat of bias is deemed minimal since the aim of these interviews was only to capture individuals with experience in HRM policies and Malaysian public sector transformation. Therefore, the purposive method of selecting interviewees was considered relevant. This method enables the researcher to use his/her judgement to select participants who will best allow the researcher to answer the research question(s) and to meet the research objectives (Saunders et al., 2012). The selection was based on three criteria: i) 10 or more years of service in the public sector; ii) two or more years of service in a current managerial

position; and iii) previous experience or knowledge of HRM or transformation activities at the ministerial level.

All 12 experts involved in this research satisfy the criteria highlighted above. All of them are attached to a federal agency or ministry in the Malaysian public sector. Since the experts were willing to participate and they were passionate about cooperating, the researcher owes it to them to ensure their anonymity. Hence, a more detailed biographical profile of the respondents is not presented. Therefore, only their position title, years of service in the current position and years of service in the public sector are detailed (see Table 5.1).

Table 5.1: Exploratory interviews with respondents

No.	Position title	Years of service in the current position	Years of service in the public sector
1	Director	4 years	23 years
2	Director	9 years	29 years
3	Director	4 years	20 years
4	Director	5 years	25 years
5	Director	3 years	23 years
6	Senior manager	4 years	19 years
7	Senior manager	7 years	21 years
8	Senior manager	3 years	17 years
9	Manager	3 years	16 years
10	Manager	2 years	13 years
11	Assistant manager	2 years	10 years
12	Assistant manager	3 years	13 years

The interviews were either conducted by telephone or face-to-face. Two interviews were conducted by telephone from Scotland, while 10 others were conducted in person in Malaysia. The two phone interviews were necessary because

of the difference in geographical location. This mode of communication was suggested by the researcher and was agreed upon by the respondents.

After establishing contact with the respondents, the procedure recommended by Busse (2003) was followed. A similar procedure was applied to both the telephone and face-to-face interviews. Before the actual interview, an introduction email was sent to all respondents. The purpose of this email was to introduce the research topic, outline the objectives of the interview and the type of questions that would be covered in the interview. This approach helped the respondents familiarise themselves with the topics and questions. Then, after a week, follow-up emails were sent to all the respondents to confirm their availability for the interview. The researcher managed to secure commitment from all the respondents in two to three weeks. Each interview session lasted for about 30 to 60 minutes.

All interviews were recorded, saved and stored both in H:drives and Strathcloud university-provided storage. To ensure security and secrecy, all interview data was and encrypted with a password after being recorded.

The questions for the exploratory interviews focused on the transformation programme in the Malaysian public sector and the HRM strategy (see Appendix 1).

5.4 Survey of line managers and employees

5.4.1 Sampling strategy

The survey respondents were divided into two categories: line managers and employees. The respondents representing the line managers were either managers or assistant managers. The researcher decided to include this category of people as line

managers because The National Academy of Public Administration³ (NAPA) defines line managers as "individuals responsible for the work of non-supervisory employees" (2003: p. 8). In the Malaysian public sector, the positions of assistant manager and manager fall into the grades 48 or 52. They are responsible for overseeing the work of non-managerial employees. The respondents represented by employees, on the other hand, include the position of senior executive, executive and non-executive. These categories of people fall into grades 44 and below. Table 5.2 presents the line manager and employee position, grade and category.

Table 5.2: Line manager and employee position and grade

Position level	Grade	Category
Manager	Grade 52	Line manager
Assistant manager	Grade 48	Line manager
Senior executive	Grade 44	Employee
Executive	Grade 41	Employee
Non-executive	Grade 41 and below	Employee

The study wished to represent line managers with different job functions (e.g. policy, finance, accounting, legal and information technology) across the work unit. This is important because different line managers in a specific work unit might have different understandings of HRM policies and practices. The two ministries – PSD and MOHR – were selected as the source of study participants as they provided the most structured hierarchies compared to other government agencies. There were also fewer vacancies for line manager posts in these organisations, which ensured a high

³ NAPA is an independent, non-profit organisation chartered by Congress to increase governance at all levels, which includes local, regional, state, national and international. The Academy has more than 500 fellows and the membership comprises public managers, academics, business executives and labour leaders, current and former cabinet officers, members of Congress, governors, mayors, state legislators and diplomats.

level of reliability and adequate sampling. Both PSD and MOHR allowed full commitment to the project and access to line managers and employees.

First, a list of line managers and employees in both PSD and MOHR was obtained from their respective HR department to assist the researcher in identifying the total population of line managers. There were 173 line managers in PSD and 160 line managers in MOHR. The list was useful for understanding the organisation's structure and helped the researcher to identify all the line managers and their employees in each work unit. The researcher's networking with HR department personnel facilitated access to this list.

Second, the line manager population was stratified based on the work unit within the ministry in order to select line managers for the sample. For PSD there were 69 work units, and for MOHR 55 work units were sampled (each work unit was represented by a line manager). Once a line manager had been selected, all the employees under their supervision could also be identified. Based on this strategy, a multilevel data structure was observed (see section 5.7.1).

A stratified sampling approach was used as this approach enables a higher degree of representativeness, thereby further reducing the likelihood of sampling errors (Babbie, 1990). A random sample was not appropriate for the reasons outlined below.

- 1) Some units practised a 'matrix system' whereby executives are shared among the line managers. In this situation, it is difficult for the researcher to identify the chain of command. In this study, it was important to ensure that only line managers with identified subordinates were selected.

- 2) Some departments were located in different geographical areas, making distribution of the questionnaires more problematic.
- 3) Only line managers with more than one direct subordinate were chosen for inclusion. This is because managers with more than one subordinate encounter more complexities in terms of implementing HRM practice; different employees might interpret the HRM practices differently.

5.4.2 Overview of the questionnaire development process

This thesis followed the process of questionnaire development (Churchill, 2001; Czaja & Blair, 1996) presented in Figure 5.1. Firstly, it was necessary to align the data collection with the objectives (Step 1). As the current study attempts to test the hypothesised model in the conceptual model, the researcher conducted an item check. Since the hypotheses specify what relationships are to be examined, the items to be included in the questionnaire should therefore ask about that relationship. The hypotheses also guide the researcher in what information will be sought, from whom, and how many questionnaires should be developed. The information obtained at this stage facilitated the development of two different questionnaires: for the line managers and the employees.

Secondly, paper-based self-completion surveys rather than web-based surveys were used to gather line manager and employee data (Step 2). The need for multi-level data from both employees and their line managers required a unique distribution procedure (see section 5.6), which was not feasible through web-based surveys in the chosen organisations. A paper-based survey allows the researcher to link the matching code on the questionnaire so as to match the line manager and their

subordinates' questionnaires. When the line manager and employee questionnaires were distributed together as a bundle directly to the line manager, the researcher also had an opportunity to explain the distribution procedure (the line managers were asked to distribute the employee questionnaires to their subordinates) and guide them on the way to answer the questionnaire. After briefing them, they were able to satisfy the questionnaire requirements and support the researcher to gather the appropriate responses.

Thirdly, questionnaire items (Step 3) were adopted from validated measures, drawing from previous studies within HRM literature. Multiple item measures and summated scales were used since these have several advantages, as follows: 1) measurement error can be reduced because scales provide richness to a measurement (Easterby-Smith et al., 2012; Hair et al., 2010); 2) scales have superior reliability and validity; 3) scales can be easily tested for evidence of reliability; and 4) representing multiple items as scales that reflect the construct of interest can simplify quantitative analysis (Tharenou et al., 2007) (see Appendix 2 for a copy of the line manager questionnaire and Appendix 3 for a copy of the employee questionnaire).

Fourth, the questionnaire was designed with a closed-ended format (Step 4). This was because: 1) providing the respondent with several alternative answers allows quick answers and requires no writing skills (Walliman, 2011); and 2) this approach can be standardised and thus efficiently processed for statistical analysis (Tharenou et al., 2007). With regard to the phrasing of the questions (Step 5), efforts were made to ensure clear, precise and useful questions (De Vaus, 2002). Any jargon or ambiguous phrases were avoided, instead using simple words that were familiar to the respondents. This aspect is essential, especially for the lower-level employees,

because they need to clearly understand the meaning of certain words (Fowler Jr. & Cosenza, 2008). Double-barrelled questions were avoided (addressing multiple objects in the same questions) as these increase ambiguity and unreliability (Fowler Jr. & Cosenza, 2008).

The question sequencing (Step 6) followed Rea and Parker's (2014) guidelines. For example, uncomplicated questions, such as demographic and work experience information, were located at the start of the questionnaire in order to stimulate the respondent's interest in continuing the questionnaire. Related questions were grouped in logical order into separate sections so as to enable the respondent to focus on specific issues without disruption.

The layout and design of the questionnaire (Step 7) ensured that the questionnaire looked professional (O'Leary, 2004); for example, the researcher's university and the purpose of the research were outlined. Other important information was also provided, such as assuring the respondents' anonymity/confidentiality, outlining the questionnaire return information, researcher university email address and contact number, and the expected time for completing the questionnaire.

Steps 8 and 9 involved testing the quality of the questionnaire. The overall design was re-evaluated several times in order to ensure that the spelling, language and wording were clear, unambiguous and understandable (Step 8). This was done with the help of colleagues, Strathclyde University PhD students and supervisors. The two questionnaires then underwent a refinement process and a rigorous test involving a pre-test and pilot test (Step 9). Pre-testing is useful for providing valid and reliable measures, as well as to determine whether the questionnaire fulfils the intended requirements (Czaja & Blair, 1996). Pre-testing occurred in actual survey

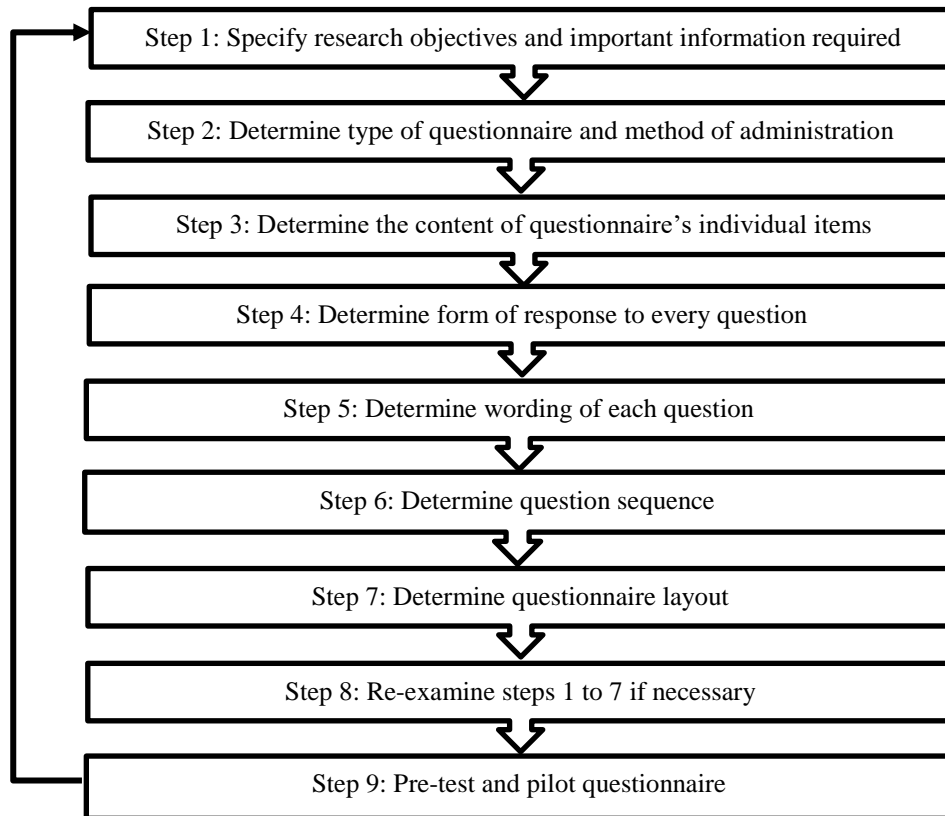
conditions and involved several target respondents (Rea & Parker, 2014). Three important factors (Rea & Parker, 2014) were assessed in this pre-test: 1) questionnaire clarity, ensuring that certain ambiguities were eliminated so that the respondent had access to clear information; 2) questionnaire comprehensiveness, ensuring that the questions were relevant, complete and concise so that all the important information was generated for the study; and 3) questionnaire acceptability, ensuring that the length of the questionnaire was acceptable and any ethical issues related to the questions were addressed.

Malaysian PhD students and other PhD students from the University of Strathclyde Business School who are familiar with public sector HRM in Malaysia took part in the pre-test. They were selected firstly because they are research staff (as recommended by Babbie (1990)) and, secondly, because the Malaysian PhD candidates could confirm whether the questionnaire was suitable in relation to Malaysian settings. Finally, these students were also lecturers in various management areas, including HRM, and therefore they were also familiar with the research topic. Each pre-test respondent provided written comments and suggestions and they were interviewed. The researcher also sought advice from a Malaysian colleague who is a public sector employee working in a managerial level at one of the ministries in Malaysia. All the respondents at this stage were told that the questionnaires were in the development phase and the researcher would like to get their opinion in order to improve them. This approach is called a declared or participating pre-test (De Vaus, 2002).

Further refinement of the questionnaire ensured that it suited the Malaysian public sector context. Experts from the Malaysian public sector were approached.

Presser and Blair (1994), drew evidence from an experimental comparison that “the use of an expert panel was very effective compared to other methods in identifying respondents’ problems with a questionnaire” (p. 102). The draft questionnaires were distributed to five experts, but only two replied within the given time frame. The two experts reviewed the questionnaires and provided feedback and comments. The first (from the National Institute of Public Administration (INTAN)) is a PhD holder with more than 15 years of experience in the public sector in the various ministries. His current post is deputy head in the Cluster for Public Policy and Governance, INTAN. His comments on the employee and line manager questionnaires are presented in Appendix 4 and 5. The second expert was a human resources director from the Ministry of Human Resources. He has broad experience in the public sector, mainly in HRM, which has developed over more than 15 years. His current post is deputy head of the division in the Development, Finance and Human Resource Division. His comments on the employee and line manager questionnaires are presented in Appendix 6.

Figure 5.1: Questionnaire development process



(Source: Churchill (2001) and Czaja and Blair (1996))

5.4.3 Measures

Line manager reports of strategic HRM practices implementation. HRM implementation refers to line managers' self-reports of the extent to which their work unit implements HRM practices in a strategic way. A work unit has been defined as a section or specific department or division that the line managers are currently managing.

In the literature, there is still no consensus on how to measure the implementation of HRM practices that are used in a strategic way (Paauwe, 2009; Sikora & Ferris, 2014). In their analysis of 104 studies, Boselie et al. (2005) identified

26 different HRM practices that were used in different studies. Despite inconsistency in measuring HRM (Vermeeren, 2015), however, there is some consensus on the HRM practices that are likely to indicate a strategic approach to HRM. Fombrun et al. (1984) identified four generic human resource activities that apply to all organisations and should be strategically aligned with the organisation's strategic objectives: the selection/promotion/placement process; the reward process; the development process; and the appraisal process. Boselie et al. (2005) also identified the top four most reported practices as training and development; contingent pay; performance management (including conducting appraisals); and careful recruitment and selection processes. Their assumption here is that when a firm adopts a recruiting and selection system consistent with its competitive strategy, reward systems that reflect successful strategy implementation in performance appraisals and employee compensation, and training and development strategies guided by performance management systems and business objectives, firm performance is likely to be enhanced (Huselid & Becker, 2011).

Given that there is no established measure of the degree of HRM implementation (Vermeeren, 2014) and there is no "magic list" (Sung & Ashton, 2005: p. 8) of HRM practices, the line manager reports of strategic HRM practice implementation were measured using nine items adapted from Gould-Williams and Mohamed (2010), which were developed in a public sector setting adjusted to suit the study context (see Table 5.3). All items used a five-point scale (1=never, 5=always). This is consistent with Sung and Ashton's suggestion that the choice of bundle of HR practices depends on the organisational sector. Such HRM practices

were evident in the Malaysian local government (Gould-Williams & Mohamed, 2010).

Table 5.3: Items in the line manager strategic HRM implementation scale

No.	Items
1	A rigorous selection process is used to select new recruits/workers/subordinates.
2	In this unit/section, the staff are provided with the training needed to achieve high standards of work.
3	The employees provided with sufficient training and development.
4	Team working is strongly encouraged in our unit/section.
5	Staff are given meaningful feedback regarding their individual performance, at least once a year.
6	In this unit, those who perform well in their jobs get better rewards than those who just meet the basic job requirements.
7	Staff are kept well informed of what is going on in this ministry/agency.
8	Communication within this unit is good.
9	This unit keeps the staff well informed.

Line manager ability, motivation and opportunity. In the present study, *ability* refers to the line manager’s perception of the competencies they require to implement HRM practices; *motivation* refers to the line manager’s desire and willingness to carry out HRM activities; and *opportunity* refers to the line manager’s perception of how they usually carry out HRM activities. These definitions and measures were based on those used by Bos-Nehles et al. (2013), adjusted to suit the public sector. Line manager ability was measured using seven items and line manager motivation using 13 items (all from Bos-Nehles et al. (2013)). A sample item for ability is “I can remain calm when facing difficulties in performing my HR responsibilities because I can rely on my abilities”. A sample item for motivation is “I think that HR activity is interesting”. Line manager opportunity was measured

using six items from Spreitzer (1995) and 14 items from Bos-Nehles et al. (2013). A sample item for opportunity is “I have a great deal of control over what happens in my unit”. All items used a five-point Likert scale (1=strongly agree, 5=strongly disagree). The items for all scales are as per Table 5.4. As reported by Bos-Nehles et al. (2013), The Cronbach alpha for all scales was between 0.68 and 0.88.

The reason for modifying the opportunity scale was that Nehles et al.’s (2006) original instrument was only tested in the private sector. Bos-Nehles (2010) emphasised that the scales may require modification if they are to be suitable for a new situation. Thus, autonomy was added as one of the measures of line manager opportunity since the public sector is known for the constraints it places on managerial autonomy (Knies & Leisink, 2014). Since “there is no univocal description in HR research of what should be understood as opportunities for performing a given task” (Trullen et al., 2016: p. 4), autonomy is considered as an organisational characteristic under the opportunity dimension. See section 5.4.5 for the Cronbach alpha report on the above measures.

Table 5.4: Items in the line manager’s ability, motivation and opportunity scale

No.	Ability items
1	I can remain calm when facing difficulties in performing my responsibilities because I can rely on my abilities.
2	When I am confronted with a problem in performing my HR responsibilities, I can usually find several solutions.
3	Whatever comes my way in performing my HR responsibilities, I can usually handle it.
4	My past experiences in my job have prepared me well for performing my HR responsibilities.
5	I meet the goals I set for myself in performing my HR responsibilities.
6	The courses I followed were relevant for performing my HR responsibilities.
7	The course offerings were sufficient for performing my HR responsibilities.

(Continue)

Table 5.4 (Continued)

No.	Motivation items
1	Because I think that this activity is interesting.
2	Because this activity is fun.
3	Because I feel good when doing this activity.
4	Because I am doing it for my own good.
5	Because I think that this activity is good for me.
6	Because I believe that this activity is important for me.
7	I do this activity but I am not sure if it is worth it.
8	I don't know: I don't see what this activity brings me.
9	I do this activity, but I am not sure it is a good thing to pursue it.
10	Because it helps the people in my team to grow, improve and develop themselves.
11	Because it helps me to supervise my team.
12	Because it helps me to reach my production goals.
13	Because it helps me to treat employees in a fair and consistent way.
No.	Opportunity items
1	I have a great deal of control over what happens in my department.
2	My impact on what happens in my department is large.
3	I have significant influence over what happens in my department.
4	I have significant autonomy in determining how I do my job.
5	I can decide on my own how to go about doing my work.
6	I have considerable opportunity for independence and freedom in how I do my job.
7	I can't seem to get caught up with performing my HR responsibilities.
8	Sometimes I feel as if there are not enough hours in the day.
9	Many times I have to cancel my commitments to my HR responsibilities.
10	I find myself having to prepare priority lists to get done all the responsibilities I have to do. Otherwise, I forget because I have so much to do.
11	I feel I have to perform HR responsibilities hastily and maybe less carefully in order to get everything done.
12	I work under incompatible HR policies and HR guidelines.
13	I receive an HR assignment without the manpower to complete it.
14	I have to buck a rule or policy in order to carry out my HR responsibilities.
15	I work with two or more groups who operate quite differently in performing HR responsibilities.
16	I perform HR tasks that are accepted by one person but not by others.
17	I have concrete, planned goals for my HR responsibilities.
18	I lack HR policies and guidelines to help me.
19	I have to feel my way in performing my HR responsibilities.
20	The explanation is clear of what has to be done in performing my HR responsibilities.

Unit performance. Boselie et al. (2005) concluded that financial measures were involved in half of the HRM articles assessing performance. However, using financial performance, such as sales or profit, is less appropriate in the public sector. Generally, measurement of public sector performance is difficult (Brewer & Selden, 2000; Kim, 2005; Vermeeren, 2015) since such organisations have many conflicting goals and priorities due to the demands of various stakeholders (Knies & Leisink, 2014). Although objective data is preferable in assessing performance, subjective data is also valid (Vermeeren, 2015). Singh et al. (2016) concluded that “subjective measures can be considered valid and reliable means of assessing organisational performance” (p. 215). Therefore, the unit performance was measured as the line managers’ subjective assessment of their work unit performance.

The line managers were asked to rate the level of their unit or section’s performance as compared to other units/sections that they know about in their department or division. A well-established seven-item measure developed by Van De Ven and Ferry (1980) was adopted. These authors developed this measure specifically to assess public sector performance and it has been widely adopted by other researchers for assessing performance (e.g. Dunk & Lysons, 1997; Spekle & Verbeeten, 2014; Verbeeten, 2008). A sample item is “The amount of work and/or the number of products produced in your unit”. Each of the items is measured using a five-point Likert scale (1=far below average, 5=far above average). As reported by Spekle and Verbeeten (2014), the Cronbach alpha was 0.770 (see section 5.45 for this study’s Cronbach alpha). Table 5.5 shows the items in the unit performance scales.

Table 5.5: Items in the unit performance scale

No.	Unit performance items
1	The amount of work and/or the number of products produced in your unit.
2	The accuracy of work produced in your unit and/or the quality of goods delivered.
3	The number of innovations, process improvements, or new ideas implemented by your unit.
4	The reputation of work excellence of your unit.
5	The attainment of production or service level goals of your unit.
6	The efficiency of operations within your unit.
7	The morale of unit personnel.

Employee perception of HRM implementation. The same items representing the implementation of strategic HRM practices used for line managers were also used in the employee questionnaire. Modification was made to the wording to reflect the employee point of view. A five-point Likert scale was also used (1=never, 5=always). See Table 5.6 for the employee perception of the HRM implementation scale and section 5.4.5 for the Cronbach alpha.

Table 5.6: Items in the employee perception of HRM implementation scale

No.	Employee perception of HRM implementation items
1	A rigorous selection process is used to select new recruits/workers/subordinates.
2	In this unit, we are provided with the training needed to achieve high standards of work.
3	I am provided with sufficient training and development.
4	Team working is strongly encouraged in our unit/section.
5	Staff are given meaningful feedback regarding their individual performance at least once a year.
6	In this unit, those who perform well in their jobs get better rewards than those who just meet the basic job requirements.
7	We are kept well informed on what is going on in this ministry/agency.
8	Communication within this unit is good.
9	This unit keeps the staff well informed.

Employee perception of HRM system strength. Sanders and Yang's (2016:

p. 3) definitions of each of the HRM system strength features are as follows:

- i. Distinctiveness – features that allow an object to stand out in its environment, thereby capturing attention and arousing interest;
- ii. Consistency – the covariation of information across time and modalities;
- iii. Consensus – the covariation of behaviour across different people.

Coelho et al. (2012), Coelho et al. (2015) and Delmotte et al. (2012) developed reliable and valid scales for these dimensions. Delmotte et al. (2012) concluded that the items are applicable in different settings because they are generic and their instrument is relevant in terms of measuring perception with regards to the signals conveyed by HRM. They further argued that the instrument can be easily applied to regular employees. In the present study, the employee perception of HRM system strength was measured in three dimensions using scales of 10 items for distinctiveness, 9 items for consistency and 12 items for consensus. The item phrasing was modified to suit the context of the research. A sample item for distinctiveness is “The HR department in the ministry/agency undertakes exactly those actions that meet our needs”. A sample item for consistency is “The HR practices in this ministry/agency do not contribute to employees’ motivation”. A sample item for consensus is “In this ministry/agency, the salary increment and other rewards are perceived as fair by employees”. See Table 5.7 for all the items. A five-point Likert scale was used for all items (1=strongly disagree, 5=strongly agree). As reported by Delmotte et al. (2012), the Cronbach alpha for distinctiveness is 0.85, consistency is 0.8 and consensus is 0.82 (see section 5.4.5 for this study Cronbach alpha).

Table 5.7: Items in the distinctiveness, consistency and consensus scales

No.	Distinctiveness
1	The HR department in the ministry/agency undertakes exactly those actions that meet our needs.
2	The HR department in this ministry/agency has a high added value.
3	In general, the HR staff are appreciated by the employees in the ministry/agency.
4	In this ministry/agency, employees experience implemented HR practices as relevant.
5	Many of the practices introduced by the HR department are useless.
6	Employees in this ministry/agency often wonder about the usefulness of specific HR practices.
7	The actual functioning of the HR department is a mystery to a large number of the employees.
8	Employees are regularly informed about the initiatives taken by the HR department.
9	The HR department works too much behind the scenes.
10	In this ministry/agency, it is clear what belongs to the tasks and what is outside the field of the HR department.
No.	Consistency
1	The HR practices in this ministry/agency do not contribute to employees' motivation.
2	The HR practices implemented in this ministry/agency sound good in theory, but do not function in practice.
3	The appraisal procedure developed by the HR department, has in practice other effects than the intended effects.
4	There is a wide gap between intended and actual effects of HR initiatives.
5	The HR department does not succeed in actively changing employees' behaviour.
6	In this organisation, HR policy changes every other minute.
7	The various HR initiatives send inconsistent signals.
8	The successive initiatives introduced by the HR department often clash badly.
9	In this organisation, there is clear consistency of HRM messages between word and deed of the HR department.

(Continue)

Table 5.7 (Continued)

No.	Consensus
1	In this organisation, the distribution of bonuses and other rewards is perceived as fair by employees.
2	In this organisation, employees consider promotions as fair.
3	If employees perform well, they get the necessary recognition and rewards.
4	In this organisation, rewards are clearly related to performance.
5	The HR department regularly takes decisions based on favouritism.
6	Some employees in this organisation get preferential treatment because they are friends with HR staff.
7	The HR department takes decisions with two shapes and sizes in this organisation.
8	HR management and line management are clearly on the same wavelength.
9	All HR staff members in this organisation mutually agree with the manner in which employees are managed.
10	Top management and HR management clearly share the same vision.
11	Management unanimously supports HR policy in this organisation.
12	HR management in this organisation is established by mutual agreement between HR management and line management.

Control variables. Demographic variables were included in the survey as potential control variables in the final analysis. The use of demographic variables as control variables has been shown to be important in previous studies of line managers and HRM implementation. The line manager's age, gender, educational level, workplace tenure and span of control were included because these variables have an effect on line manager AMO characteristics and effectiveness in leadership roles (Gilbert et al., 2015; Vermeeren, 2014). Span of control was indicated by working function or role. Employee age, gender, educational level and workplace tenure were included because these variables have an effect on employees' attitude and behaviour (Li et al., 2011; Sanders et al., 2008). The measures for each demographic variable are presented in Tables 5.8 and 5.9. In order to identify which demographic variables should be included in the hypothesis testing as control variables, further analysis was conducted by the researcher and is reported in Chapter 5, section 5.11.

Table 5.8: Line manager demographic variables

Demographic	Category
Age (open-ended question; the researcher grouped line manager age into three categories)	30-40 41-50 51-60
Gender	Male Female
Education level	Certificate/Diploma Bachelor Postgraduate PhD
Total years of experience working as a manager	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
Total years of experience working in the public sector	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
Total years of experience working as a manager in the public sector	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
Total years of experience working in the unit	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
Total years of experience working as a manager in the unit	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
No. of subordinates (line manager was asked about their number of subordinates using an open-ended question, the researcher then grouped line manager number of subordinates into five categories)	1-5 people 6-10 people 11-15 people 16-20 people 21-25 people
Working function	Policy Finance Accounting Legal ICT Administration

Table 5.9: Employee demographic variables

Demographic	Category
Age (open-ended question; the researcher grouped employee age into four categories)	20-30 31-40 41-50 51-60
Gender	Male Female
Education level	SPM ⁴ STPM ⁵ Certificate/Diploma Bachelor Postgraduate PhD
Position level	Non-executive (Grade 17-22) Non-executive (Grade 27-36) Executive (Grade 41-44)
Total years of experience working in the public sector	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
Total years of experience working in the unit	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
Total years of experience working in the organisation	Less than a year 1-5 years 6-10 years 11-15 years 16 years or more
Working function	Policy Finance Accounting Legal ICT Administration

⁴ SPM = equivalent to an A-Level qualification.

⁵ STPM = equivalent to O'Level qualification.

5.4.4 Questionnaire translation

Although *Bahasa Malaysia* is the national language, English is taught at school and widely used as a medium of communication in Malaysia. Therefore, it was considered acceptable to conduct the survey in English (Chan & Pearson, 2002; Le & Koh, 2002). However, based on discussions with several parties in the Malaysian public sector and previous research conducted in Malaysia, it was decided that using *Bahasa Malaysia* for the final survey would help improve the response rate and accuracy of the responses (see, for example, Abdul Hamid, 2012; Zainal Abidin, 2012). As a result, both questionnaires were translated into *Bahasa Malaysia*.

Although there are several approaches that can be applied when translating the questionnaires (see McGorry, 2000), for this research, the back translation procedure was engaged (Brislin, 1970). This procedure was selected because it is the most common and highly recommended procedure for verifying the translation of a questionnaire or test (Chapman & Carter, 1979). Moreover, the research instrument underwent a number of filters generated independently by different researchers (McGorry, 2000).

The researcher followed the steps described by McGorry (2000). In the first step, an independent translator was given a draft of the questionnaire to be translated from English to *Bahasa Malaysia*. After getting the translated *Bahasa Malaysia* version, the researcher approached an English expert from INTAN who teaches English to public sector employees and has a degree in linguistics; she was asked to evaluate and then translate the *Bahasa Malaysia* version into English. Since this person is also a government employee, she was able to properly evaluate and see whether the language used suited the public sector context. Further discussions

between the researcher and the experts clarified any ambiguity, inconsistencies and language misinterpretations during the translation process. Finally, a private school English teacher reviewed both of the questionnaires in order to examine whether the *Bahasa Malaysia* and English version were comprehensive and identical.

5.4.5 Pilot test

In order to test the reliability of the questionnaires, a pilot test was conducted at the National Institute of Public Administration (INTAN) over the course of two weeks. This pilot used both *Bahasa Malaysia* and English (dual language) to ensure that the translated version of *Bahasa Malaysia* could be understood by respondents, especially non-managerial employees. INTAN is a training institute for public sector employees in the areas of economics, management and policy. Most of those conducting training at INTAN are also PhD holders. Therefore, it was assumed there would be no issues with comprehension or language ability. The questionnaire was piloted with both line managers and employees. A comments section was also attached to the questionnaires to gather feedback. Several final amendments were made, especially in terms of layout and design based on the feedback. More attention was given to the front pages of the questionnaires, particularly the instructions section, e.g. the instructions for the manager on how to distribute it to employees and where to submit the completed questionnaires.

A total of 38 employees and 20 line managers took part in the pilot test. The data from this pilot was used to calculate scale reliability using Cronbach alpha coefficients (see Tables 5.10 and 5.11). Most scholars argue that 0.7 is a satisfactory Cronbach alpha reliability coefficient (e.g. Peterson, 1994). Cronbach alphas of 0.6

and above are also considered acceptable (Hair et al., 1998). Kline (1998) recommended that those below 0.5 are unreliable. All Cronbach alphas in the present study were above the 0.6 level. Later, the Cronbach alphas were also calculated based on the actual sample for the study (453 employees and 86 line managers). The Cronbach alpha reliability coefficients for the actual sample are presented in Table 5.10 and 5.11

**Table 5.10: Line manager questionnaire: scale reliabilities
(Cronbach alpha coefficient)**

Line Manager Scales	α Pilot test	α Actual sample
Ability	0.727	0.755
Motivation	0.757	0.804
Opportunity	0.788	0.779
Line manager report of strategic HRM practices implementation	0.721	0.773
Perceived unit performance	0.811	0.817

**Table 5.11: Employee questionnaire: scale reliabilities
(Cronbach alpha coefficient)**

Employee Scales	α Pilot test	α Actual sample
Employee perception of HRM Implementation	0.783	0.844
Perception of HRM distinctiveness	0.689	0.694
Perception of HRM consistency	0.901	0.837
Perception of HRM consensus	0.795	0.732

5.5 Gaining access

An official letter of introduction to the research from the Department of Human Resources Management, Strathclyde Business School was sent to the HR director in both organisations (see Appendix 7 for the letter of introduction). The objective of the letter was to introduce the researcher to the ministry and agency and briefly explain the researcher's background and the proposed research approach. They were asked to participate in the research and to arrange an appointment for a discussion related to the distribution of the questionnaires.

The researcher emailed and WhatsApp messaged from Scotland in order to follow up and communicate with HR personnel at the ministry and the agency. After both the ministry and agency agreed to a discussion, the researcher arranged the meeting from Scotland, before making the actual visit to Malaysia between July and August 2017. Since this involved two government entities, the researcher had to participate in a series of meetings (Appendix 8 presents a list of meetings undertaken during survey data collection).

The first meeting was with the HR executive at the Public Service Department. The HR executive was given the two sets of questionnaires so that they could understand how the survey would be conducted and they were able to assess whether both questionnaires suited the agency context. To further explain in detail the whole research process, the researcher arranged for a second round of meetings with the HR director of the public service department. In order to increase the response rate, enhance staff awareness and make sure that the proposed distribution strategy worked, the HR director proposed explaining the study to all administration officers in all departments. The importance of the administration officers was

highlighted by the HR director as they are in charge of any administration matters in the respective departments. The researcher was therefore given a chance to meet all the administration officers in a meeting organised by the HR department. In the meeting, all the administration officers were informed about the research strategy and distribution. Each administration officer was also willing to share a list of line managers and employees in their department.

In the ministry, there was a series of meetings with the HR director. During the first meeting, the researcher asked the HR director to go through the questionnaire in order to ensure it suited the ministry context. The researcher also raised the issues of anonymity, response rate and how to distribute the questionnaire. The HR director agreed to provide the researcher with a list of line managers and employees in the ministry in every work unit.

A second meeting with the HR director was conducted to finalise the research process. As part of their commitment to the research, an email was also sent out by the HR director to the respondents in advance, explaining the importance of the research to the organisation and asking for their contribution to the study. This email helped enhance the response rate and reduce the time taken to collect the questionnaires. The process described above was crucial in ensuring that the distribution of the questionnaire was smooth and the targeted results were achieved.

5.6 Questionnaire distribution

Two questionnaires were distributed. One set of questionnaires was distributed to the line managers (assistant managers and managers), and another set was distributed to the employees (senior executives and below). This process

required the researcher to match the line manager questionnaires with those of the relevant employees. Bos-Nehles et al. (2013) mentioned that it is difficult to match the data from the line managers and employees because of the anonymity guaranteed to the line managers. However, Vermeeren (2014) used a code before the survey to link the answers of the line managers to those of the employees. In this research, coding was also adopted.

Both sets of questionnaires (the line manager and employee questionnaires) were sealed in an A4 envelope. The number of questionnaires in the envelope was based on the total number of employees in a single work unit (based on the employee name list). Line managers were instructed to distribute the questionnaire to their employees. These instructions were also inserted into the envelope. In order for the line manager to differentiate the two sets of questionnaires, the questionnaire was coded 'HRM2017-LM' for the line managers and 'HRM2017-EMP' for the employees. To ensure that the link between the line managers and the employees was maintained, a code was outlined at the start of each survey (Vermeeren, 2014) (e.g. HRM2017-LM-1 and HRM2017-EMP-1 for each work unit). In order for the researcher to determine which unit belonged to which code, a list of codes and the respective work unit was created in an Excel spreadsheet.

In each A4 envelope, the researcher also provided a several small envelopes for the respondents to return the questionnaires in. This approach was intended to protect their anonymity. Respondents were asked to return their envelopes to the HR department personally. The HR department appointed relevant personnel to collect the questionnaire. Therefore, the employees submitted their questionnaires to the person in charge. In order to increase the level of participation, a mystery gift was

offered to the respondents. Given the complexity of the distribution strategy, i.e. ensuring that the questionnaire was distributed by the line managers and they also gave out the mystery gifts, a personally administered questionnaire approach was considered appropriate. Research suggests that online surveys yield substantially lower response rates than other survey types, such as mail surveys and in-person interviews (Simsek & Veiga, 2000).

A cover letter was attached to each questionnaire, explaining the objectives of the survey and reassuring the respondents of the confidentiality of their responses and the voluntary nature of the survey.

5.7 Analytical strategy

5.7.1 Data structures

The resulting survey data had a nested structure (multi-level), where the employees were nested within the work unit (line manager). The responses of the line managers and employees from both organisations are shown in Appendix 9. For the Public Service Department (PSD), there were 69 units selected in this research. However, only 44 units provided complete matched line manager-employee responses (consisting of 206 employees), resulting in a 64% response rate for the line managers. For the Ministry of Human Resources (MOHR), there were 55 units selected. Of this, 42 units had complete matched line manager-employee responses (consisting of 247 employees), giving a 76% response rate for the line managers. This response rate is considered sufficient taking into consideration that the response rate for surveys in organisation research is, on average, 52.7% (Baruch & Holtom, 2008). Based on this data structure, the thesis employed a multi-level modelling

technique to test the hypothesis. The researcher used Mplus version 8.2 to perform the multi-level modelling analysis. The multilevel analysis compared the null model, random intercept model, and intercept-as-outcome model, and tested the hypotheses using statistical tests of multi-level mediation and multi-level moderated mediation.

5.7.2 Multi-level modelling

There are three approaches that can be applied when dealing with nested data. The researcher can either utilise a disaggregation, aggregation or a multi-level models approach (Cheung & Au, 2005). The first approach is one in which only individual-level data are used in the analysis. Researchers such as Hofmann (1997) and Raudenbush and Bryk (2002), however, have criticised this approach because it violates the random sampling assumption required by most statistical techniques. It also inflates the test statistics because the standard errors of parameter estimates are underestimated, thereby producing type I errors (Raudenbush & Bryk, 2002). Thus, The conclusions made based on the disaggregated data are generally inaccurate (Shen et al. 2018)

The second approach is to aggregate data generated from individual-level to the group-level. This approach, however, poses several problems. First, the resulting sample size is much smaller than the original individual-level data. Second, aggregated data may not always be a fair representation of group-level data (Klein & Kozlowski, 2000). Third, the information provided from the aggregated methods may ignore potentially significant individual-level variations (Hofmann, 1997), such as intracultural variation (Au, 1999; Au & Cheung, 2005) or within-group dispersion (Chan, 1998; Klein, Conn, Smith & Sorra, 2001). Fourth, researchers may commit

an ecological fallacy, a logical fallacy inherent in making causal inferences from group-level data to individual-level behaviours (Robinson, 1950). In both cases, the results are generalised to an inappropriate level because relationships among variables that hold at one level do not necessarily hold at another level of the hierarchy (Croon & Van Veldhoven, 2007). Therefore, in order to correctly analyse the nested structure, it is more appropriate to consider the third approach, which avoids the potential inefficiencies of aggregating individual-level data to the group level or disaggregating group-level data to lower-level units (Heck & Thomas, 2015; Putnam-Hornstein, 2012).

The third approach is multi-level modelling. Multi-level modelling is also known as hierarchical linear modelling (HLM) or linear mixed modelling (Garson, 2013). HLM has been widely used in business and management research (Erkan Ozkaya et al., 2013). A key strength of HLM is that it not only addresses the issue of statistical dependence, but also allows researchers to formulate and test hypotheses about the relationship between variables measured at different levels of analysis (Raudenbush & Bryk, 2002). This further enables the partitioning of total variance into within- and between-group components and it allows for a separate structural model specified at each level (Byrne, 2012). Multi-level modelling allows the researcher to avoid the aggregation or disaggregation problem by considering both levels simultaneously in the analysis (Heck, 2001).

The literature indicates that the majority of previous research has employed multi-level modelling to deal with the hierarchical nature of the data (e.g. Aryee et al., 2012; Takeuchi et al., 2007). The development of multi-level modelling techniques has developed from a concern about conceptual and methodological

issues when performing research with hierarchical data (Heck, 2001). Two situations may emerge in multi-level modelling: 1) macro-micro; and 2) micro-macro. Macro-micro is a situation where the dependent variable measured at a lower level is explained by a variable measured at a lower or higher level. On the other hand, micro-macro is a situation where the dependent variable defined at the higher level is explained by variables measured at a lower individual level (Croon & Van Veldhoven, 2007). Therefore, MLM is needed if a researcher is interested in connecting variables at different levels (macro/micro) (Hirschmann & Swoboda, 2017).

The application of the standard statistical method to multi-level data, such as the regression model, violates the assumption of independent errors (Finch & Bolin, 2017; Preacher et al., 2010). Furthermore, this is unsuited to treating individual subjects as independently sampled because the subjects belonging to the same group may be expected to be more similar than subjects from different groups (Croon et al., 2015). This argument suggests that the multi-level model should be applied to analyse this type of situation.

There are several advantages to applying the multi-level model over the single-level model. Mathieu and Taylor (2007) highlighted three advantages. First, it can accommodate correlations among subjects within the same higher-level unit. Second, it allows for the effects of the explanatory variables on the outcome variables to differ over the different higher-level units. Third, it provides the chance for mediational testing of the relationship, comprising explanatory, mediating and outcome variables residing at different levels of analysis.

There are several problems when a researcher ignores the multi-level data structure. First, the application of the standard statistical method (e.g. regression model) to multi-level data violates the assumption of independent errors. This leads to a type I error (falsely rejecting the null hypothesis of no effect). Second, by ignoring the multi-level structure of the data, the researcher may miss important relationships at each level in the data. Therefore, the researcher may miss an important variable at a higher level that would help to explain the results at the lower level (Finch & Bolin, 2017).

5.8 Descriptive statistics: comparisons between the two organisations

An initial comparison of the line manager and employee composite scores, means and standard deviation (SD) for MOHR and PSD was carried out for all the study variables (see Table 5.12 and 5.13). From Table 5.12, it can be concluded that the line managers at both MOHR and PSD report a moderately high level of HRM implementation, which is more than half of the total possible score for HRM implementation: 36.1 for MOHR and 34.5 for PSD. This situation suggests that the line managers implement a high level of strategic HRM practices in both organisations. PSD scored slightly lower than MOHR. However, from Table 5.13 it can be concluded that employees in both MOHR and PSD perceive a moderately high level of HRM implementation, which is more than half the possible total score for HRM implementation: 32.72 for MOHR and 32.95 for PSD.

Comparing the HRM implementation reported by the employees and line managers, we can see that there is a gap in the HRM implementation reported by the line manager in Table 5.12 and scores indicated by the employees in Table 5.13

(summarised in Table 5.14). This situation is consistent with the literature suggesting that a gap exists between intended, implemented and perceived HRM practices (Alfes et al., 2013; Conway & Monks, 2008; Gratton & Truss, 2003; Snape & Redman, 2010). Several studies show that managers and employees' reports of HRM practices differ (Edgar & Geare, 2005; Guest & Conway, 2004; Nishii et al., 2008). However, the interpretation gap⁶ (Piening et al., 2014) between line manager reports of strategic HRM implementation and employee perception of HRM implementation is lower in PSD than in MOHR (see Table 5.3).

Table 5.12: Study variable, composite score, means and SD for line managers

Measure	MOHR			PSD		
	Score for each measure	Mean	SD	Score for each measure	Mean	SD
Ability	35	28.6	3.2	35	27.9	2.4
Motivation	65	47.3	4.7	65	45.8	4.9
Opportunity	100	69.9	5.9	100	68.9	7.7
Line manager report of strategic HRM practice implementation	45	36.1	3.0	45	34.5	5.0
Unit performance	35	28.9	5.5	35	28.3	3.2

Note: Ability, motivation and opportunity measure used a Likert scale (1=strongly agree, 5=strongly disagree); line manager reports of strategic HRM practice implementation used a Likert scale (1=never, 5=always); unit performance used a Likert scale (1=far below average, 5=far above average)

⁶ The 'interpretation gap' refers to "discrepancies between the implementation of HRM and employees' perceptions" (Piening et al., 2014: p. 557).

Table 5.13: Study variable, composite score, means and SD for employees

Measure	MOHR			PSD		
	Score for each measure	Mean	SD	Score for each measure	Mean	SD
Perception of HRM implementation	45	32.7	5.3	45	32.9	4.4
Perception of HRM system strength features (distinctiveness)	50	32.3	3.7	50	32.6	4.2
Perception of HRM system strength features (consistency)	45	25.3	4.9	45	26.3	4.3
Perception of HRM system strength features (consensus)	55	35.6	4.4	55	35.6	4.3

Note: Employee perception of HRM implementation used a Likert scale (1=never, 5=always); perception of HRM system strength (distinctiveness, consistency and consensus) used a Likert scale (1=strongly disagree, 5=strongly agree)

Table 5.14: Interpretation gap between MOHR and PSD

Measure	MOHR score	PSD score
Line manager report of strategic HRM practice implementation	36.1	34.5
Employee perception of HRM implementation	32.72	32.9
Difference	3.38	1.6

Note: Line manager reports of strategic HRM practice implementation used a Likert scale (1=never, 5=always); employee perception of HRM implementation used a Likert scale (1=never, 5=always)

The reason for the lower interpretation gap for PSD is perhaps because PSD line managers more frequently implement strategic HRM practices for employees. Hence, from the employee point of view, the number of productive line managers that implement strategic HRM practices enhances the visibility of the implemented strategic HRM practices in the organisation. This is consistent with the assumption

that a five-star rated ministry is more actively implementing strategic HRM practices than a four-star rated ministry.

The researcher made further comparisons of the dataset for both PSD and MOHR. The researcher used t-tests to examine the differences between PSD and MOHR for all study variables. The result shows that there was no significant difference between the line manager self-reported ability, motivation, opportunity, HRM implementation and unit performance mean scores between MOHR and PSD (see Appendix 10).

For the employee responses, the t-test result shows that there was no significant difference in the means of HRM implementation and employee perception of the HRM system scores for distinctiveness and consensus between MOHR and PSD. However, the null hypothesis of no difference between the organisations could not be rejected for the HRM system strength variable consistency (see Appendix 11). This situation could possibly be explained by the fact that PSD is trying to maintain as well as continuously improve their position as a five-star agency; PSD therefore implements and regularly changes various types of HRM practices that might not be consistent with other practices. As a four-star ministry, MOHR may not be so proactive in terms of reviewing existing HRM practices.

Further exploration was undertaken of each of the items in the employee perception of HRM system strength (consistency) variable. Table 5.15 shows the mean scores for each item and the mean score difference between PSD and MOHR. From Table 5.15, items labelled 'consistency item 27', 'consistency item 31' and 'consistency item 33' for both PSD and MOHR show a high mean score difference between the two organisations. This is not surprising given that 4 stars ministry is

revealing its differences. This shows that they were actually rated differently and perhaps this is the reflection of the different rating.

Table 5.15: Mean and mean score difference in employee perception of HRM system strength features (consistency)

Variables	Measurement items	Scales	MOHR	PSD	Mean score difference
			Mean score	Mean score	
Employees' perception of HRM system strength features (consistency)	The HR practices in this ministry/agency do not contribute to employees' motivation (consistency item 26).	1-5	2.52	2.69	0.17
	The HR practices implemented in this ministry/agency sound good in theory, but do not function in practice (consistency item 27).	1-5	2.64	2.83	0.19
	The appraisal procedure developed by the HR department has in practice other effects than the intended effects (consistency item 28).	1-5	3.10	3.01	0.09
	There is a wide gap between the intended and actual effects of HR initiatives (consistency item 29).	1-5	2.94	3.08	0.14
	The HR department does not succeed in actively changing employees' behaviour (consistency item 30).	1-5	2.81	2.89	0.09
	In this ministry/agency, HR policy changes every other minute (consistency item 31).	1-5	2.76	2.95	0.19
	The various HR initiatives send inconsistent signals (consistency item 32).	1-5	2.74	2.86	0.12

(Continue)

Table 5.15 (Continued)

Variables	Measurement items	Scales	MOHR	PSD	Mean score difference
			Mean score	Mean score	
Employees' perception of HRM system strength features (consistency)	The successive initiatives introduced by the HR department often clash badly with each other (consistency item 33).	1-5	2.60	2.83	0.23
	In this ministry/agency, there is a clear consistency of HRM messages between word and deeds of the HR department (consistency item 34).	1-5	3.20	3.19	0.01

5.9 Demographic variables description

Table 5.16 and 5.17 present the descriptive statistics for the demographic variables for both PSD and MOHR for line managers and employees respectively. For the line managers (Table 5.16), the majority of respondents were between the ages of 30 and 40 years old (53.5%). More than half of the respondents were female (53.5%). A large percentage had a bachelor degree qualification (47.7%) and 47.7% of the total respondents had between 1 and 5 subordinates. The largest proportion (45.3%) had a policy work function. The largest proportion had between 6 and 10 years of experience working as a manager (37.2%), more than 15 total years of experience working in the public sector (39.5%) and between 6 and 10 years of experience working as a manager in the public sector (40.7%). The majority had between 1 and 5 years of experience working in the unit (74.4%) and between 1 and 5 total years of experience working as a manager in the unit (74.4%).

For employees (Table 5.17), the majority were between the ages of 31 and 40 years old (60.7%) and female (61.8%). A large proportion have a bachelor degree

qualification (38.9%) and hold an executive position (39.3%). A large proportion (34.9%) performed administrative work functions. The largest proportion had between 6 and 10 years of experience working in the public sector (42.4%). A majority had worked in their current unit for 1 to 5 years (58.9%) and 46.8% had worked in either PSD or MOHR for between 1 and 5 years.

This demographic profile of the survey respondents satisfied several important criteria for the research. For example, the fact that more than 50% of the respondents had more than six years of experience working as a manager in the public sector indicated that the line managers would have experience and responsibilities in handling subordinates, including staff development and managing staff motivation and behaviour. The duration also suggests that the line managers were familiar with certain HRM practices and policies. Similarly, for employees, since more than 50% of the respondents had more than six years of experience working in the public sector, it is justifiable to suggest that the employees were aware of and had experienced in policy initiatives from the HR department.

Table 5.16: PSD and MOHR line manager demographic statistics

Demographic	Category	PSD	MOHR	Total	(%)
Age	30-40	26	20	46	53.5
	41-50	11	14	25	29.1
	51-60	7	8	15	17.4
Gender	Male	19	21	40	46.5
	Female	25	21	46	53.5

(Continue)

Table 5.16 (Continued)

Demographic	Category	PSD	MOHR	Total	(%)
Education level	Certificate/Diploma	-	3	3	3.5
	Bachelor	21	20	41	47.7
	Postgraduate	20	16	36	41.9
	PhD	3	3	6	7.0
Total years of experience working as a manager	Less than a year	1	-	1	1.2
	1-5 years	10	10	20	23.3
	6-10 years	16	16	32	37.2
	11-15 years	12	10	22	25.6
	16 years or more	5	6	11	12.8
Total years of experience working in the public sector	1-5 years	2	1	2	2.3
	6-10 years	9	7	17	19.8
	11-15 years	21	12	33	38.4
	16 years or more	12	22	34	39.5
Total years of experience working as a manager in the public sector	Less than a year	1	-	1	1.2
	1-5 years	13	9	21	24.4
	6-10 years	16	18	35	40.7
	11-15 years	12	9	21	24.4
	16 years or more	2	6	8	9.3
Total years of experience working in the unit	Less than a year	5	5	10	11.6
	1-5 years	35	29	64	74.4
	6-10 years	3	6	9	10.5
	11-15 years	1	2	3	3.5
Total years of experience working as a manager in the unit	Less than a year	6	5	11	12.8
	1-5 years	35	29	64	74.4
	6-10 years	2	6	8	9.3
	11-15 years	1	1	2	2.3
	16 years or more	-	1	1	1.2

(Continue)

Table 5.16 (Continued)

Demographic	Category	PSD	MOHR	Total	(%)
No. of subordinates	1-5 people	25	16	41	47.7
	6-10 people	12	17	29	33.7
	11-15 people	3	3	6	7.0
	16-20 people	1	3	4	4.7
	21-25 people	3	3	6	7.0
Working function	Policy	19	20	39	45.3
	Finance	3	5	8	9.3
	Accounting	-	2	2	2.3
	Legal	-	2	2	2.3
	ICT	11	1	12	13.9
	Administration	11	12	23	26.7

Table 5.17: PSD and MOHR's employee demographic statistics

Demographic	Category	PSD	MOHR	Total	(%)
Age	20-30	48	52	100	22.1
	31-40	137	138	275	60.7
	41-50	14	37	51	11.3
	51-60	7	20	27	6.0
Gender	Male	85	88	173	38.2
	Female	121	159	280	61.8
Education level	SPM	26	38	64	14.1
	STPM	15	11	26	5.7
	Certificate/Diploma	63	76	139	30.7
	Bachelor	78	98	176	38.9
	Postgraduate	23	22	45	9.9
	PhD	1	2	3	0.7

(Continue)

Table 5.17 (Continued)

Demographic	Category	PSD	MOHR	Total	(%)
Position level	Non-executive (Grade 17-22)	67	79	147	32.5
	Non-executive (Grade 27-36)	62	66	128	28.3
	Executive (Grade 41-44)	77	102	178	39.3
Total years of experience working in the public sector	Less than a year	2	8	10	2.2
	1-5 years	37	35	72	15.9
	6-10 years	93	99	192	42.4
	11-15 years	57	54	111	24.5
	16 years or more	17	51	68	15.0
Total years of experience working in the unit	Less than a year	22	30	52	11.5
	1-5 years	131	136	267	58.9
	6-10 years	45	69	114	25.2
	11-15 years	8	9	17	3.8
	16 years or more	-	3	3	0.7
Total years of experience working in the organisation	Less than a year	15	26	41	9.1
	1-5 years	105	107	212	46.8
	6-10 years	63	71	134	29.6
	11-15 years	17	29	46	10.2
	16 years or more	6	14	20	4.4
Working function	Policy	46	33	79	17.4
	Finance	40	66	106	23.4
	Accounting	1	13	14	3.1
	Legal	5	19	24	5.3
	ICT	65	7	72	15.9
	Administration	49	109	158	34.9

5.10 Re-coded demographic variables

As the demographic variables were used as control variables (see section 5.4.3), it was essential to make sure that there was a sufficient number of observations in each category of the demographic variables (Babbie et al., 2007). The re-coding technique enables the researcher to combine two or more categories of the demographic variables so that the analysis process can be more straightforward and manageable (Babbie et al., 2007).

Babbie et al. (2007) mentioned that there are no fixed rules for choosing which categories to combine. However, they suggested two rules to guide the researcher in this process. One is logical, and the other is empirical. In terms of the logical rule, there is a point where it is logical to choose a cutting point to divide the data into several categories. Regarding the empirical rule, it is an advantage to have a sufficient number of observations in each category for performing the subsequent analysis. This situation is similar to our case, where there was an insufficient number of respondents, both for line managers and employees, in several categories. Babbie et al. (2007) suggested that the combined categories would have approximately the same number of observations. The researcher follows Babbie et al.'s suggestion. For this technique, the researcher used the combined demographic data from both organisations. Once there was enough combined observations for all categories, all demographic variables were recoded as dummy variables. The list of dummy variables is presented in Table 5.18 and 5.19.

Table 5.18: Recoded and dummy variable: line managers

Demographic	Category	Total	Re-coded	Dummy
Age	30-40	46	40 years or below 41 years or above	1=41 years or above, 0=40 years or below
	41-50	25		
	51-60	15		
Gender	Male	40		1=Female
	Female	46		0=Male
Education level	Certificate/Diploma	3	Lower level education	1=Higher level 0=Lower level
	Bachelor	41		
	Postgraduate	36	Higher level education	
	PhD	6		
Total years of experience working as a manager	Less than a year	1	10 years or less	1=11 years or more
	1-5 years	20		
	6-10 years	32	11 years or more	0=10 years or less
	11-15 years	22		
	16 years or more	11		
Total years of experience working in the public sector	1-5 years	2	10 years or less	1=11-15 years 2=more than 15 years
	6-10 years	17		
	11-15 years	33	16 years or more	0=10 years or less
	16 years or more	34		
Total years of experience working as a manager in the public sector	Less than a year	1	5 years or less	1=6-10 years
	1-5 years	21	6-10 years	2=11 years or more
	6-10 years	35	11 years or more	0=5 years or less
	11-15 years	21		
	16 years or more	8		

(Continue)

Table 5.18 (Continued)

Demographic	Category	Total	Re-coded	Dummy
Total years of experience working in the unit	Less than a year	10	Less than a year 1-5 years 6 years or more	1=1-5 years
	1-5 years	64		2=6 years or more
	6-10 years	9		0=Less than a year
	11-15 years	3		
Total years of experience working as a manager in the unit	Less than a year	11	Less than a year 1-5 years 6 years or more	1=1-5 years
	1-5 years	64		2=6 years or more
	6-10 years	8		0=Less than a year
	11-15 years	2		
	16 years or more	1		
No. of subordinates	1-5 people	41	5 years or less 6 years or more	1=6 years or more
	6-10 people	29		0=5 years or less
	11-15 people	6		
	16-20 people	4		
	21-25 people	6		
Job function	Policy	39	Policy Non-policy	1=Non-policy
	Finance	8		0=Policy
	Accounting	2		
	Legal	2		
	ICT	12		
	Administration	23		

Table 5.19: Recoded and dummy variable: employees

Demographic	Category	Total	Re-coded	Dummy
Age	20-30	100	30 years or below 31-40 years 41 years or above	1=31-40 years
	31-40	275		2=41 years or above
	41-50	51		0=30 years or below
	51-60	27		
Gender	Male	173		1=Female
	Female	280		0=Male
Education level	SPM	64	Lower level education Higher level education	1=Higher level education
	STPM	26		0=Lower level education
	Certificate/Diploma	139		
	Bachelor	176		
	Postgraduate PhD	45 3		
Position level	Non-executive (Grade 17-22)	147	Non-executive Executive	1=Executive
	Non-executive (Grade 27-36)	128		0=Non-executive
	Executive (Grade 41-44)	178		
Total years of experience working in the public sector	Less than a year	10	10 years or less 11 years or more	1=11 years or more
	1-5 years	72		0=10 years or less
	6-10 years	192		
	11-15 years	111		
	16 years or more	68		

(Continue)

Table 5.19 (Continued)

Demographic	Category	Total	Re-coded	Dummy
Total years of experience working in the unit	Less than a year	52	5 years or less	1=6 years or above 0=5 years or less
	1-5 years	267	6 years or above	
	6-10 years	114		
	11-15 years	17		
	16 years or more	3		
Total years of experience working in the organisation	Less than a year	41	5 years or below	1=6 years or above 0=5 years or below
	1-5 years	212		
	6-10 years	134	6 years or above	
	11-15 years	46		
	16 years or more	20		
Job function	Policy	79	Policy,	1=Non-policy, legal, ICT and administration 0=Policy, finance and accounting
	Finance	106	finance and	
	Accounting	14	accounting	
	Legal	24	Non-policy,	
	ICT	72	legal, ICT and	
	Administration	158	administration	

5.11 Identification of demographic variables as control variables

Given the large number of control variables, the relationship between each control variable and the study variables was examined using univariate statistical tests (t-test or analysis of variance (ANOVA)) to determine which control variables to include in hypothesis testing (see Appendix 12 and 13 for the results of this process for line manager and employee responses respectively). Line manager age was significantly related to how they describe their HRM ability ($t=3.09$, $p<0.05$), their report of strategic HRM practice implementation ($t=2.22$, $p<0.05$) and unit

performance ($t=2.55$, $p<0.05$). Line manager education level was significantly related to how they describe their ability ($t=2.11$, $p<0.05$). Finally, line manager function was significantly related to their report of strategic HRM practice implementation ($t=2.51$, $p<0.05$).

The employee level of education was significantly related to employee perception of HRM system distinctiveness ($t=2.18$, $p<0.05$). The position of the employee (non-executive/executive) was significantly related to how the employee perceived HRM system distinctiveness ($t=2.50$, $p<0.05$). No other statistically significant relationships were found for employee perceptions of the HRM system (distinctiveness, consistency and consensus). Therefore, employee education and position were included as control variables.

5.12 Ethical responsibilities

Since the study was conducted in the public sector in Malaysia, it was necessary to obtain prior approval from the Government of Malaysia. The researcher applied to the Economic Planning Unit, Prime Minister's Department of Malaysia (EPU). This department is responsible for managing the application, granting approval and monitoring any academic research conducted in Malaysia by foreign institutions and researchers. The department granted permission to conduct the research (see Appendix 14 for the approval letter from EPU). Upon getting approval, the researcher was given a research card that authorises researchers to access agencies and departments in the Malaysian Government. Full access was approved by the high ranking officers, and all communications were made through formal letters and email.

This ethics application was approved by the Ethics Committee, Strathclyde Business School, University of Strathclyde. This ensured adherence to policies with regard to confidentiality of participants, protection of participants and informed consent. All names were kept confidential, and all data related to the research were securely stored with a password. The research did not expose the participants to any harm and all the interviews were conducted following strict procedures. All the participants in this research took part voluntarily. Each interview participant was given an information sheet outlining all the relevant information about the research.

5.13 Reliability, validity and study limitations

The data for this study is considered reliable and valid for the purpose of the research hypothesis testing. The researcher attempted to minimise any unreliability by providing the respondents with clear instructions on the questionnaire, distributing the questions in the proper order (e.g. reducing bias by maintaining anonymity, detailing appropriate return location) and ensuring all the participants were knowledgeable on the subject. The participants selected for the study were chosen based on the fact that they represented the population of line managers and employees in other ministries. The reason because, in terms of HR policy, public sector employees in ministries are exposed to a relatively similar type of HRM practices as many of the HR functions and decisions within the ministries are still centralised to the central agency (Xavier, 2013). The data is valid since both questionnaires underwent several processes (e.g. expert opinion, pre-test and pilot test) to ensure the measurement instruments described the items unambiguously before they were distributed to the respondents. Although this research was conducted in the public

sector, the data collection technique and methodology applied in this study followed a similar procedure to that often used in the private sector. Thus, it would be possible to replicate this questionnaire in another sector. This study also used validated instruments from previous studies, making only minor changes to suit the public sector context. Hence, the instruments are valid to be extended to the private sector context.

The present study has several limitations, which were taken into account in interpreting the results. The research was confined to a four-star and a five-star rated public sector organisation within the federal government. This may limit its ability to generalise the results of this research to the public sector in Malaysia. Other governmental organisations within the state and local government were not covered in the study because it is expected that these institutions may have different priorities in implementing HRM policies and practices. The current research did not extend the survey to any of these public sector organisations because of time limitations and cost.

The sample population of line managers primarily depended on the number of employees under their supervision in each work unit. The questionnaire was distributed to line managers who had at least two direct subordinates. Thus, this research failed to capture line managers that have one direct subordinate. These particular line managers might have different opinions on their abilities, motivation and opportunities for HRM implementation. Thus, the information on the abilities, motivation and opportunities of the line managers included may not provide a complete picture of the HRM implementation in these particular organisations.

With regard to the employee sample, this included non-executive and executive-level employees. The level of understanding of HRM policies and practices may vary between these two groups of employees. This may affect the overall perception of HRM implementation and the HRM system in their particular work unit.

5.14 Conclusion

This chapter presented the methodology for the study of the two organisations in the Malaysian public sector, which was designed to test the research hypotheses. The chapter described the study's positivist paradigm and multi-source survey design with questionnaires created for line managers and their subordinates. Data collection began with exploratory interviews – providing background information on the Malaysian public sector, particularly on HRM policies and the Malaysian public sector transformation program. A detailed questionnaire development process was described. This ensured the relevance of the well-established validated scales from the strategic HRM literature, which formed the questionnaires for the line managers and employees. The sampling strategy and distribution procedure for the multiple-source survey data collection involving the line managers and their employees across work units in two organisations was described. The multi-level modelling approach was also presented, along with the structure of the data obtained from the surveys and the analytical strategy. The chapter concluded by acknowledging the limitations of this data for testing the research hypotheses, especially the limits to generalisability. Despite these limitations, it is proposed that the study design provided relatively rare multi-source data from line managers and their employees

within the context of the Malaysian public sector. This data allows for a test of how HRM is perceived by these two groups, as well as the effects of line manager attributes on the effectiveness of HRM implementation.

CHAPTER 6 - THE MALAYSIAN PUBLIC SECTOR HRM

CONTEXT AND EXPERT INTERVIEWS

6.1 Introduction

The purpose of this chapter is to highlight contemporary issues in HRM and public sector transformation in the Malaysian public sector. Since there was found to be limited literature on the Malaysian public sector HRM (Kassim & Mokhber, 2015), it might be difficult for the researcher to gain a broad picture of the current HRM policies and practices or public sector transformation in the Malaysian public sector. Therefore, data from 12 expert interviews was gathered to better understand the implementation of HRM practices and policies and the public sector transformation process in the Malaysian public sector.

This chapter is divided into two sections. The first section entails a review of the Malaysian public sector context. The second deals with the findings from the interview data obtained from the 12 experts. The chapter begins with a discussion of NPM and strategic HRM in the Malaysian public sector, before moving on to discuss HRM transformation in the Malaysian public sector.

The findings from the interviews were classified into four clusters: the rhetoric and realities of HRM policies and practices; HR's role and devolution of HR to managers; line manager implementation; and employee perception of the HRM system. The findings relating to these themes are presented and discussed in the respective sections. The chapter concludes with the overall findings related to HRM and public sector transformation in the Malaysian public sector context.

6.2 NPM in the Malaysian public sector

The adoption of NPM in developing countries tends to draw inspiration from the best practice model in developed and advanced countries. Asian countries that faced economic challenges in the 1990s adopted NPM as a survival tool during harsh economic times (Kim, 2000). However, lifting NPM ideas from Western countries can be challenging (Zafarullah & Sarker, 2016) since developing countries may have differences in terms of socio-cultural and political styles, and economic structures and traditions. The application of NPM from developed countries such as the UK, Australia and New Zealand to other parts of the worlds, especially South Asia, has met with differential success and often failure (Turner et al., 2013). Malaysia, however, is among several developing countries to have successfully applied significant and sustained reforms related to NPM to enhance national efficiency, effectiveness and competitiveness (Siddiquee, 2006; Siddiquee et al., 2017).

Malaysia – located in Southeast Asia – boasts a multi-cultural heritage as a result of its diversified 27 million people. Malaysia is one of Asia’s many success stories, having produced rapid and sustained economic growth and a high level of political stability despite being a multi-ethnic society. In 2015, Malaysia was 18th of 140 economies based on the World Competitiveness Report (its highest rank since 2005). Malaysia has a robust administrative system that has successfully overcome many post-independence obstacles. This system has been regarded as one of the best systems to be emulated by other developing countries (Siddiquee, 2013). According to the Global Competitiveness Report 2014-2015, Malaysia is the eighth most efficient government globally (WEF, 2015).

These achievements are the result of the reform efforts undertaken by the government since Malaysia gained its independence in 1957. According to Mansor and Raja Ariffin (2015), Malaysian public administration has undergone several stages of change, beginning with the traditional bureaucratic model during the colonial period, then development administration and institution building during the post-colonial era, followed by public management in the mid-1980s and, lastly, a second phase of institution-building that took place after 2010. For the sake of the discussion, this thesis only covers the period from the 1980s to the 2010s because within this time period the most significant reforms were evident in the public sector in Malaysia.

The major reformation of the Malaysian public sector began in the 1980s. Malaysia was focussing heavily on driving economic growth with the implementation of Malaysia's New Economic Policy (NEP). The primary objective of the NEP introduced in 1971 was to create a fair, just and unified nation. The policy was conceived as a two-pronged strategy for eradicating poverty regardless of ethnicity and ensuring economic opportunities were available to all Malaysians regardless of their background. The rapid expansion of public enterprises financed through external borrowing had led to a deficit problem. At that time, Malaysia was facing a twin deficit: a current account deficit and a budget deficit. Substantial government investment in unproductive infrastructure projects and public investment in heavy industry through public enterprises contributed to the deficit.

As the oil crises hit globally, the Malaysian situation worsened and the Malaysian economy entered a recession in 1985. Such a situation demanded a reliable solution from the Malaysian government. As a result, following the global trend of

managerialism, the Malaysian government introduced significant reforms in various spheres of public bureaucracy and management.

Under the fourth prime minister, Dr Mahathir Mohamad, and with the help of leading NPM experts David Osborne and Ted Gaebler, the country initiated several approaches to the reformation agenda to put Malaysia back on track. Dr Mahathir Mohamad was inspired to transform the traditional public service into a more effective, customer-driven and result-oriented administration. Therefore, the reform agenda was geared towards the development of an efficient and professional managerial administration emphasising values such as quality, productivity, performance and accountability for results. The initiatives undertaken included the following:

- i. The 'look to the east policy' to cultivate a Japanese and Korean style of management to adopt the best practices;
- ii. Vast privatisation practices encouraging participation from the private sector and cooperation between the public and private sector in order to propel the Malaysian economy towards achieving efficiency; and
- iii. The introduction of cleanliness, efficiency and trustworthiness as a working culture, placing greater emphasis on accountability, and being results-driven and ethical. These reformation efforts continued into the 1990s as the government introduced and implemented several other measures to improve its administration to suit the needs of the market and performance-driven initiatives.

In cultivating the performance culture, various performance management initiatives were introduced from the early 1990s until the end of the 2000s in the

public sector. During this period, the adoption of private sector management practices was evident in the Malaysian public sector. Several management tools, such as quality control circles (QCC), were introduced into the public sector to improve productivity in public sector departments, along with the introduction of a manual of work procedures and desk files with the aim of improving workflows and procedures. In addition, other management approaches, such as total quality management (TQM), the client's charter, and the adoption of the recognised International Organisation of Standardisation (ISO 9000), were put into place to improve and deliver quality services to stakeholders and customers.

As part of the government initiative to revitalise the public sector workforce, the government introduced a new remuneration system (NRS). As a way to promote meritocracy in the public service, the NRS restructured the traditional personnel management system by linking pay and performance. As a result, a matrix salary schedule was introduced, replacing the linear salary scale that had previously applied in the Malaysian public sector, creating salary progression based on employee performance. Under NRS, the new performance appraisal system (NPAS) was introduced aiming at a fair, reliable and objective assessment of employee performance. NPAS offers several features, including annual work targets, a mid-review and performance evaluation criteria.

After receiving complaints from public servants and dissatisfaction being voiced about the subjectivity of NRS, the evaluation process and limited promotion prospects, NRS was further reviewed and replaced with the Malaysian remuneration system (MRS). Taking into account the government's changing mission and vision of the knowledge-economy, as well as the need for life-long learning, MBS made

further improvements, emphasising career development and salary progression in the public service. While MRS retained some of the basic principles of NRS, the system made it possible for public servants who performed well in their work and met the competency assessments to be considered for merit salary progression rather than the standard annual salary increment (Siddiquee, 2010).

Alongside the reforming efforts in the human resources management areas, the budgetary and financial management system was also subjected to reform. The government was concerned about the allocation and management of public funds. Attempting to ensure that the public funds were managed efficiently, and the government was prudent in its financial spending, the government undertook its reforms in two phases. The first phase began with the introduction of the program and performance budgeting system (PPBS); later, a modified budgeting system (MBS) was introduced. While PPBS suffered from major weaknesses, including weak linkages between inputs and outputs, less emphasis on performance indicators, and limited authority at lower levels, MBS was more broadly result orientated, placing a clear emphasis on the association between inputs and outputs and focusing on the application of performance indicators (Siddiquee, 2010). MBS requires government agencies to specify the input to be used and expected outputs and impacts of their programme displaying quantity, quality, cost and timeliness. In return, funding is given to agencies based on the agreed programme (Siddiquee, 2014). The MBS is consistent with ideas of 'let the manager manage' and devolution of authority at a lower level (Siddiquee, 2010).

Although Malaysia adapted and adopted several elements of the NPM in its reform strategy, the reforms only had a moderate impact on public service

performance (Lim, 2009; Siddiquee, 2014, 2006). The growing demands and expectations of the public and the low level of governmental performance regarding the execution of policies and programmes necessitated performance improvement in the government.

To continue the efforts of the previous prime minister, and with improving governmental performance retained as the primary objective, Abdullah Ahmad Badawi, the fifth prime minister, strengthened the application of the performance management and measurement system in order to improve public sector service delivery. The use of the key performance indicator (KPI) as a performance measurement system was introduced in 2005 for all government agencies. The KPI system requires agencies and ministries to develop KPIs to measure the quality of their service delivery. The KPI system covers the aspects of efficiency and effectiveness in the process of service delivery, human resources and financial productivity, and customer satisfaction with the service received (DAC, 2005). However, the KPI failed to have the desired impact because public agencies were not being put under any pressure to meet performance targets given that their compliance was mostly voluntary (Siddiquee, 2014).

Most of these initiatives have not had a significant effect on performance improvement, even after nearly 20 years of improvement programmes. The Malaysian public sector continues to grapple with the issues of inefficiency and the lack of financial discipline and accountability (Abdul Khalid, 2008; Siddiquee, 2006). Similar weaknesses have also been reported each year, such as failure to comply with procedures in managing government assets, a lack of monitoring, a lack of technical expertise and issues of negligence, all of which was highlighted and

reported in the auditor-general's report. At that time, if these issues were not seriously tackled, Malaysia's progress to become a developed nation with first-class public service status would be affected.

Therefore, in 2010, Malaysia's new economic model set the objective of the economy attaining high-income status by 2020, while promoting inclusiveness and sustainability (NEAC, 2010). The fact that the country has been moving closer towards achieving this status, but the previous reforms were not effective, has forced the government to continue its transformation plan (Xavier, 2014). The government needs to act fast to improve the public sector image by showing high commitment and efforts to improve public sector services performance. Under Prime Minister Najib Razak, Malaysia has announced a new agenda for the country with the slogan of *1Malaysia: People First, Performance Now* and under this broad agenda he has introduced a novel approach to radically transform the public sector, called the "Government Transformation Programme" (GTP) (Xavier, Siddiquee & Mohamed, 2016). GTP was introduced because the government needed to radically transform the public sector, to attain significant results and to improve services quickly (Xavier, 2014). Therefore, GTP has replaced the previous best practice reform programs that had failed to show any significant result in improving service delivery (Xavier et al., 2016).

Unlike previous reform initiatives, GTP applies a problem-solving approach to the reform program (Xavier et al., 2016). The problem-solving approach takes the context and uniqueness of the environment very seriously. GTP has been hailed as a policy innovation that has never been implemented before (Mahbob et al., 2013). It is also a model of public sector reform that has been successfully associated with

public service delivery and governmental accountability in the past (Mahbob et al., 2013; Razak, 2013). It is presented as a device to promote a more performance-oriented, accountable and responsive system of government (Siddiquee, 2014).

Under GTP, a series of key performance indicators (KPI) have been applied to eight core areas, which serves as a way to measure and improve the delivery of governmental services. The core areas, which are also called the national key result areas (NKRA), were identified through a series of engagements with various stakeholders. NKRA highlighted critical areas that the government needs to focus on in order to improve government performance when serving the people. Each NKRA was assigned clear, specific targets and measurable outcomes so as to facilitate performance assessment. By increasing the level of accountability, through a set of KPI systems the NKRA were assigned to cabinet ministers and therefore spread throughout the relevant ministries. An assessment approach with green, yellow and red ratings similar to the traffic light system was assigned to each of the ministries to indicate the extent to which the target had been achieved (PEMANDU, 2010, 2012). The eight core areas assigned under the NKRA were: 1) reducing crime; 2) fighting corruption; 3) ensuring quality education; 4) improving the living standards of low-income households; 5) improving rural development; 6) improving urban public transport; 7) addressing the rising cost of living; and 8) public service delivery transformation.

With this precise set of goals, accurate performance measurement targets and monitoring as well as clear assigned responsibilities, GTP has produced impressive results (Siddiquee, 2014) and it has been more successful than the previous reforms (Xavier et al., 2016). Although the academic work on GTP is limited, and there is

hardly any academic literature on the new initiative and its accomplishments (Xavier et al., 2016), it is clear that GTP marked the start of improved service delivery in the public sector (Siddiquee, 2014).

6.3 Strategic HRM in the Malaysian public sector

The quality of the public sector workforce is vital to achieving significant results from the transformations initiated by the government. Recently, the 11th Malaysia Plan 2016-2020 set a strategy to transform the Malaysian public services to become more citizen-centric and to enhance the productivity, efficiency and effectiveness of service delivery. Indirectly, the strategy depended upon the management of human resources (HRM) as one of the crucial areas for realising the targets. Upon realising the goals, one of the critical elements of transformation in the public sector is to transform HRM (Xavier, 2013).

Nowadays, many challenges are confronting Malaysian public services. The country has been criticised for having a bloated civil service. The Malaysian public sector has registered as having the highest number of civil servants relative to its population in the world, with a ratio of one civil servant to every 19.37 people (The Edge Financial Daily, 2017). Recognising this issue, the Second Finance Minister has noted that the government does not intend to downsize the number of employees, instead suggesting that public sector agencies should increase their productivity. Given the numbers, it is necessary to develop an efficient and robust HRM system to unlock the employees' potential and attain high-performing public sector employees. As the public sector is the biggest employer managing a labour force in Malaysia, a

lack of appropriate management of this workforce will lead to lower productivity of the public sector and an inefficient approach to spending taxpayer money.

The Malaysian public sector has been receiving numerous complaints from the public. According to the Malaysian Public Complaints Bureau (PCB), some of the areas most complained about were the poor quality of service, failure to adhere to procedures, and actions that did not meet the complainants' requirements (PCB, 2017). Such complaints further increase the need for the government to implement appropriate HRM strategies and initiatives to nurture the public sector workforce with the right attitude, skills and knowledge.

All of the challenges highlighted above affect Malaysian HRM policies in diverse ways. The HR policies, strategies and practices need to remain relevant and aligned with the strategic direction of the organisation, public service and the nation. As a consequence, the Malaysian government has taken steps to transform human resources through a strategic approach to human resources management. The approach seeks to provide a practical tool for managing people in order to improve public services delivery (Xavier, 2013).

The Public Service Department of Malaysia (PSD), a central agency under the prime minister's department, which leads the development of public sector employees, has laid out the strategic HRM plan for the public sector. The plan contains the following aims:

- i. Setting the strategic direction: the HR strategic plans align with the agency/department/ministry strategic planning. This also entails alignment with line management and top management;

- ii. Ensuring organisational capacity: the ability of the employee to effectively apply skills and resources to attain goals and satisfy stakeholder expectations is enhanced through the formulation of a flexible scheme of service, including remuneration, organisational restructuring and leveraging of technology;
- iii. Employing quality staff: the right employees are offered the training, tools, structures, incentives and accountability to perform effectively. This requires an HR manager to carry out workforce planning (e.g. selection criteria, succession planning, proper staff orientation) to identify the skills, abilities and knowledge needed in the workforce;
- iv. Managing performance, recognition and rewards: strengthening performance management in public service delivery. This focuses on three areas: strengthening the performance management system, recognition and rewards, and counselling services;
- v. Building workforce competency: equipping the public service workforce with the right skills and competencies to tailor service delivery to the expectations of stakeholders. This focuses on three areas: leadership development, continuous learning and knowledge management; and
- vi. Shaping a high-performance work culture: noting the importance of high-performance work culture for good governance based upon positive values and work ethics. This focuses on two areas: high-performance work culture and employer-employee relations (Xavier, 2013).

With regard to whether strategic HRM is perceived as prominent among employees in the Malaysian public sector, Gould-Williams and Mohamed's (2010)

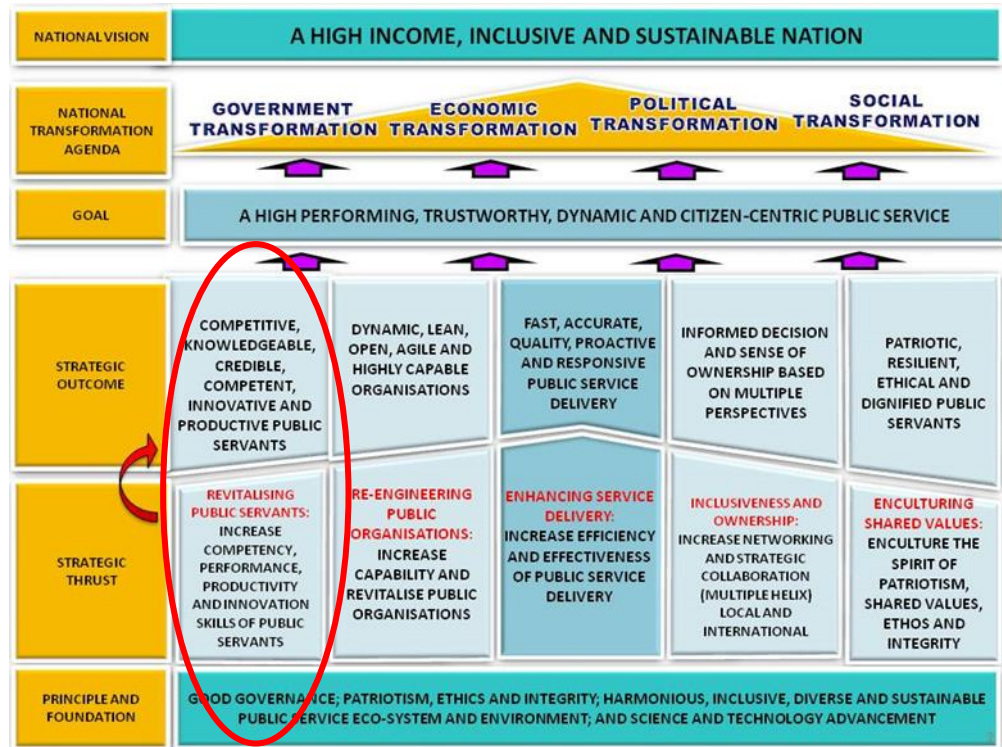
comparative study on the effects of best practice HRM on worker outcomes in local governments in England and Malaysia revealed that best practice HRM is more prominent in Malaysia than England. The survey took place in 20 service departments in Malaysian local government organisations.

6.4 HRM transformation in the Malaysian public sector

In 2013, Public Service Department (PSD) was given a mandate by the chief secretary to the government to initiate the public service transformation agenda. This agenda was designed to ensure that the public service is ready to support national transformation initiatives (discussed above in this chapter). The objective of this transformation is to produce a high-performance public service that is trustworthy, dynamic and citizen-centric. Given that the PSD had a concrete strategic HR plan laid out earlier, this time the strategic HR plan was strengthened as it got more attention from policymakers and stakeholders. It was also brought in line with the national transformation initiatives.

Through the utilisation of internal expertise, workshops, labs and discussions with all ministries, consultative sessions with various stakeholders, comparative studies and benchmarking some best practices from other countries, PSD designed a robust public service transformation framework (PSTF). PSTF acts as a roadmap in supporting the national transformation agenda and national vision for achieving a high income, inclusive and sustainable nation. The framework serves as a guide to all public organisations on aligning their vision, mission, values and corporate strategy with the national vision. The framework for the public service transformation is depicted in Figure 6.1.

Figure 6.1: Public service transformation framework (PSTF)



(Source: Public Service Department of Malaysia)

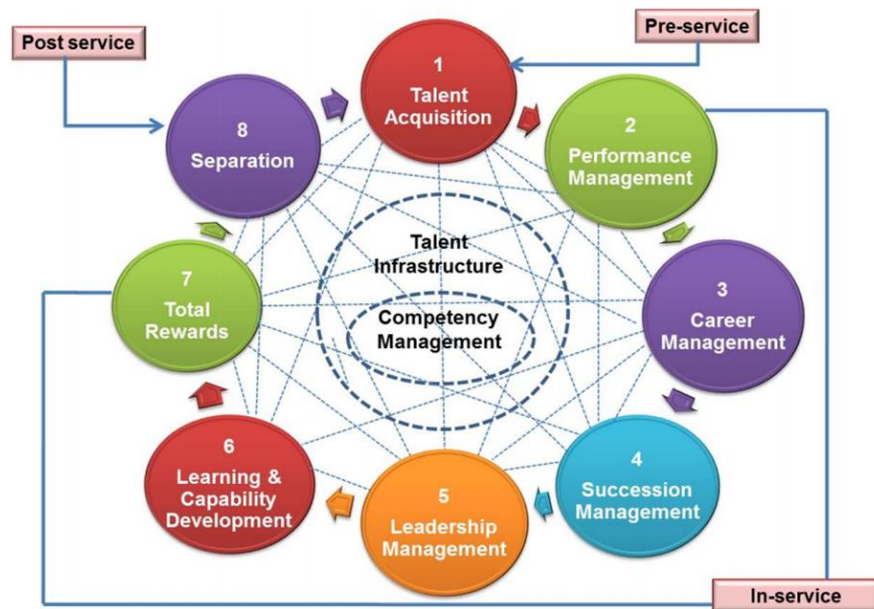
From Figure 6.1, the PSTF is created based on a concrete principle and foundation of good governance, patriotism, ethics and integrity, harmonious, inclusive, diverse and sustainable public service eco-system and environment and technology advancement. Promoting good governance in public services contributes to sustainable national achievements and outcomes. Patriotism, ethics and integrity among public servants promotes resilience and courage in serving the country. A conducive playing field that is an inclusive, diverse and sustainable public service eco-system and environment is imperative for encouraging innovation and boosting the creativity and productivity of the public servants. Advancement in science and technology creates new ways for the public service to offer improved service delivery to stakeholders and customers through innovation and creativity.

The framework is strengthened through the support of the five strategic thrusts. Each thrust emphasises aspects that have been recognised as core elements in the context of the public service. The first strategic thrust entails revitalising public servants, aiming at increasing the human capital competency level. The second strategic thrust – re-engineering public organisations – focuses on organisational structure. The third strategic thrust – enhancing service delivery – emphasises the efficiency and effectiveness of service delivery. The fourth strategic thrust – inclusiveness and ownership – focuses on strengthening networking and collaboration for making collective and informed decisions. The fifth strategic thrust – enculturating – emphasises instilling patriotism, ethical and moral values and integrity. All of the five strategic thrusts are interrelated and support the fulfilment of the transformation. Overall, in order to enhance the service delivery, it should be supported by competent public sector employees who are patriotic and ethical and have integrity. A strong organisational structure and culture that maintains excellent networking and collaboration provides the high-performance working culture that is essential for success.

Of all the strategic thrusts, the first is most related to managing public sector human resources (highlighted by the red circle). The human resources component of the PSTF is essential in producing public servants that are knowledgeable, talented and skilful in order to increase the public sector's performance, productivity and innovation. PSD, as the champion in public HRM, places a greater focus on this core element of the strategic thrust.

As the intended outcome of the strategic thrust is to produce knowledgeable, competent and innovative public servants, PSD has developed an HRM process cycle as per Figure 6.2 below.

Figure 6.2: PSD HRM process cycle



(Source: Public Service Department of Malaysia)

The HRM process cycle was designed to improve public servants' performance. This involves changing attitudes and instilling the appropriate knowledge and skills in staff. There are three main phases involved in the cycles: pre-service, in-service and post-service. Therefore, the cycle begins the moment the person is employed in the public sector and runs until after the person retires. Although the cycle emphasises talent and separation matters, priority is also given to in-service matters. In-service matters are key areas for developing employees to ensure they attain high performance in the workplace. This is related to managing employee performance with the priorities focusing on performance evaluation and incentives, the development of learning and the capabilities of public servants.

Management of employees' careers, succession planning, leadership management and rewards are also further emphasised. All of these practices support the employees to focus on performing tasks that are in line with current needs and demands.

6.5 Expert interviews in the Malaysian public sector

As the details on all the interview respondents are presented in Chapter 5 section 5.3, Table 6.1 below provides only the respondent number and their position title.

Table 6.1: Interview respondent and position title

Respondent	Respondent position title
1	Director
2	Director
3	Director
4	Director
5	Director
6	Senior manager
7	Senior manager
8	Senior manager
9	Manager
10	Manager
11	Assistant Manager
12	Assistant Manager

Respondents were asked their views on the Malaysian public sector transformation programme and their HRM strategy and policies (see Appendix 1 for the interview questions). The researcher began the analysis process by reading the transcribed texts thoroughly multiple times. Following the standard characteristics of

discourse analysis, the researcher did not focus on single responses, but instead the emphasis was on the textual material as a whole (Dick, 2004). To get a general idea, the researcher categorised the texts based on patterns, looking for commonalities and differences in the texts.

The emergent themes from the interview data provided by the respondents were classified into four clusters: the rhetoric and realities of HRM policies and practices; HR role and HR devolvement, line manager implementation; and employee perception. The findings relating to these themes, together with selected relevant quotes, are presented in the following sections.

6.5.1 Rhetoric and realities of HRM policies and practices

Given that the Malaysian government has initiated a broad range of reforms in the past, many of which have been poorly implemented and have not produced the intended effect (Siddiquee, 2010; Siddiquee et al., 2017), several respondents made comments to the effect that:

[...] *There are some gaps in policies and also in the practice.* (Respondent 1)

One respondent shared an example of the mismatch between the intended policy and what is actually happening in government institutions.

[...] *One thing that came to my mind is the policy that was introduced in the 1990s, which says that each officer must go through job rotation every four to five years. However, many agencies decided not to let this officer go because they need the expertise of the officers. The agency needs the officers to stay where they are, but at the same time, the policy says the officer must be rotated every four or five years. This has been going on for many years, and even now, I have not seen any solution yet to this issue.* (Respondent 5)

Another respondent questioned the policy on ‘exiting’ non-performers in the public sector. Although the policy exists, it is not effective at getting rid of non-performers.

[...] When PSD came up with the policy of transformation, they mooted the exit policy. However, until now, I have not seen any significant evidence that we are doing the exit policy. People with bad attitudes are still around. (Respondent 6)

Another respondent stated that the implementation of the performance appraisal was not achieving the intended benefits because sometimes certain marks given to the employees didn’t reflect their real capabilities.

[...] I would say it would be more rhetoric rather than strategic. It strategically looked nice on paper, but implementation-wise did not reflect the appraisal given to a particular individual. (Respondent 7)

Similarly, another respondent pointed out one of the weaknesses of the performance evaluation that might contribute to ineffective HR policy implementation:

[...] What we were saying about yearly performance appraisal, of course, this is the one that we evaluate [at the] end of the year based on the key performing indicator (KPI) that they have already achieved [...] From my previous experience, I have not seen many bosses approach and discuss with me my weaknesses and strengths. It means they did not do it effectively. (Respondent 10)

One respondent stated that many HR policies formulated by the policymakers were difficult to understand because some HR policies may not be precisely translated and adequately communicated.

[...] I can say in the Malaysian public service, we have quite a number of policies around. However, the main issue here, probably [that] the policies are not clearly understood by the civil servants or by the public officers (Respondent 8)

One respondent (6) also made a further statement suggesting that the size of the government may affect the effectiveness of specific HRM policies.

[...] *In the government, the policy is not fully implemented. There is planning, but it is not executed well. This may be because the size of the government is too big or [there are] millions of us. Certain people get overlooked* (Respondent 6)

The above-mentioned points reveal that the HRM policy implementation is not delivering its intended outcomes. There are HRM practices that have been developed to improve employee performance. However, the top management level only captures the intended human resource (HR) policies and ignores the implementation of these HRM practices (Khilji & Wang, 2006). This situation is related to what Legge (2005) describes as rhetoric and realities of HRM practices.

6.5.2 HR's role and the devolution of HRM to line managers

The Malaysian government is currently emphasising a strategic approach to dealing with human resource management matters (Xavier, 2013). However, there have been challenges to becoming more strategic as of much the HR functions are still centralised in the central personnel agency (Xavier, 2013). Ministries do not have power over matters related to hiring and termination of employees. Other examples relate to remuneration decisions where the decision requires central authority approval (Xavier, 2013). The interview data reveal similar evidence on this issue. One respondent stated that:

[...] *HR here is administrative. The HR department is entirely doing administrative work, not a strategic role* (Respondent 6)

In order to be strategic, the HR tasks are devolved to the line managers. The devolution of the HR tasks to the line managers will lessen the burden on the HR department so that the HR department can concentrate on strategic matters. However,

the centralised system has made it challenging to devolve this to line managers. One respondent stated that:

[...] Ideally, it should be delegated to the manager to manage the staff performance. However, in my organisation, it is centralised. So it is tough for the HR manager to delegate it. (Respondent 7)

Respondent 7 further stated that the training plan was not developed based on the employee's job description. Similarly, decisions on sending employees to training courses were coming from the HR managers instead of the line managers.

[...] Most of the people would go for training just by chance, not by design. So a good policy of human resource planning should be by design, [in] which we concentrate on their job description and what are their responsibilities, and we can train them along the line. [...] Sometimes, the HR manager makes the decision for us, [even if] we felt that it is not suitable to send staff to that kind of training. As a result, some staff show changes, but it is not sustainable. (Respondent 7)

A number of other respondents clearly expressed that some HR practices are centralised. Most of the decisions related to certain HR practices are coming from the central agency or the HR department.

Three respondents clearly presented evidence that certain HR practices are centralised. One respondent stated that:

[...] Recruitment is not done by us. We cannot choose people, but if we could do that, I think it would be much better. From there, we can choose the best people that can work with us. The current practice at the moment, we cannot choose the people, they are given to you. (Respondent 4)

Another respondent mentioned that:

[...] In our context, the promotion is [done] by seniority, by batch and usually centred back to PSD. As a manager, even though you feel that your subordinates deserve to be promoted to a higher level, the only thing that you can do is to give him [or her] a good appraisal at the end of the year and the best employee award. (Respondent 12)

In the words of another respondent:

[...] Eventually, when it comes to the implementation of training needs analysis (TNA) here, this development plan would be the responsibility of the HR department. (Respondent 5)

The points raised by several respondents above suggest that the centralised system practised by the government institutions may be an obstacle to devolving HR tasks to the line managers. If the line managers lack control over certain HR practices, such as rewards, recruitment or training, this might lead to ineffective management of the employees. This scenario is similar to that found in McConville's (2006) research, where line managers expressed frustration over matters related to rewards where they did not have control.

6.5.3 Line manager's role in HRM implementation

The importance of line managers as the implementers of HRM practices was recognised. One respondent pointed out that:

[...] I agree that the line managers, they have to do their part well in order to train their people to perform well. With regards to training, coaching, mentoring, performance appraisal, I think these practices should be done by line managers. (Respondent 4)

Despite their importance, the interviews revealed that line managers often neglect this role. The literature also indicated that HR duties are given low priority by line managers (Cunningham & Hyman, 1995; Hall & Torrington, 1998; Harris et al., 2002). This situation was described by respondents 12 and 13:

[...] The result is not tangible; people cannot see the outcome. That is why some people prefer not to focus on HRM because it is so-called intangible and unquantifiable. They prefer the output; the output is more important to them. Whether the subordinate develops or does not develop, that does not matter. (Respondent 12)

[...] If the line managers are currently doing their core job which is more important, then the HRM task will be their last priority [...] Even when the HR department asks for input, he/she will just put it aside. Even sometimes, when his [or her] subordinates are offered for training, he [or she] will not let his [or her] subordinates go because of the workload that the subordinates have. (Respondent 3)

As noted in the literature, there are many factors contributing to the successful implementation of HRM by line managers. Among these factors, it has been suggested that line managers' competence, willingness and sufficient space to perform HR tasks is a contributor to successful HRM implementation (Bos-Nehles et al., 2013; Nehles et al., 2006). In the interviews, it was found that the line managers lack the necessary knowledge on performing HRM. One respondent noted that:

[...] We, the line managers, are lacking HR-related training modules or courses. (Respondent 9)

Line managers were also found to have less motivation to perform HRM tasks. The reason for this was because such activities are not adding extra value to their current job. One respondent commented that:

[...] Even if they are aware, they do not have the motivation because probably, they think if they do it, there is no added value. (Respondent 6)

Other respondents also mentioned that line managers had limited space to perform HRM tasks. This included the line managers having less time to develop their subordinates and less autonomy to perform HR tasks. Respondents 2, 3 and 9 complained that:

[...] As a head of the unit, usually we do not have much time to look into the development of each of the subordinates (Respondent 9)

[...] A lot of the time is being spent on the meeting. This makes it difficult to carry out other tasks. (Respondent 2)

[...] We seldom get the autonomy, because usually the approval has to be brought to the higher level. That is the process in our government. We should

simplify, or we should be flexible in the process of selecting people to go for training. If we have been allocated a certain kind of money for training, and the line manager is given autonomy to select who should attend it, it will motivate them [the line manager]. (Respondent 3)

The points mentioned by several of the above respondents show that line managers were recognised as important HRM implementers. However, the line managers were also found to quickly abandon this role as they may not have enough knowledge of HRM, may not have enough motivation to perform HRM and they may not be given enough space or opportunity to perform HRM tasks.

6.5.4 Employee perception of HRM policies

Further analysis of the interview data indicates that half of the respondents mentioned that the employee perception of HRM practices is vital to the implementation of HRM. In the Malaysian public sector literature, the importance of employee perception in HRM implementation has not been adequately discussed. Knowing what employees think is important as this might affect their behaviour and attitude. Respondents 9, 2 and 11 emphasised the importance of employee perception of HRM:

[...] I think subordinates should be exposed to different kinds of HR practices so that they can respond to their bosses when certain practices are imposed on them. For instance, in training, if the subordinate thinks the training is not necessary even [though] the boss sends them for a training course, it does not change their attitude. (Respondent 9)

[...] The perception of training was that whatever training you go [on] it does not matter, as long as the training hours were fulfilled [...] It is crucial the employees understand the purpose, thus with training [there] needs [to be] analysis or training guidelines, so they know the rationale. (Respondent 2)

[...] Once the employees get to know that all HR practices are being done for their benefit, then only they will have much higher motivation to work better or perform better at work. (Respondent 11)

In the interviews, the researcher found various negative responses to the HRM practices that have been implemented in their organisation:

[...] Sadly, besides the HR practices that I implement, such as the yearly KPI, yearly appraisal, I do believe they think that it is just an obligatory exercise. (Respondent 11)

[...] If we look at the seven training days policy. They just have to meet seven days regardless of whatever courses they have attended. So they might think that or they might perceive that this HR practice is not important. (Respondent 3)

The above responses suggest that employees perceive HRM practices and policies negatively. It is important, however, that the employees perceive HRM positively so that the desired attitudes and behaviours are produced, which will help to achieve the organisation's strategic goals (Sanders et al., 2008).

The points mentioned above show that employees perceived HRM practices negatively and this negative perception can affect employee attitude and behaviour, which in turn impacts the overall organisation performance. Therefore, it is essential to make sure that employees understand the rationale behind the implementation of certain HRM practices, which will help them to adopt the desired behaviour for attaining performance.

6.6 Conclusion

This chapter described a series of transformation programmes following NPM principles in the Malaysian public sector. The Malaysian government has realised that the success of transformation initiatives depends on the quality of the workforce. In line with the national agenda, the Malaysian public sector has embraced a strategic human resources management approach to managing public

sector employees. PSD has introduced PSTF as a framework for transforming the Malaysian public service. The framework also includes human resources transformation as part of the overall transformation strategy. This strategy is regarded as useful in achieving a skilled, competent and competitive public sector workforce that is ready to support the national transformation initiatives.

The interviews with directors, senior managers, managers and assistant managers conducted in the present study supplied the researcher with background knowledge of current HRM issues and the transformation program in the Malaysian public sector. The interview data provides evidence that, although the public sector in Malaysia has outlined its HRM and transformation strategy, the strategies have not been successfully implemented. The reasons for this are as follows: the strategies are still considered as rhetoric since the structure of the Malaysian public sector is still bureaucratic, which makes it difficult to devolve certain decisions on HRM policies to line managers. Furthermore, line managers are still not taking the issue of HRM seriously and considering it as an important task. This may prevent the policy-makers from producing the desired employee attitude and behaviour that would help in improving performance. The limitations in terms of HRM knowledge, lack of motivation and opportunity to perform HRM may make the implementation of HRM practices more difficult. Lastly, the employees were found to have a negative perception of HRM practices, which may prevent them from developing certain behaviours and attitudes that might help the organisation attain its strategic goals.

The above challenges can be managed through the proper implementation of HRM policies and practices, paying more attention to the role of the line manager and employees. This is even more crucial because the issue of HRM in the Malaysian

public sector has been neglected; most existing studies have focused on the private sector (Abdullah et al., 2009; Amin et al., 2014; Lew, 2009; Osman et al., 2011).

CHAPTER 7 – ANALYSIS OF LINE MANAGER AND EMPLOYEE SURVEYS

7.1 Introduction

The present chapter focuses on testing the hypotheses developed in Chapter 4. The analysis of the surveys involves a single- and multi-level data structure. The concept and technique used in analysing the multi-level data were discussed in Chapter 5 (Research Methodology, see section 5.7.2). Prior to the hypothesis testing, this chapter discusses data preparation, which includes missing value analysis, normality tests, outlier tests, multicollinearity and correlation. The chapter then proceeds to discuss the appropriate data analysis techniques for testing the hypotheses. The analysis begins with single-level data analysis, followed by multi-level modelling analysis, multi-level mediation analysis and multi-level moderated mediation analysis.

7.2 Data preparation

7.2.1 Missing value analysis

Since it is difficult to obtain complete data (Pallant, 2013), the researcher took several steps to examine the integrity of the data. This step is vital because missing data can affect the outcomes of research (Pallant, 2013). Kline noted that: “A researcher who has not carefully screened the data may mistakenly believe that the model is at fault, and unnecessary models are then evaluated with the same blemished data” (Kline, 1998: p. 67). Missing data happens for various reasons, including, for example, the respondent failing to respond to questions due to personal reasons. In

this research, the researcher found that several respondents had failed to answer various questions.

First, the missing data were analysed for patterns to find whether this was random or systematic (Kline, 1998). In the present case, the missing data was completely random (MCAR). The researcher compared missing and valid data and found that the pattern of missing data was not related to any of the other variables in the dataset (MacCallum, 2003). The missing data could not be ignored because it occurred due to some respondents refusing to respond to specific questions. Nevertheless, the missing data percentage for both line managers and employees was below 10% for each variable, which indicates that it can generally be ignored (Hair et al., 2010) (see Appendix 15, 16, 17 and 18).

In a multi-level data structure, missing data is more complicated because it may occur at more than one level. In multi-level data, for example, a missing value at level 1 may not pose a problem as compared to a missing value at level 2. In our case, if level 2 (the line manager data) has missing data and needs to be excluded from the analysis, all observations (the employee data) that are nested together with the line manager will also be excluded from the analysis (Gibson & Olejnik, 2003; Nezlek, 2011). This exclusion may therefore result in the loss of information from several other employees within the working unit when just a few line managers are dropped from the analysis. Although a multi-level structure is not allowed to have missing data at the line manager level (Nezlek, 2011), this is possible at the employee level, but the researcher still needs to ensure there is no missing data at both levels because the researcher aims to obtain complete data analysis (Longford, 2008) so

that all relevant information is included and bias avoided in the analysis (Leeuw & Meijer, 2008).

As the sample size is an essential criterion for determining the reliability of the findings, the missing data must be remedied using two common methods (Longford, 2008). First, by reducing the dataset through deleting cases with missing data (listwise deletion, pairwise deletion). Second, by replacing or structuring the data to make it look like a complete dataset; this is referred to as the replacing (impute) method (Kline, 1998; Longford, 2008). Imputation is a procedure by which missing data are estimated through a number of replications in order to generate several different complete data estimates of the parameters (Tharenou et al., 2007). From the options described above, the missing data in this research will be treated using an imputation method because any missing variable below 10% can apply this method (Hair et al., 2010). Tabachnik and Fidell (2007) also suggested that if only a few data (i.e. 5% or less) are randomly missing from extensive data, the problems are less severe and almost any procedure for handling missing values yields similar results. This method was also selected because it maintains the full sample size (Gelman & Hill, 2007).

Imputation becomes more complicated with clustered data. Therefore, the researcher took the advice of Gelman and Hill (2007) by creating two datasets – one with employee data and one with line manager data – and performing separate imputations within each dataset.

7.2.2 Normality test

In structural equation modelling (SEM), it is commonly assumed that a continuous variable is normally distributed. Skew and kurtosis are two ways that distribution can be non-normal, which can appear either separately or together in a single variable. Skewed variables are asymmetrical because most of the cases are either below the mean (positive skew) or above it (negative skew). Kurtosis refers to the proportion of scores in the middle of distribution or its tails relative to those in the standard curve. Positive kurtosis means that there are too many cases in the tails and too few in the middle, whereas negative kurtosis implies the opposite pattern (Kline, 1998). In a multi-level model, the level 1 random errors should be normally distributed (Raudenbush & Bryk, 2002).

The precise measures of skew and kurtosis are the skew index (SI) and the kurtosis index (KI). Curran et al. (1996) suggested that variables with an absolute value SI more than 3.0 are described as extremely skewed. Absolute values from 8.0 to over 20.0 of KI are described as extreme kurtosis. Kline (1998) further proposed that an absolute value of KI more than 10.0 suggests a problem, and an absolute value of KI more than 20.0 indicates a more serious problem. The adverse effects of non-normality are dangerous with a small sample size that includes less than 50 cases (Hair et al., 2010). However, by following the rules explained above, the current data is normal for all variables (see Appendix 19 and 20). From Appendix 19 and 20, the value of SI is not more than 3.0 and the value of KI is not more than 8.0.

7.2.3 Outliers test

Outliers are observations with a unique combination of characteristics identifiable as distinctly different from the other observations (Hair et al., 2010). Outliers are neither beneficial nor problematic because they might provide different information depending on the context of the analysis. Outliers might be beneficial when they can indicate characteristics of the population that would not be found by a standard analysis, whereas they may be problematic when they do not represent the population that can, in turn, affect the statistical analysis (Hair et al., 2010). In multi-level data, however, outliers are a particular problem because their presence can significantly increase the complexity of the model (Bell & Malacova, 2004). Based on this, particular attention was given to assessing the outliers in the present data.

Outliers can be univariate or multivariate (Kline, 1998). A univariate outlier has an extreme score on a single variable, whilst a multivariate outlier has extreme scores on two or more variables, or its configuration is unusual. In this research, a multivariate outlier is relevant because all of the variables, in both the employee and line manager questionnaire, used a 5-point Likert scale that consisted of an extremely low point and an extremely high point. Therefore, extreme scores are expected in the data.

Whilst univariate outliers are easy to detect, a multivariate data outlier is more complicated. Ieva and Paganoni (2015) discussed methods for detecting multi-level outliers; however, their method is not commonly used in multi-level studies (Hirschmann & Swoboda, 2017). Alternatively, the detection of outliers in a multi-level setting can be checked using the Mahalanobis distance (Hirschmann &

Swoboda, 2017). This method indicates the multivariate distance between the scores of an individual case and sample means (Kline, 1998).

In the present case, the outliers were detected using the Mahalanobis D^2 test. The D^2 measure has statistical properties for significance testing. In order to detect the outliers, Hair et al. (2010) suggested that a level of significance of 0.005 or 0.001 can be used as a cut-off point. However, Kline (1998) suggested that the level of significance is less than 0.001. Kline's suggestion was applied in this study. The Mahalanobis test was performed using SPSS. For line manager data, this showed that no observations were lower than the 0.001 significance level. However, for the employee data, 15 cases were identified as outliers. The outliers for the employee data are presented in Table 7.1.

Table 7.1: Mahalanobis distance

Outliers	Case no.	Mahalanobis distance (chi-square value)	p-value
1	55	76.81909	.000
2	47	76.09186	.000
3	32	82.47718	.000
4	44	93.49946	.000
5	28	106.70343	.000
6	10	79.25603	.000
7	67	147.60888	.000
8	51	82.07952	.000
9	16	81.09817	.000
10	20	93.53429	.000
11	3	106.92524	.000
12	19	81.50000	.000
13	36	114.93018	.000
14	14	77.43056	.000
15	43	108.92074	.000

There are three ways to approach outliers: accommodate, drop or modify the case (Kline, 1998). In most cases, if the outliers cannot be corrected, then the best approach is to drop them from the sample (Bell & Malacova, 2004). However, the researcher chose to ignore them. The reason for this is because the outliers fall at level 1 where the sample size is large (N=453). It has been proposed that with a large sample, having a few outliers is not a significant problem (Kline, 1998).

7.2.4 Multicollinearity

Multicollinearity refers to the relationships between the independent variables (Pallant, 2013). Before performing analysis, it is essential to ensure that multicollinearity does not exist because the absence of multicollinearity contributes to a good regression model (Pallant, 2013). The common way to look at this is to consider the tolerance and VIF value (Pallant, 2013). The researcher performed the multicollinearity test for three line manager predictor variables – ability, motivation and opportunity – and three employee predictor variables – employee perception of HRM system distinctiveness, consistency and consensus. The result is presented in Table 7.2 and 7.3.

Table 7.2: Multicollinearity test for line manager predictor variables

Model		Collinearity Statistics	
		Tolerance	VIF
1	Line manager ability	.824	1.214
2	Line manager motivation	.738	1.354
3	Line manager opportunity	.726	1.378

Dependent variable: implementation of strategic HRM practice
(reported by line managers)

Table 7.3: Multicollinearity test for employee predictor variables

Model		Collinearity Statistics	
		Tolerance	VIF
1	Employee perception of HRM system strength features (distinctiveness)	.770	1.299
2	Employee perception of HRM system strength features (consistency)	.957	1.045
3	Employee perception of HRM system strength features (consensus)	.747	1.339

Dependent variable: HRM implementation (perceived by employees)

Hair et al. (2010) suggested that a minimal tolerance value (0.10 or below) or a large VIF value (10 or above) indicates a high level of collinearity. Based on the data in Table 7.2 and 7.3, the value of tolerance is more than 0.10 and the VIF value is less than 10. This situation indicates that multicollinearity was not present in either the line manager or employee data.

7.2.5 Bivariate correlations for line manager and employee data

Initial examination of bivariate correlations indicated whether the strength and direction of the linear relationship were in the hypothesised directions (Pallant, 2013). Correlation was examined among the line manager variables (line manager ability, motivation, opportunity, implementation of strategic HRM practice and reported unit performance) and among the employee variables (employee perceptions of HR system distinctiveness, consistency and consensus, and perceptions of HRM implementation). Correlation of each variable with the control variables (i.e. line manager job function, age and work experience as a manager in

the public sector) were also examined. The means, standard deviation and intercorrelations between study variables are shown in Table 7.4.

Table 7.4: Mean, standard deviation (SD) and intercorrelations for study variables

	Mean	SD	1	2	3	4	5	6	7	8	9	10
Employee level												
1 EMP_IMP (within)	33.03	1.72	1									
2 EMP_DISTINC	32.48	3.97	0.510***	1								
3 EMP_CONSIST	17.49	2.95	-0.320***	0.088	1							
4 EMP_CONSEN	35.66	4.37	0.472***	0.480***	0.164***	1						
Line manager level												
1 EMP_IMP (between)	33.03	1.72	1									
2 LM_IMP	35.29	4.18	0.079	1								
3 LM_ABILITY	28.23	2.82	0.424**	0.252**	1							
4 LM_MOTIV	46.51	4.88	-0.115	0.185	0.350**	1						
5 LM_OPPORT	69.36	6.87	0.177	0.289**	0.371**	0.476**	1					
6 LM_PERF	28.58	2.84	0.333	0.550***	0.331***	0.195	0.397**	1				
7 LM_AGE	0.47	0.50	0.261	0.236**	0.320***	0.179	0.148	0.269**	1			
8 LM_JOBFUNC	0.45	0.50	0.024	-0.260**	-0.075	-0.019	0.010	-0.129	-0.300***	1		
9 LM_EXP (6-10)	0.41	0.49	-0.178**	-0.012	0.125	0.044	0.022	-0.078	-0.108	0.244**	1	
10 LM_EXP (10+)	0.34	0.47	-0.023	0.080	-0.050	-0.029	0.045	-0.051	0.272**	-0.300**	-0.600***	1

Confidence level: ** $p < 0.05$; *** $p < 0.01$

EMP_IMP = HRM implementation (perceived by employees); EMP_DISTINC = employee perception of HR system (distinctiveness); EMP_CONSIST = employee perception of HR system (consistency); EMP_CONSEN = employee perception (consensus); LM_IMP = implementation of strategic HRM practices (as reported by line managers); LM_ABILITY = line manager ability; LM_MOTIV = line manager motivation; LM_OPPORT = line manager opportunity; LM_PERF = line manager reported unit performance; LM_AGE = line manager age; LM_JOBFUNC = line manager job function; LM_EXP (6-10) = line manager's total work experience in the public sector (from 6-10 years); LM_EXP (10+) = line manager's total work experience in the public sector (more than 10 years of experience)

7.3 Single level data analysis

Hypotheses 1a, 1b and 1c aimed to identify the contribution of line manager ability, motivation and opportunity variables to the implementation of strategic HRM implementation as reported by line managers. To test these hypotheses, the researcher applied multiple regression techniques, which was considered suitable because this enables the researcher to explore the relationship between one dependent variable and several independent variables (Pallant, 2013). It also enables the researcher to find the best set of independent variables to predict a dependent variable (Pallant, 2013).

The researcher estimated two regression models for the prediction of implementation of strategic HRM practices (as reported by line managers) (LM_IMPL), one model containing only the line manager independent variables relating to ability, motivation and opportunity (Model 1), and the other including the independent and control variables (Model 2). The decision to include only line manager's job function and age as the control variables was based on univariate tests of significance for all the demographic control variables measured in the survey (see Chapter 5, section 5.11 for rationale and Appendix 12 for the full set of univariate tests for the line manager demographic variables). All the independent variables were entered simultaneously into the equation. Each independent variable was evaluated relative to the predictive power of all the other independent variables. The results are shown in Table 7.5.

Table 7.5: Single level regression analysis result

	Model 1	Model 2
Line manager ability	0.163	0.118
Line manager motivation	0.025	0.016
Line manager opportunity	0.217*	0.227**
Line manager job function		0.229**
Line manager age		0.085
N	86	86
R ²	0.11	0.18

Confidence level: * $p < 0.10$, ** $p < 0.05$

Line manager opportunity was positively related to LM_IMPL ($\beta=0.217$, $p < 0.10$) with all line manager independent variables explaining 11% of the variance in LM_IMPL ($R^2=0.11$). In Model 2, when the control variables were entered into the model, line manager opportunity remained positively related to LM_IMPL ($\beta=0.227$, $p < 0.05$). The only control variable coefficient that was statistically significant was line manager job function ($\beta=0.229$, $p < 0.05$), suggesting that line managers in non-policy job functions implement more strategic HRM practices. The explained variance (R^2) increased from 0.11 in Model 1 to 0.18. This indicates that Model 2 explained 18% of the variance in LM_IMPL.

7.4 Multilevel data analysis

The multilevel data analysis in the current study investigated Hypotheses 2a, 2b and 2c (*There is a positive relationship between line manager ability, motivation and opportunity and employee perception of the implementation of strategic HRM practices*), Hypothesis 3 (*Employee perception of the implementation of strategic HRM mediates the relationship between line manager reports of the implementation of strategic HRM and unit performance*), Hypotheses 4a, 4b and 4c (*Employee*

perceptions of the distinctiveness, consistency and consensus of HRM practices moderate the relationship between employee perceptions of HRM implementation and unit performance, such that the positive relationship between HRM practices and performance will be stronger when distinctiveness, consistency and consensus are high), and Hypotheses 5a, 5b and 5c (There is a positive relationship between the employee perception of HRM system distinctiveness, consistency and consensus, and employee perception of strategic HRM practice implementation).

The multi-level analysis encompasses testing four hierarchical models: the null model, the random intercept model, the intercept-as-outcome model and the slopes-as-outcome model (Shen, 2016). The null model, which is also labelled an unconstrained or intercept-only model, includes no predictors. A null model permits the intercept to vary and assumes that slopes are fixed across the higher-level unit. This model is also used to evaluate whether the residual variance in the individual model by level 2 units is significantly different from zero, and to verify whether multi-level modelling is needed. A random intercept model is also known as a random coefficient regression model; this model tests the relationship between the level 1 predictor variable and the same level outcome variable. The intercept-as-outcome model is also known as the fixed slope model or means-as-outcome model; it can be applied when we would like to examine the direct effect of the higher-level independent variable on the lower-level variable. Finally, the slopes-as-outcomes model is also known as a random slopes model; this model examines whether cross-level interactions (i.e. variables measured at different levels in hierarchically structured data) significantly account for some variance in the level 1 slope.

The multi-level model is usually tested by following the sequence highlighted above (Aguinis et al., 2013). However, according to Shen (2016), it is common not to exactly follow the sequence by testing all four models. This is because some research might only need to test one particular model.

7.4.1 Null model

As per the explanation in section 7.4, the multi-level analysis begins by testing the null model. As the null model contains no predictor or additional level 1 or level 2 predictor variables, this model partitioned the variance in the dependent variable into within- and between-level. The equation for the null model is given below:

$$y_{ij} = \gamma_{00} + \mu_{0j} + \varepsilon_{ij}$$

The null model for the current study can be defined separately as:

(y_{ij}) = HRM implementation (perceived by employees).

(γ_{00}) = The grand mean of HRM implementation (perceived by employees) across all work units with all work units given equal weight.

(μ_{0j}) = The deviation from the grand mean for the mean of the work unit. The between-group variance in HRM implementation (perceived by employees).

(ε_{ij}) = The deviation from the team mean for employees. The within-group variance in HRM implementation (perceived by employees).

The researcher applied full information maximum likelihood (ML) estimation in MPlus version 8 (Muthén & Muthén., 2017) to perform the multi-level analysis. ML estimation was selected because this estimation is appropriate when group sizes are not balanced (Hox et al., 2010). It also uses a log-likelihood (logL) value to quantify the probability of the estimated model producing the sample data (Peugh, 2010).

The estimation yields the following result:

- 1) $\gamma_{00} = 33.010$;
- 2) $\mu_{0j} = 3.467$; and
- 3) $\varepsilon_{ij} = 24.611$.

From the result, the null model formula is:

$$\begin{aligned} & \text{HRM implementation (perceived by employees)} \\ & = 33.010(\gamma_{00}) + 3.467 (\mu_{0j}) + 24.611 (\varepsilon_{ij}) \end{aligned}$$

As explained above, this model contains no additional variables. Thus, the variability between- and within-level cannot be explained until we take into account other variables that exist either at the within-level or the between-level (Hox, 2010). Inserting the explanatory variables into the model can explain why such variation exists both at the within- and between-level. From this process, the deviance is expected to go down (Hox, 2010).

As an initial step in the model building process, the null model can also be applied to compute the intraclass correlation (ICC). A nested dataset structure cannot be analysed straight away using multi-level modelling. A dataset can be analysed using OLS if there is no variation in response variable scores across the level 2 unit

(Peugh, 2010). Individuals in the same group may have similar characteristics, e.g. share experience and environments, and they are likely to respond similarly compared to other individuals in a different group. This situation creates dependency among observations since the more they have a common experience, the more they tend to duplicate each other (Kreft & De Leew, 2002). Thus, it is possible to use ICC to measure the extent to which individuals in the same group tend to respond in the same way or correlate among individuals within the same nested structure (MacKinnon, 2008).

Analysing the ICC is the first step in determining the effect of violation of independence in a sample of data. If the subjects tend to respond in the same way, then there will be a positive ICC. The number of ICC ranges from 0 to 1. ICC provides an answer to whether MLM is needed (Peugh, 2010). A value near zero suggests there may be no need to apply MLM because it may only be necessary to include a level 1 variable to explain the variance. Thus, the data can be analysed using ordinary least-squares (OLS) multiple regression.

On the other hand, the larger the ICC (Aguinis et al., 2013; Kahn, 2011), the more individual similarities will emerge due to differences between clusters (Geiser, 2013). Several scholars have argued for the ICC value in MLM research. Mathieu et al. (2012) discovered that ICC values ranging from 0.15 to 0.30 are commonly reported in multi-level studies. Similarly, Peugh (2010) indicated that ICC values in the range between 0.05 and 0.20 are common in cross-sectional MLM applications in social research studies. ICC can be calculated using the formula below:

$$ICC (\rho) = \frac{\sigma^2 b}{(\sigma^2 b + \tau^2 w)}$$

Where:

- 1) σ^2b is the between-group variance; and
- 2) τ^2w is the within-group variance.

Using the ICC formula above, the researcher entered the current study between-group variance value of 3.467 and the within-group variance of 24.611 into the equation to compute the ICC. The current calculation of ICC is given below:

$$\rho = \frac{3.467}{(3.467 + 24.611)} = 0.123$$

The result above shows that 12.3% of the variation in HRM implementation (perceived by employees) resides at level 2. Although the value of the ICC is not high, in an organisational context, it can be considered satisfactory (Hox, 2002). Furthermore, ICC values found in other multi-level studies, such as Croon et al. (2015), Den Hartog et al. (2012) and Vermeeren (2014), were lower than this study's ICC. Therefore, the value above sufficiently justifies proceeding with the MLM analysis.

After recognising that in the null model the variance exists at level 1 and level 2, a second model is needed to explain variability existing at level 1 (using level 1 predictor variables) and subsequently explaining the variability at level 2 (using level 2 predictor variables).

Moreover, in comparing the two nested models, a statistic called "deviance" can be computed. This statistic indicates to the researcher how well the model fits the data (Hox, 2010). The deviance is defined as -2 log-likelihood (-2LL), in which multiplying the log-likelihood value by -2 yields a deviance value that can be used to compare the fit of two competing models (Aguinis et al., 2013). It is common for

models with lower deviance to fit better than models with higher deviance (Hox, 2010). The difference in the deviance statistics is written as:

$$(-2\log L_{ReducedModel}) - (-2\log L_{FullModel}) = deviance_{ReducedModel} - deviance_{FullModel}$$

The change in deviance statistics is distributed chi-square on the difference in the degree of freedom (Hox, 2010). This formula can be used to perform a chi-square test between the general model and the simpler model (Hox, 2010). This statistic is applied in the following model.

7.4.2 Level 1 model (a random intercept model)

The level 1 model is used to test Hypotheses 5a, 5b and 5c (*There is a positive relationship between the employee perception of HRM system distinctiveness, consistency and consensus, and employee perception of strategic HRM practice implementation*). The null model showed that there is significant variation at level 1 in the dependent variable: HRM implementation (perceived by employees). Therefore, the researcher was interested in understanding the factors that explain variance at level 1 ($\epsilon_{ij}=24.611$) presented in the null model. As explained above, in order to explain the level 1 variance, one or more level 1 variables could be inserted into the level 1 model. Therefore, the level 1 variables, consisting of employee perception of the HR system distinctiveness (PD), consistency (PC) and consensus (PS), were added to the model.

HLM is susceptible to multicollinearity problems (Pan et al., 2012). Thus, in multi-level analysis, centring of predictor variables limits any unnecessary multicollinearity and improves the interpretability of lower-order coefficients (Peugh, 2010; Shen, 2016). Two possible types of centring are applicable to the

model: group mean centring and grand mean centring. The grand mean centring model calculates the difference between each individual score and the overall or grand mean across the entire sample, whilst the group mean model calculates the difference between each individual score and the mean cluster to which they belong. There is no consensus with regard to which type of centring works well in reducing the effects of collinearity, and both are thought to work well in addressing the matter (Finch & Bolin, 2017).

Centring involves rescaling a predictor variable so that a value of zero can be interpreted meaningfully (Peugh, 2010). Several scholars have recommended that group mean centring should be used when we are interested in how the level 1 predictor interacts with another predictor at level 1. Group mean centring in this manner gives an unbiased estimate of the relationship (Enders & Tofighi, 2007; Peugh, 2010; Shen, 2016).

Therefore, the PD, PC and PS variables were centred before adding them to the model. Since PD, PC and PS are level 1 predictor variables, the researcher applied group mean centring to the variables. The addition of PD, PC and PS to the model substantially reduced the -2LL statistic. The researcher performed a deviance test in order to assess whether the reduction was statistically significant. The researcher applied the formula presented in section 7.4.1 to perform this test. The null model -2LL was $(-2) (-1390.160) = 2780.320$. The -2LL for the current model was $(-2) (-1304.802) = 2609.604$. The change of deviance test (chi-square test) between the two models gave the test statistic of $2780.320 - 2609.604 = 170.716$ on three degrees of freedom (three variables added to the model), which was significant, $\chi^2(3) = 170.716$, $p < 0.01$.

The statistically significant decrease in the model suggested that one or more level 1 independent variable is a predictor of HRM implementation (perceived by employees). Referring to the null model, the variance, $\varepsilon_{ij}=24.611$ and for this model, $\varepsilon_{ij}=15.655$. Around 35% $\left[\frac{(24.611-15.655)}{24.611} = 0.363 \right]$ of the residual variance, which substantially decreases from 24.611 to 15.655, was explained by level 1 variables (PD, PC, PS). From the model, PD had a positive significant effect on HRM implementation (perceived by employees) within the work unit ($\beta=0.464, p<0.001$). PC had a negative significant effect on HRM implementation (perceived by employees) ($\beta=-0.292, p<0.001$). Finally, the consensus (PS) variable had a positive significant effect on HRM implementation (perceived by employees) ($\beta=0.264, p<0.001$).

These results suggest that employee perceptions of the HR system (PD, PC and PS) explained the variance in HRM implementation (perceived by employees) within the work unit. However, Hypothesis 5b was not satisfied because the result showed a negative relationship between employee perception of HRM system strength (consistency) and employee perception of HRM implementation.

7.4.3 Level 2 model (intercept-as-outcome model)

The level 2 model examined Hypotheses 2a, 2b and 2c (*There is a positive relationship between line manager ability, motivation and opportunity and employee perception of the implementation of strategic HRM practices*). In testing these hypotheses, the researcher developed the intercept-as-outcome model. The model was developed in order to explain the variance that exists at level 2. In the level 1

model (random intercept model), the variation at level 2 is $\mu_{0j}=5.134$. This variance can therefore be explained using one or more level 2 variables. In our case, the level 2 variables are line manager ability, motivation and opportunity.

The researcher also added a control variable – the line manager’s total work experience as a manager in the public sector – to the model. Previous research has shown that more experienced line managers may be more effective at HRM implementation because they are more accustomed to these tasks (Avery et al., 2003). On the other hand, at some point subordinates evaluate older line managers as ineffective in implementing HRM practices (Gilbert et al., 2015).

Adding the level 2 predictors should explain the non-trivial amount of variance appearing at between-levels. It also assists the researcher in identifying the main predictor that has a significant effect on HRM implementation (perceived by employees).

Before the analysis, the researcher took into account the centring decision. The predictor variable of line manager ability, motivation and opportunity and the control variable were grand mean centred. The decision to apply the grand centring method was based on Peugh (2010) and Enders and Tofighi’s (2007) proposals. They suggested that the level 2 variables should be centred using grand mean rather than group mean since this is best suited to research questions that involve a level 2 variable.

The addition of the predictor variable and the control variable reduced the -2LL statistic. The researcher performed a deviance test in order to see whether the reduction was statistically significant. The random intercept model (level 1) -2LL is

(-2) (-1304.802)=2609.604. The -2LL for the current model is (-2) (-1292.784)=2585.568. Thus, the change of deviance test (chi-square test) between the two models gave the test statistic of $2609.604 - 2585.568 = 24.036$, distributed as a chi-square with five degrees of freedom (five variables added to the model). The likelihood deviance test was significant, $\chi^2(5) = 24.036, p < 0.001$.

The statistically significant reduction in the model as compared to the previous model indicates that one or more variables are essential variables that will affect HRM implementation (perceived by employees). The variance at the between-level (taken from the level 1 model), $\mu_{0j} = 5.134$ fell to $\mu_{0j} = 3.103$. Around 40% $\left[\frac{(5.134 - 3.103)}{5.134} = 0.40 \right]$ of the residual variance, which reduces from 5.134 to 3.103, was explained by the level 2 variable. From the model, only line manager ability, as compared to line manager motivation and opportunity, have a positive significant effect on HRM implementation (perceived by employees) at the between-level ($\beta = 0.240, p < 0.05$). The result also suggests that line managers' total years of work experience as a manager in the public sector has a significant influence on HRM implementation (perceived by employees). Line managers that have 6-10 years of work experience as a manager in the public sector implement more strategic HRM than line managers that have more than 10 years of work experience as a manager in the public sector. The above result explains that the primary effect line manager ability (Hypothesis 2a) explains the variation between the work units in HRM implementation (perceived by employees). The results for the multi-level modelling analysis performed in 7.4.1 and 7.4.2 are summarised in Table 7.6.

Table 7.6: Multi-level modelling summary

Level and variable	Model		
	Null model	Level 1 model: random intercept model	Level 2 model: intercept-as- outcome model
Level 1			
	33.01		
Intercept (γ_{00})	(0.328)***	33.062 (0.326)***	21.492 (1.872)***
Employee perception (distinctive)		0.469 (0.059)***	0.435 (0.058)***
Employee perception (consistent)		-0.292 (0.047)***	-0.285 (0.046)***
Employee perception (consensus)		0.264 (0.056)***	0.323 (0.052)***
Level 2			
Line manager ability			0.240 (0.109)**
Line manager motivation			-0.110 (0.068)
Line manager opportunity			0.038 (0.049)
Line manager work experience as a manager in the public sector (6-10 years)			-1.903 (0.703)***
Variance component			
Within-group variance in HRM implementation (perceived by employees) (ϵ_{ij})	24.611	15.655	15.572
Between-group variance in HRM implementation (perceived by employees) (μ_{0j})	3.467	5.134	3.103
Additional information			
ICC	0.123		
-2 log-likelihood	1,390.16	1,304.802	1,292.784
Number of estimated parameters		3	5

The value of standard errors is listed in parentheses.

** $p < 0.05$, *** $p < 0.01$

7.4.4 Cross-level mediation

In order to test hypothesis 3 it is necessary to test for the cross-level mediated effect. In a simple understanding, a cross-level mediation is a statistical method used to test a hypothesis about how a predictor variable X transfers its effect on an outcome variable Y . The process usually involves a mediator M where X exerts its effects on

M and thus influences Y . This basic mediation model can be applied to the multi-level context (Bauer et al., 2006).

In our case, the predictor variable, mediator and outcome variables are situated at different levels of analysis. The researcher is interested in testing a mediation involving one predictor variable at level 2, one outcome variable at level 2 and one mediator variable at level 1. A multi-level analysis is not confined to analysing a direct relationship between independent variables and dependent variables. Instead, it can also accommodate testing the mediational relationship involving independent, mediating and dependent variables located at different levels of analysis (Croon et al., 2015). The advantage of multi-level modelling is that it permits the researchers to empirically test important questions about multi-level mediation processes that are not answered by applying conventional statistical procedures (Zhang et al., 2009).

The standard multiple linear regression for assessing the mediation is unsuitable for performing multi-level mediation because it does not take into account the dependence of the observation assumption that applies to the nested data. To address this situation, various strategies have been proposed for assessing multi-level mediation. These strategies are related to applying the MLM technique when addressing multi-level mediation hypotheses (Bauer et al., 2006; MacKinnon, 2008; Zhang et al., 2009). However, using MLM to address mediation hypotheses with clustered data has proven controversial (Preacher et al., 2011). Preacher et al. (2010) highlighted two main limitations related to HLM when mediation analysis is applied, which are outlined below.

First, HLM cannot accommodate higher level mediator variables or dependent variables. Therefore, all models involving dependent variables residing at level 2 predicted by independent variables residing at level 1 or 2 cannot be fitted using HLM. MacKinnon (2008) referred to Krull and MacKinnon (2001) when describing the multi-level mediation model, which uses arrows and numbers to indicate the level of analysis. Variables measured at level 1 (individual) are presented as “1” and variables measured at level 2 (unit) are presented as “2”. Arrows are also used to show the level of analysis. For example, in a $1 \rightarrow 1 \rightarrow 1$ model, all the variables, including the independent, mediator and dependent variables, are measured at level 1. In describing the multi-level mediation design, MacKinnon (2008) only discussed the 1-1-1, 2-1-1 and 2-2-1 mediation models. The models described by MacKinnon were only the multi-level mediation analysis where the outcome variable is at level 1. On a similar note, Zhang et al. (2009) discussed the same three types of multi-level mediation design. The explanations given by MacKinnon and Zhang et al. constrain the researcher to understand other types of multi-level mediation design that apply to the current study (discussed below).

Second, in the multi-level mediation models in the HLM approach that links the level 1 independent variable to the level 1 dependent variable (e.g. the 2-1-1 mediation model), the within- and between-components of these effects are conflated. Thus, it treats the effects of the level 1 independent variable on the level 1 dependent variable within clusters and between clusters equally.

To overcome the limitations of MLM, Preacher et al. (2010) proposed the use of a multi-level structural equation (MSEM) because cross-level indirect effects using the MSEM approach are more accurate than using the traditional MLM

approach. The well-known advantages of MSEM over MLM are as follows: 1) it does not involve aggregation of constructs measured at level 1 in which it decompose the variance of a variable into its latent level 1 variance and latent level 2 variance; 2) it allows for estimation of the mediation model at any level; and 3) it has less bias regarding the confidence interval (CI) coverage, and it maintains the sample size and statistical power for spotting non-zero indirect effects (Preacher et al., 2011). Considering the advantages highlighted above, we followed the procedure suggested by Preacher et al. (2010) for testing our hypothesis.

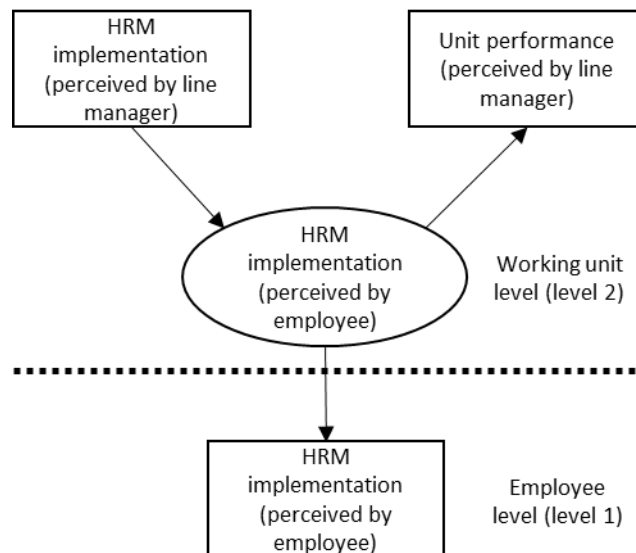
As noted above, discussion of the types of multi-level mediation was limited to a model that has a level 1 outcome variable only (see Mackinnon, 2008; Zhang et al., 2009). Preacher et al. (2010) supplemented the limited multi-level mediation model by introducing several other multi-level mediation models. Preacher et al. (2010) listed seven possible multi-level mediation models, which are: 1-1-1, 2-1-1, 2-2-1, 1-1-2, 1-2-1, 1-2-2 and 2-1-2. From the design, the data gathered matches the 2-1-2 mediation model or a bathtub model (due to its steep vertical sides and relatively flat bottom) (Croon et al., 2015).

The 2-1-2 model consists of two types of cross-level effects: a 2-1 and 1-2 portion. In relation to our case, the 2-1 portion is the effect of a level 2 independent variable (HRM implementation reported by line managers) on a level 1 mediator (HRM implementation perceived by employees) and a 1-2 portion is the effect of a level 1 mediator (HRM implementation perceived by employees) on a level 2 dependent variable (unit performance). By using the approach suggested by Preacher et al. (2010), the mediation effect for 2-1-2 design occurs at the between-group level

(level 2). Therefore, it is reasonable to treat the level 1 mediator as a latent variable at level 2 (Hox, 2010).

A structural model showing the latent variable (marked by an oval shape) is presented in Figure 7.1.

Figure 7.1: Structural model



Adapted from Croon et al. (2015) and Vermeeren (2014)

In recent HRM studies, researchers have adopted the multi-level mediation approach using 2-1-2 (e.g. Flinchbaugh et al., 2016; Ogbonnya & Valizade, 2016; Vermeeren, 2014).

The common SEM model consists of a measurement model and a structural model (Kline, 1998). The measurement model (factor analysis) describes the relations between the latent variables and their observed measures, which is the so-called confirmatory factor analysis model. Usually, the measurement model is formed by conducting an exploratory factor analysis (EFA) or a confirmatory factor

analysis (CFA). However, having only a small number of observations (N=86), below 100 participants (Bentler & Chou, 1987; Worthington & Whittaker, 2006), meant we were not able to conduct such an analysis. Therefore, the researcher is only able to present the structural model.

7.4.4.1 Sample size to perform MSEM

There is no research investigating the question of the appropriate sample size in performing MSEM (Preacher et al., 2010). Previous research has shown that cluster sizes of at least 20 are sufficient to avoid an unacceptable level of bias (Preacher, Zhang & Zyphur, 2011); a level 2 sample size greater than 30 has a minimum impact on the accuracy of the standard error for the fixed effects (Preacher et al., 2011). Other scholars have suggested that the number of level 2 units for MLM should be at least 50, as a lower number of groups can lead to biased estimates of the level 2 standard errors (Hox, 2010; Maas & Hox, 2004; Meuleman & Billiet, 2009).

Looking at other scholars that perform MSEM in their research, for example, Tremblay (2017) (level 2 sample size=46), Vermeeren (2014) (level 2 sample size=41), Shen (2016) (level 2 sample size=30) and Flinchbaugh et al. (2016), it is reasonable to suggest that our sample size is sufficient to perform MSEM (86 line managers).

7.4.4.2 Fit indices in performing MSEM

One of the primary interests of SEM is to achieve fit, or, in other words, to ensure the hypothesised model fits with the sample data (Byrne, 2012). While there are no golden rules for the assessment of model fit, reporting a variety of indices is

necessary because different indices reflect a different aspect of model fit (Hooper et al., 2008). Since there are no standard cut-offs for fit indices that can be applied for multi-level SEM fit indices, following the single-level SEM is appropriate (Shen, 2016). Thus, in this thesis, the researcher used the following SEM fit indices to evaluate the proposed multi-level model.

The chi-square (χ^2) test: this test is a common way of measuring or evaluating the overall fit of the model. It represents the difference between the observed variable score and the identified structure of the hypothesised model. Whenever the test shows a significant value of χ^2 , it demonstrates that the overall fit between the two differs.

Comparative fit indices (CFI): CFI is categorised under incremental indices of fit. This index is popular because the measures are least affected by the sample size (Hooper et al., 2008). This index measures the goodness-of-fit of the hypothesised model compared to a baseline model. A cut-off point for CFI of more than 0.90 is needed in order to ensure misspecified models are not accepted (Hooper et al., 2008). However, a value of more than 0.95 and near 1.00 indicates a well-fitting model (Hu & Bentler, 1999).

Root mean square error of approximation (RMSEA): RMSEA falls into the category of absolute fit indices measuring the discrepancy between the hypothesised model and the sample data (Heck & Thomas, 2015). RMSEA takes into consideration the error approximation in the population (Byrne, 2012). Values of RMSEA below 0.08 indicate a reasonable fit, and those below 0.05 indicate a good fit to the data (Browne & Cudeck, 1993). A value ranging from 0.8 to 1.0 represents a mediocre fit and if it is greater than 1.0 this indicates a poor fit (MacCallum et al., 1996). Scholars have recommended this index because it appears to be sensitive to model

specification; it also yields appropriate conclusions regarding model quality, and it is possible to build confidence intervals around RMSEA value (Byrne, 2012).

Standardised root mean square residual (SRMR): this index also belongs to the category of absolute fit indices. The SRMR represents the average value across all standardised residuals (Byrne, 2012). Its value ranges from 0.0 to 1.00. In a well-fitting model, this value is small, below 0.05. An SRMR of 0 indicates a perfect fit (Hooper et al., 2008). However, Hu and Bentler (1999) suggested that SRMR values as high as 0.08 are also considered acceptable.

7.4.5 Testing the multi-level mediation 2-1-2 design hypothesis

To ensure that the model provides a good description of the relationship between the variables, it is imperative to refer to the model fit using several fit indices. It is also important to demonstrate that models have sufficiently good fit before proceeding to the explanation of indirect effects in our model (Preacher et al., 2010). The chi-square tests were $\chi^2(11)=29.106$, $p<0.01$. The comparative fit index (CFI)=0.929; the root mean square error of approximation (RMSEA)=0.06; and the standardised root mean square residual (SRMR)=0.043. The fit data provides a good explanation of the relationships between the variables.

Traditionally, when assessing mediation, the most widely-used method is the causal steps approach popularised by Baron and Kenny (1986). Their paper has been cited for more than 70,000 times. Baron and Kenny (1986) proposed:

- 1) First ignoring the mediator variable, the independent variable must have a statistically significant effect on the dependent variable (indicated by the coefficient c path);

- 2) The independent variable must have a statistically significant effect on the mediator variable (indicated by the coefficient a path);
- 3) The mediator variable must have a significant effect on the dependent variable (indicated by the coefficient b path); and
- 4) In establishing complete mediation, when controlling for the mediator variable, the path between the independent variable and dependent variable must be nonsignificant (indicated by the coefficient c' path).

Even though Baron and Kenny's approach has been broadly applied, this approach has also been criticised on several grounds (Hayes, 2009). It is underpowered due to the requirement that the independent and dependent variable are significantly linked (Fritz & MacKinnon, 2007; Mackinnon et al., 2002). It also does not stipulate an estimation of the mediated effect (Fairchild & McQuilin, 2011). The requirement for a significant effect on the independent variable and the dependent variable in order for there to be significant mediation is debatable (MacKinnon & Fairchild, 2009). Mediation can occur even without a significant effect on the independent and dependent variable.

Recently, Vermeeren (2014) applied Baron and Kenny's (1986) method in testing the multi-level mediation 2-1-2 model. In this research, the researcher followed Hayes' (2013) procedure. The procedure in mediation analysis, according to Hayes, is to estimate the indirect or mediated effect where the indirect effect of X on Y through M is the product of (ab) . Thus, a is the regression path between the independent variable and the mediator, and b is the regression path between the mediator and the dependent variable. Moreover, the significance level for the

coefficient of ab was validated by confidence intervals of the product (MacKinnon et al., 2007). The same method was applied by Ogbonnaya and Valizade (2016) in testing their 2-1-2 multi-level mediation model. The portions of a and b and product of ab are examined simultaneously in MPlus software.

In the current study, the researcher hypothesised that HRM implementation (reported by line managers) (X) has an indirect effect on unit performance (reported by line managers) (Y) via the mediating variable of HRM implementation (perceived by employees) (M). Before the analysis, the researcher obtained the grand mean for the level 2 predictor variable in order to get the full level 2 effect.

The analysis demonstrated that the implementation of strategic HRM practice (reported by line managers) has a significant positive effect on HRM implementation (perceived by employees) ($\beta=0.122, p<0.01$), representing path a in the indirect effect; and HRM implementation (perceived by employees) significantly impacts unit performance ($\beta=1.986, p<0.05$), representing path b in the indirect effect. The indirect effect (ab) at level 2 from HRM implementation (reported by line managers) to unit performance via HRM implementation (perceived by employees) is positive and significant ($\beta=0.243, p<0.01$). Therefore, two line managers who differ by one unit in HRM implementation (reported by line managers) are estimated to differ by 0.243 units in their work unit performance as a result of the effect of the implementation of strategic HRM (reported by line managers) on HRM implementation (perceived by employees), which, in turn, affects work unit performance.

Although in mediation analysis bootstrapping is used to generate an empirically derived representation of the sampling distribution of the indirect effect,

and it is used for the construction of a confidence interval (Hayes, 2013), in MPlus, bootstrapping is not available for multi-level modelling analysis (Muthén & Muthén, 2017).

Currently, no other procedures have been proposed for obtaining confidence intervals (CI) for the indirect effect using MSEM (Preacher et al., 2010). MPlus can generate the value of CI by using the model constrained to obtain delta method confidence intervals (Preacher et al., 2010). Therefore, the researcher examined the CI using a 95% confidence level to detect a non-zero for a , b and ab path (Preacher et al., 2010). The results demonstrated that the 95% CI for the a path is between 0.039 and 0.205 (does not include zero), the b path is between 0.239 and 3.453 (does not include zero) and ab is between 0.091 and 0.395 (does not include zero). The results suggest that the linkage between the implementation of strategic HRM practice (reported by line managers) and unit performance is established through the mediating variable of HRM implementation (perceived by employees). This result supports Hypothesis 3 in this research.

7.4.6 Multi-level moderated mediation

When a researcher is interested in examining whether a particular variable influences or is related to the size of one variable's effect on another, moderation analysis is the suitable analytical strategy (Hayes, 2013). MacKinnon (2008) defined the moderator as "a variable that changes the sign or strength of the effect of an independent variable on a dependent variable" (p. 11). The effect of moderation is also known as interaction (Hayes, 2013). Interactions are typically represented by the

product term of two variables that are hypothesised to interact (Ryu, 2015). Thus, testing the interaction effect is the primary interest in analysing a moderation model.

A moderation model can also integrate with a mediation model (Hayes, 2015). The focus of this model is on estimating the conditional indirect effect (Preacher et al., 2007). Thus, it estimates the interactions between the moderator and the route that define the indirect effect (Hayes, 2009). The integration can be subsumed to the term ‘moderated mediation’ or ‘mediated moderation’ (Preacher et al., 2007). Mediated moderation occurs when a “moderating effect is transmitted through a mediator variable” (Edwards & Lambert, 2007: p. 1). On the other hand, “moderated mediation occurs when the strength of an indirect effect depends on the level of some variable, or in other words when mediation relations are contingent on the level of a moderator” (Preacher et al., 2007: p. 193). Since the former model does not require the probing of conditional indirect effects (Preacher et al., 2007), it is necessary to focus our attention on the latter model since this research is closely related to the latter model.

In Preacher et al.’s (2007) article, they highlighted that there are various approaches in a moderated mediation model, in which the level of an indirect effect is conditioned upon a moderator. One approach is for the moderator to affect the *b* route (the path from the mediator variable *M* affects outcome variable *Y*) in the simple mediation model (Preacher et al., 2007). This type of moderated mediated effect is similar to our model of interest where the mediating effect of HRM implementation (perceived by employees) on the relationship between HRM implementation (reported by line managers) and unit performance varies across the

level of moderator variables, which are employee perception (distinctiveness, consistency and consensus).

The more advanced tests of multi-level moderated mediation were adapted from the single-level moderated mediation literature (Hayes, 2015). Several studies that performed multi-level moderated mediation adapted either Edwards and Lambert (2007) or Preacher et al.'s (2007) procedure; for example Flinchbaugh et al. (2016), Liu et al. (2012), Shen (2016), Tremblay (2017) and Tse et al. (2008). It is understood that these scholars refer to the single-level mediated moderation method because the amount of literature discussing the multi-level moderated mediation model is scarce (Preacher et al., 2016). However, some scholars have discussed the multi-level moderated mediation model (see Bauer et al., 2006; Ryu, 2015). Bauer et al. (2006) discussed the multi-level moderated mediation model, but their discussion is limited to the indirect effect moderated by a level 2 moderator. On the other hand, Ryu (2015) applied MSEM but required complete data and equal cluster sizes. Based on the limitations found in Bauer et al. (2006) and Ryu (2015), Preacher et al. (2016) suggested employing their method of analysing multi-level moderation and integrating it with the multi-level mediation method (Preacher et al., 2010) in analysing the multi-level moderated mediation model.

Preacher et al. (2016) introduced the MSEM approach to overcome problems that arose in the MLM literature. Some problems related to MLM moderation are as follows: conflated effects across levels of analysis, and observed cluster averages used instead of latent variables to represent higher-level constructs, which consequently introduces bias. The benefits of applying MSEM in the multi-level moderation method are explicitly discussed in the literature. First, unlike in MLM, it

decomposes the variables and effects into within- and between-components and tolerates the outcome variables assessed at level 2; second, the level 1 variable at the between-component is treated as latent; third, latent variable interaction is permissible for analysing multi-level moderation (Preacher et al., 2016).

Preacher et al. (2016) claim that their approach to MSEM does not contain the limitations of Bauer et al. (2006) and Ryu (2015) mentioned above, which permit the within and between effects of level 1 variables to be dependent upon moderators measured at any level. Preacher et al. (2016) even demonstrated that in multi-level data, MSEM performs better than traditional HLM at detecting cross-level interactions.

Preacher et al. (2016) described two ways of testing multi-level moderation in MSEM: 1) random coefficient prediction (RCP) for cross-level interactions (also known as slopes-as-outcome); and 2) latent moderated structural equations (LMS) for any level of interactions. RCP is suited to cross-level interactions with random slopes because it was designed for this purpose and researchers are familiar with it. LMS can be used when we would like to predict same-level interactions.

Preacher et al. (2016) suggested the moderated design by denoting numbers to show the level of moderation. For example, if we take the 1 x (1→1) design, the first “1” is the level at which the moderator is measured. The second “1” is the level at which the predictor is measured, and the last “1” is the level at which the dependent variable is measured. In this thesis, the researcher applied the 1 x (1→2) design because, in our case, the moderator variable – employee perception of HR systems (distinctiveness, consistency and consensus) (level 1) – interacts with the predictor variable – HRM implementation (perceived by the employee) (level 1) – and the

outcome variable – working unit (level 2). Thus, our model parallels the description of LMS.

The researcher followed a combination of Hayes (2013, 2015) and Preacher et al.'s (2016) procedures to perform the multi-level moderated mediation model. The researcher also communicated personally with Linda Muthén through the MPlus discussion board to understand the MPlus code further in performing multi-level moderated mediation analysis.

7.4.7 Testing the multi-level moderated mediation hypothesis

Hypotheses 4a, 4b and 4c required multi-level moderated mediation as follows. Hypothesis 4a: employee perception of the distinctiveness of HRM moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM and performance will be stronger when distinctiveness is high. Hypothesis 4b: employee perception of the consistency of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM and performance will be stronger when consistency is high. Hypothesis 4c: employee perception of consensus of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM and performance will be stronger when consensus is high.

Given that MSEM allows latent variable interactions for testing multi-level moderation, the moderators – employee perception of HRM system (distinctiveness,

consistency and consensus) – interact with the level 2 predictor variable – HRM implementation (perceived by the employee) – at the working level (level 2).

Firstly, the choice of centring is critical in obtaining unbiased estimates of interaction effects in MSEM (Preacher et al., 2016). Applying grand mean centring to obtain unbiased estimates for the level 2 model is suggested (when the interaction involves a level 1 variable). Thus, in our case, the predictor variables and moderators were grand mean centred. The researcher examined each moderator in a separate model. First, the researcher tested the moderator – employee perception of the HR system (distinctiveness) – and proceeded with testing the moderator – employee perception of the HR system (consistency) and (consensus).

As with the previous multi-level mediation model, the model fit was also tested for the multi-level moderated mediation model. Prior to testing Hypothesis 4a, the model fit for the multi-level moderated mediation consisting of the moderator (distinctiveness) was as follows: the chi-square test was $\chi^2(16)=32.052, p<0.01$. The comparative fit index (CFI)=0.937, the root mean square error of approximation (RMSEA)=0.047, and the standardised root mean square residual (SRMR)=0.010. The fit data provides a good explanation of the relationships between the variables.

Since moderation is interested in the interaction effect, the coefficient of the interaction terms of HRM implementation and employee perception of HR system (distinctiveness) is statistically significant ($\beta=0.973, p<0.01$), 95% CI for the interaction terms is between 0.298 and 1.647 (does not include zero). Table 7.7 presents the multi-level moderated mediation result.

Table 7.7: Multi-level moderated mediation model results

Predictor	β	95% CI	
Implementation of strategic HRM practice (reported by line managers) on unit performance via HRM implementation (perceived by employees)	0.189**	0.028	0.350
Employee perception of HRM system (distinctiveness) on unit performance	2.383**	0.372	4.395
Employee perception of HRM system (distinctiveness) x HRM implementation (perceived by employees) on unit performance	0.973***	0.298	1.647

** $p < 0.05$, *** $p < 0.01$

With evidence of the moderation of the HRM implementation (perceived by employees) effect on unit performance by the employee perception of HR system (distinctiveness), the researcher proceeded to probe the interaction. The interaction effects were probed to determine whether the distribution of the employee perception of the HR system (distinctiveness) has an effect on unit performance that is different from zero and where it does not. The researcher followed the simple slopes computations technique developed by Aiken and West (1991). The simple slopes computation using the low, medium and high value of the moderator are as follows:

- 1) A low value of moderator = average value of the moderator – 1 SD
- 2) A medium value of moderator = average moderator
- 3) A high value of moderator = average value of moderator + 1 SD

All coefficients were tested using 95% CIs.

The researcher probed the interaction by testing the conditional effects of HRM implementation (perceived by employees) at three levels of distinctiveness:

one standard deviation below the mean, at the mean, and one standard deviation above the mean.

The simple slope coefficient for the effect of HRM implementation (reported by line managers) on unit performance via HRM implementation (perceived by employees) when there is a low employee perception (distinctiveness) is ($\beta=4.206$, $p<0.05$); 95% CI is between 0.496 and 7.916 (does not include zero). The simple slope coefficient for the effect of HRM implementation (reported by line managers) on unit performance via HRM implementation (perceived by employees) when there is a moderate employee perception (distinctiveness) is ($\beta=4.766$, $p<0.05$); 95% CI is between 0.553 and 8.979 (does not include zero). The simple slope coefficient for the effect of HRM implementation (reported by line managers) on unit performance via HRM implementation (perceived by employees) when there is a high employee perception (distinctiveness) is ($\beta=5.325$, $p<0.05$); 95% CI is between 0.609 and 10.041 (does not include zero). From the above results, Hypothesis 4a is supported. Table 7.8 summarises the conditional effects of employee perception of the HR system (distinctiveness) on unit performance.

Table 7.8: Conditional effects of employee perception of the HR system (distinctiveness) on unit performance

Employee perception of HR system (distinctiveness)	β	95% CI	
One SD below mean	4.206**	0.496	7.916
At the mean	4.766**	0.553	8.979
One SD above mean	5.325**	0.609	10.041

** $p<0.05$

The researcher followed the same procedure for testing Hypothesis 4b. In this model, the researcher included organisational context as a control variable at the employee level. This is to control the different effects of the employee-level variable, especially the variable of employee perception of the HR system (consistency). The model fit was also tested. The model fit for the multi-level moderated mediation consisting of the moderator (consistency) was as follows: the chi-square test was $\chi^2(16)=28.162, p<0.05$. The comparative fit index (CFI)=0.952, the root mean square error of approximation (RMSEA)=0.041, the standardised root mean square residual (SRMR)=0.024. The fit data provides a good explanation of the relationships between the variables.

The coefficient of the interaction terms of HRM implementation and employee perception of HR system (consistency) is statistically significant ($\beta=0.723, p<0.01$); 95% CI for the interaction terms is between 0.201 and 1.244 (does not include zero). Table 7.9 presents the multi-level moderated mediation result.

Table 7.9: Multi-level moderated mediation model results

Predictor	β	95% CI	
Implementation of strategic HRM practice (reported by line managers) on unit performance via HRM implementation (perceived by employees)	0.197**	0.047	0.348
Employee perception of HR system (consistency) on unit performance	0.908	-0.348	2.163
Employee perception of HR system (consistency) x HRM implementation (perceived by employees) on unit performance	0.723***	0.201	1.244

** $p<0.05$, *** $p<0.01$

Although the main effect of employee perception of HR system (consistency) on unit performance is non-significant, the significance of the interaction terms still requires testing. The researcher probed the interaction. Using Aiken and West's approach, the following results were obtained. The simple slope coefficient for the effect of the implementation of strategic HRM practice (reported by line managers) on unit performance via HRM implementation (perceived by employees) when there is a low employee perception of the HR system (consistency) is (17.145, $p < 0.01$); 95% CI is between 5.449 and 28.842 (does not include zero). The simple slope coefficient for the effect of the implementation of strategic HRM practice (reported by line managers) on unit performance via HRM implementation (perceived by employees) when there is a moderate employee perception of the HR system (consistency) is (19.986, $p < 0.01$); 95% CI is between 6.243 and 33.728 (does not include zero). The simple slope coefficient for the effect of the implementation of HRM practice (reported by line managers) on unit performance via HRM implementation (perceived by employees) when there is a high employee perception of HR system (consistency) is (22.826, $p < 0.01$); 95% CI is between 7.036 and 38.615 (does not include zero). Table 7.3 presents the multi-level moderated mediation result. The result supports Hypothesis 4b. Table 7.10 summarises the conditional effects of employee perception of the HR system (consistency) on unit performance.

Table 7.10: Conditional effects of employee perception of the HR system (consistency) on unit performance

Employee perception of HR system (consistency)	β	95% CI	
One SD below mean	17.145**	5.449	28.842
At the mean	19.986**	6.243	33.728
One SD above mean	22.826**	7.036	38.615

** $p < 0.01$

The researcher continued to test Hypothesis 4c. The procedure for testing Hypotheses 4a and 4b was followed. However, it was found that there is no significant interaction effect between employee perception of HR system (consensus) and HRM implementation (perceived by employees). Therefore, the researcher did not investigate this further. This means that Hypothesis 4c is not supported.

7.5 Conclusion

This chapter focuses on testing the proposed hypotheses. The hypothesised relationship between variables was tested using single-level data analysis and multi-level data analysis. From the single-level data analysis, the results show that line manager opportunity to implement HRM had a significant and positive relationship with HRM implementation (as reported by the same line manager).

Based on the multi-level analysis, it was found that line manager ability had a significant and positive relationship with HRM implementation (perceived by employees). Additionally, employee perceptions of HRM system distinctiveness, consistency and consensus had a significant relationship with HRM implementation (as perceived by these employees). However, only distinctiveness and consensus had a positive relationship with HRM implementation (perceived by employees),

whereas consistency had a negative relationship with HRM implementation (perceived by employees). With regard to the mediation effect, the analysis using a multi-level mediation approach revealed that HRM implementation (perceived by employees) mediates the relationship between HRM implementation (reported by line managers) and unit performance. With regards to the moderation effect, the application of multi-level moderated mediation analysis demonstrated that employee perception of the HRM system (distinctiveness and consistency) moderated the relationship between HRM implementation (perceived by employees) and unit performance.

CHAPTER 8 – DISCUSSION AND CONCLUSION

8.1 Introduction

This chapter discusses the results of the current study and its implications for theory and practice. The chapter is divided into three sections. The first section discusses the findings related to the theoretical contributions, in particular with regard to HRM in the public sector; the chapter then considers the methodological contributions, practical implications and finally the limitations and suggestions for future research.

The main purpose of the current study was to increase the understanding of the mechanisms through which HRM brings about desired unit performance in the public sector. Public sector organisations have received limited attention in research on HRM and performance. While many studies focus on the content of HRM practices to understand this relationship, the current study followed Bowen and Ostroff's (2004) suggestion by focusing on HRM processes. This study took into consideration the important role of line managers in HRM implementation, as well as employee perception and how employees perceive HRM implementation. The approach adopted in this thesis also aligns with Wright and Nishii's (2013) process model, which acknowledges the distinction between intended HRM practices, actual HRM practices as implemented by line managers, and the perceived HRM practices. By including both line manager and employee levels of analysis, the present study aimed to combine macro and micro research, as proposed by Jiang et al. (2013) and Peccei and Van De Voorde (2016). This study provided a theoretical and empirical test of the underlying assumption in the HRM literature that organisational HRM

practices can improve organisational performance through the influence of line managers in relation to HRM implementation and depending on employee perception of these practices (Nishii & Wright, 2008). Particular attention was given to line manager ability, motivation and opportunity (AMO), employee perception of HRM, and employee perception of HRM system strength (distinctiveness, consistency and consensus).

Based on the literature on HRM and performance in the public sector and HRM implementation in the public sector, 13 hypotheses were developed. The hypotheses specifically focused on the relationship between line managers' AMO and line managers' reports of the implementation of strategic HRM practices, as well as employee perception of HRM implementation, employee perception of HRM implementation as a mediator between line managers' reports of the implementation of strategic HRM practices and unit performance, the relationship between employee perception of the HRM system (distinctiveness, consistency and consensus) and employee perception of HRM implementation, and employee perception of the HRM system (distinctiveness, consistency and consensus) as a moderator of employee perception of HRM implementation and unit performance. Table 8.1 summarises the results of the hypothesis testing.

The national and organisational context for this study was the Malaysian public sector and its public sector transformation program. This case study context provided the background for the empirical study, which aimed to gather data on HRM adoption and implementation from line managers and employees in two organisations. This particular study contributes to the HRM-performance literature by extending empirical evidence in a non-western context.

Table 8.1: Results of hypothesis testing

No.	Hypothesis	Result
H1a	There is a positive relationship between line manager ability and line manager reports of the implementation of strategic HRM practices.	Not supported
H1b	There is a positive relationship between line manager motivation and line manager reports of the implementation of strategic HRM practices.	Not supported
H1c	There is a positive relationship between line manager opportunity and line manager reports of the implementation of strategic HRM practices.	Supported
H2a	There is a positive relationship between line manager ability and employee perception of the implementation of strategic HRM practices.	Supported
H2b	There is a positive relationship between line manager motivation and employee perception of the implementation of strategic HRM practices.	Not supported
H2c	There is a positive relationship between line manager opportunity and employee perception of the implementation of strategic HRM practices.	Not supported
H3	Employee perception of the implementation of strategic HRM mediates the relationship between line manager reports of the implementation of strategic HRM and unit performance.	Supported
H4a	Employee perception of the distinctiveness of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM practices and performance will be stronger when distinctiveness is high.	Supported
H4b	Employee perception of the consistency of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM and performance will be stronger when consistency is high.	Supported
H4c	Employee perception of the consensus of HRM practices moderates the relationship between employee perception of HRM implementation and unit performance, such that the positive relationship between HRM practices and performance will be stronger when consensus is high.	Not supported
H5a	There is a positive relationship between employee perception of HRM system distinctiveness and employee perception of strategic HRM practice implementation.	Supported
H5b	There is a positive relationship between employee perception of HRM system consistency and employee perception of strategic HRM practice implementation.	Not supported
H5c	There is a positive relationship between employee perception of HRM system consensus and employee perception of strategic HRM practice implementation.	Supported

8.2 Theoretical contribution

There are several theoretical contributions that this thesis has made to understanding HRM. The contributions are divided into three general areas. First, the thesis contributes to understanding the implementation of HRM in the public sector focusing specifically on (a) the role of the line manager; (b) the role of employee perceptions of HRM as a system; and (c) the value of multi-source data. Secondly, the thesis presents findings on the adoption of New Public Management (NPM) in a particular non-western cultural context and the existence of potential barriers to effectiveness. The specific findings relating to HRM system strength demonstrate the importance of consensus for understanding HRM implementation. Collectivist national values and high power distance culture, which may be less prominent in western contexts, are likely to influence the success of HRM. This leads to the final area of contribution related to expanding understanding of HRM implementation in non-western contexts. This section discusses the specific contributions for each of these areas in turn.

8.2.1 HRM implementation in the public sector

This thesis contributes to three distinct areas to the literature in understanding HRM implementation in the public sector.

The role of line managers

Research by Knies and Leisink (2014) reveals how important leadership is for the successful implementation of HRM in public sector organisations. The way in which the managers provide HRM practices to employees is dependent upon their ability to implement HRM practices, motivation to implement HRM practices and having

sufficient opportunities to implement HRM. These factors can be combined in the rubrics of the AMO framework. As this AMO framework has seldom been applied to line managers in the public sector (Knies & Leisink, 2014), the current study has extended this framework to the public sector context.

Based on the AMO framework, six hypotheses were tested (H1a, H1b, H1c, H2a, H2b, H2c). For H1a, H1b and H1c, when controlling for line manager age and job function, the study found a positive relationship between line manager opportunity and reports of the implementation of strategic HRM practices (H1c). The findings suggest that within the Ministry of Human Resources and Public Service Department, line managers felt that they experienced limited opportunity to implement more strategic HRM. This finding supports Blumberg and Pringle's (1982) view that opportunity in relations to work performance is important. Blumberg and Pringle also highlight the rationale behind the AMO framework by pointing out that "individual attributes have a huge impact but even the most able and motivated people cannot perform well if they lack 'the tools to finish the job' or work in an unsupportive social environment" (Boxall & Purcell, 2008: p. 173). The importance of opportunity also relates to the fact that line managers who experience more opportunity may pass on their motivation to implement HRM to employees (Knies & Leisink, 2014). This finding echoes Knies and Leisink's (2014) result that middle managers tend to experience inadequate discretionary room and this has an impact on supervisory support.

The test of H2a, H2b and H2c showed that when controlling for the years of experience as a manager in the public sector, line manager ability was positively and significantly related to HRM implementation (perceived by the employees) (H2a).

This finding indicates that line managers in the Ministry of Human Resources and Public Service Department tend to experience insufficient ability to implement strategic HRM to their employees. This finding also contributes to the literature suggesting that line managers in the public sector have limited HR-related skills and knowledge; indeed, the literature consistently notes that line managers' skills and abilities are an important factor in managing people (Harris et al., 2002; McConville, 2006). This finding also aligns with Harris et al.'s (2002) study where line managers report their concerns about the level of necessary HR training they receive to manage HR issues. The importance of HR training for line managers has been emphasised by various scholars, who have even proposed that devolution may only be successful when organisations equip line managers with sufficient training and support for their HR responsibilities (Hall & Torrington, 1998; Renwick, 2003; Whittaker & Marchington, 2003). The ability to effectively implement HRM can also be nurtured through assistance and guidance by HR specialists (Cunningham & Hyman, 1999; Harris et al., 2002).

The lack of significant links to motivation (H1b and H2b) is in line with the research of Bos-Nehles et al. (2013) and Gilbert et al. (2015). An early study by McGovern et al. (1997) suggested that personal motivation is more influential in HRM activities than other sources of motivation for line managers. Furthermore, the personal motivation of managers may be influenced by their organisational environment (McGovern et al., 1997). This finding suggests that line managers in the Ministry of Human Resources and Public Service Department were motivated to implement HRM in their departments. The data collected from line managers in this study indicates that line managers in both the Ministry of Human Resources and the

Public Service Department reported a moderately high level of HRM implementation, amounting to more than half the total possible score for HRM implementation: 36.1 out of 45 for the Ministry of Human Resources and 34.5 out of 45 for the Public Service Department. This suggests that the sample of line managers in both ministries felt the need and the importance of implementing HRM to improve their employees' performance. This current study result is clearly at odds with the general opinion expressed in the devolution literature that line managers in the public sector are not motivated to implement HRM responsibilities and therefore they implement them ineffectively (Harris et al., 2002). McConville's (2006) research in three public sector organisations found that middle managers welcomed their involvement in HRM. Line managers in the Ministry of Human Resources and Public Service Department were found to be motivated to implement HRM because they realised that the performance of the subordinates is important in attaining the performance of the unit as a whole. A similar situation was described by one of the assistant managers from the expert interviews:

"I guess my passion for developing my subordinates is merely on a personal level; there is great satisfaction when I see my subordinates perform well when they want to strive at work to get better. I do feel great pride when they achieve and indirectly their achievement helps contribute to my reputation as well. So it works both ways".

The role of employee perceptions of HRM system strength

A second contribution made by this study in understanding HRM implementation within a public sector context relates to employee perceptions, specifically as they relate to HRM system strength and the effectiveness of HRM implementation. H4a, H4b and H4c were developed based on the consideration that

the features of distinctiveness, consistency and consensus determine the strength of the shared interpretation of the organisation's policies (Katou et al., 2014). Considering this, it is argued that these features moderate the relationship between employee perception of HRM implementation and perceived unit performance. The findings of the current study revealed that the distinctiveness and consistency dimensions of HRM system strength reinforce the positive relationship between employee perceptions of HRM implementation and unit performance. For employee perception of HRM system distinctiveness (H4a), this indicates that the impact of HRM implementation on perceived unit performance might be stronger if the employee considers the HRM practices that have been implemented to be relevant. The higher the distinctiveness strength, the stronger the positive relationship between these two variables. For employee perception of the consistency of the HRM system (H4b), it is indicated that the impact of HRM implementation on perceived unit performance may be stronger if employees consider the HRM practices that have been implemented to be consistent. The greater the consistency strength, the stronger the positive relationship between employee perception of HRM implementation and unit performance.

These findings contribute to the general idea that the relationships between HRM and unit performance will not be visible unless the HRM practices are "salient across employees so that they collectively come to know what the practices are and develop a shared understanding of the practices" (Ostroff & Bowen, 2016: p. 197). The findings also support the argument that when employees interpret an HRM system as distinctive, it has consistency and has been developed through consensus; it jointly shapes the perception among individuals, thereby creating a strong

organisational climate and developing collective attitudes and behaviour towards improving unit performance (Bowen & Ostroff, 2004). The study extends existing research to examine the meta-features of HRM system strength (distinctiveness, consistency and consensus) that are largely missing in the literature (Hewett et al., 2018). It also supports the argument that distinctiveness and consistency are crucial to an organisation's day-to-day functioning (Delmotte et al., 2012). As noted in the literature, a public sector employee's daily function entails serving the public interest (Perry & Hondeghem, 2008). Thus, having a relevant and consistent HRM system that supports this interest might increase their daily commitment to serving the public, and eventually improve unit performance.

Notably, the current study did not find employee perceptions of the consensus dimension of HRM system strength to be a feature that moderates the relationship between employee perception of HRM implementation and perceived unit performance. This supports Bowen and Ostroff's (2004) suggestion that "it is likely that some features are more critical than others in creating a strong situation" (p. 215). Thus, in this case, distinctiveness and consistency are found to be more important to the employees in the Ministry of Human Resources and Public Service Department to ensure a strong effect of HRM implementation and unit performance. This finding contributed to the literature by examining the features of HRM system strength individually. In so doing, it corresponds to recent arguments to allow "for the detection of differential effects of meta-features with different outcomes" (Hewett et al., 2018: p. 102).

As public sector employment is usually regarded as labour-intensive (Knies et al., 2018), employee perception of the HRM system is becoming increasingly

crucial to ensure that they behave and perform according to organisational goals. Katou et al. (2014), Li et al. (2011) and Sanders et al. (2008) studied the impact of HRM system strength on employee outcomes. The present study extends their empirical evidence by examining the impact of employee perception of HRM system strength on employee perception of HRM implementation (H5a, H5b and H5c). The hypotheses tests found that the employee perception of the HRM system dimensions of distinctiveness (H5a) and consensus (H5c) were positively related to employee perception of HRM implementation. However, employee perception of the consistency of the HRM system was negatively related to their perception of HRM implementation (H5b). Among all of the HRM system strength dimensions, distinctiveness was found to be the strongest predictor related to employee perception of HRM implementation ($\beta=0.464$) as compared to consensus ($\beta=0.264$) and consistency ($\beta=-0.292$). This finding is similar to research conducted by both Sanders et al. (2008) and Li et al. (2011), where they found distinctiveness to be the strongest predictor of the target outcomes. Even attribution theorists have argued that among the three dimensions required for attribution judgments, distinctiveness is the most critical (Sanders & Yang, 2016).

The positive relationship between distinctiveness and employee perception of HRM implementation demonstrates that when employees perceive HRM practices as distinctive, visible, relevant, legitimate and understandable, the effect on the perception of HRM implementation is positive. As the HRM system strength dimension distinctiveness is important for an organisation's daily functioning (Delmotte et al., 2012), it is important for public sector employees to have a clear idea of which HRM policies are offered, and that the content and functioning of HRM

policy is clear and relevant for them to perform their daily work tasks. Given that the nature of public organisations is to provide high-quality services to the public, public sector organisations should provide their employees with HRM policy and practices that enhance their abilities to perform, provide them opportunities to do so and subsequently motivate them to use their skills to serve others (Gould-Williams, 2016; Knies et al., 2015). In in this study, the findings suggest that employees from the Ministry of Human Resources and Public Service Department perceived that the HRM policy in their organisation is relevant and useful to help them to execute their daily work tasks. Eventually, this perception led employees to respond positively with regard to HRM implementation in their unit.

Other than distinctiveness, Ostroff and Bowen (2016) also suggest that consensus through key policymakers may serve as an important condition for the other components of HRM strength. This study shows that consensus has a positive and significant effect on employee perception of HRM implementation. The finding shows that when HRM practice implementation is regarded by employees as highly consensual among decision-makers, they adjust their behaviour accordingly to achieve the organisational goals. Furthermore, when employees feel that HRM policy is being implemented in their interests and it aligns with the organisational goals, there is a high probability that the employee will give a positive assessment of the HRM implementation of their line managers. This finding is consistent with Li et al.'s (2011) study in China, where consensus was related to employee outcomes. Public sector employees may sometimes prioritise HRM practices differently, especially in times of austerity; it could, therefore, be argued that consensus will be extremely important during difficult times (Baluch, 2017; Delmotte et al., 2012).

During the Malaysian government's transformation period, the employees needed to recognise that the HRM policy was decided and agreed upon by policymakers and HRM actors. The agreement between these parties is important to ensure that a successful transformation occurs in the government. This finding also indicates that there is an agreement between all parties on the HRM policy that they want to implement, and the employees, therefore, have the impression that all decisions on the selection of HRM practices have been made in their best interests (e.g. fairness and equality).

Concerning consistency, this was found to be negatively related to employee perception of HRM implementation. A high score on consistency suggests that the HRM practices introduced are aligned with each other. Although this might lead to effective HRM implementation, we can speculate that it can also leave employees thinking that the HRM practices are designed by the HR department to just look good on paper because the line managers are focusing on other important matters such as achieving their performance targets (Butterfield et al., 2005). This can create the sense that HRM policy designed to achieve organisational goals has not succeeded in realising the intended purpose and it can lead to adverse outcomes for employee assessment of line managers' HRM implementation.

Using multi-source data to understand public sector HRM implementation

The third contribution that this study has made in understanding HRM implementation was by obtaining data from two different sources – line managers and employees – and conducting research at a different level of analysis. Prior studies have used either line managers or employees to evaluate HRM practices (see Boh-

Nehles et al., 2013; Gilbert et al., 2015; Paauwe, 2009; Purcell & Hutchinson, 2007). This dual approach to data gathering is important because two groups of people might look at the situation differently. Studies have shown that manager and employee reports of the implementation of HRM practices differ (Edgar & Geare, 2005; Guest & Conway, 2004; Nishii et al., 2008). The same result was also observed in the current study (see the interpretation gap score for both the Ministry of Human Resources and Public Service Department in Chapter 5). The different results obtained from the analysis of line manager AMO reflect the importance of having different evaluations of HRM implementation. The line manager data was more likely to show an association between line manager opportunity and a positive rating of HRM implementation. However, when HRM implementation was assessed by employees, it was line manager ability that was associated with more positive perceptions of HRM implementation. This situation shows that if researchers rely on single sources of data, it erodes reliability of the data as raters' perceptions are predisposed to bias (Wright et al., 2001). Thus, the usage of multiple raters may improve reliability and also reduce random error. The approach taken here is similar to the multiple constituency approach proposed by Tsui (1990). She suggests that it would be useful to obtain data from multiple stakeholders surrounding the line manager in order to incorporate insights from various perspectives.

The empirical data gathered at different levels of analysis (line manager and employee) also provides robust data on the moderating role of HRM system strength. Several scholars have explored the role of HRM system strength as a moderator (Bednall et al., 2014; Chen et al., 2007; Dello Russo et al., 2018; Katou et al., 2014; Sanders & Yang, 2016). However, in the studies utilising HRM system strength as a

moderator, the final outcome has been at the individual level. This study differs from previous research applying HRM system strength as a moderator where the final outcome variable is measured at the higher (work-unit) level. The use of unit performance as the higher-level outcome in the HRM system strength moderation analysis responds to the call for more investigations of HRM system strength at higher levels of analysis (Ostroff & Bowen, 2016).

8.2.2 The adoption of New Public Management (NPM)

The findings generally support the idea that attention to HRM as a way of improving organisational performance is applicable in the public sector. The debate in the public management literature has focused on whether public and private organisations are fundamentally different, which would suggest there is little point seeking to draw lessons from management in the private sector (Boyne, 2002a). However, the public sector has undergone quite a significant transformation and the boundary between the public and private sectors has been blurred. As public sector organisations are facing pressure to improve their performance, the private sector model – specifically HRM – has been applied in the public sector. Nonetheless, the influence of government control and political oversight raises the question of the extent to which line managers in the public sector can develop and implement HRM policies that influence employees and thus ultimately public service performance (Knies & Leisink, 2018).

Hypothesis 3 held that employee perception of the implementation of strategic HRM mediates the relationship between line managers' reports of the implementation of strategic HRM and unit performance. The findings supported this

hypothesis and were consistent with research conducted in a private sector context (e.g., Den Hartog et al., 2013, Aryee et al., 2012; Liao et al. 2009). Also, although the implementation of HRM strategy in the public sector has been shown to have a positive effect on organisational performance (Messersmith et al., 2011), numerous studies in the private sector have indicated that human resource practices and organisational performance are at least weakly related (Guest, 2011; Vermeeren, 2014). Thus, the finding affirms the relevance of HRM in the public sector to improve performance and supplement the literature in understanding the mechanisms through which HRM brings about the desired unit performance in the sector. The findings also support Wright and Nishii's (2013) suggestion that both implemented and perceived HRM is important for explaining the effects of HRM on performance.

The study, however, also suggested some limits to the positive HRM-performance relationship. The findings of a positive relationship between line manager opportunity and reports of the implementation of strategic HRM practices (H1c) showed that line managers experienced constraints on autonomy in the implementation of HRM practices. From the ability, motivation and opportunity (AMO) framework point of view, the result suggests that line managers tend to feel they have insufficient autonomy in implementing HRM to their subordinates, whereas they assess their HRM abilities and motivation as adequate to implement HRM practices. Although the adoption of NPM style management has shifted line managers' role towards more managerial and strategic responsibilities, this did not imply greater autonomy for them. The result that shows a positive relationship between the adoption of HRM practices and unit performance (H3) as well as the line manager report of a moderately high level of HRM implementation (see section 5.8

in Chapter 5 for the report) suggests that line managers in the Public Service Department and the Ministry of Human Resources utilise only their knowledge in HRM and motivation towards HRM to implement HRM practices to their subordinates. The level of the HRM implementation by line managers in these ministries could be further improved if they experience more autonomy in implementing HRM (Knies & Leisink 2014), given they have HRM knowledge and motivation towards HRM.

Managerial autonomy has often been associated with decentralisation, which plays a significant role in NPM (Hood, 1991; Pollitt, 2003). A decentralised structure within the public sector contributes to line managers having more autonomy in terms of the management of people (Boyne et al., 1999; Rainey, 2009; Truss, 2008, 2009). Even though decentralisation has played a central role in most central governments' reform agendas (Meyer & Hammerschmid, 2010), a different adoption pattern can be identified in different countries. In the Canadian public sector, managers reported high levels of autonomy for performance management, training and development, and staffing decisions (Lonti, 2005). The same situation is observed in the United States where decentralisation in central personnel offices is emphasised (Hou et al., 2000). However, Meyer and Hammerschmid (2010) have found a rather different result in Europe. While European Union member states report initiatives towards HR-decentralization, different degrees of implementation were found throughout the continent. A high degree of centralisation was found throughout Europe especially in Continental, Eastern and Southern European countries. Sweden is the only country in Europe that demonstrates a highly decentralised organization of HRM. Therefore,

there is evidence that the implementation of NPM-style reforms vary substantially across countries (Alonso et al., 2015).

In the South-East Asian continent, Asian countries typically emphasise paternalism (Turner, 2002). This situation explains why Asian countries inherited a centralised or hierarchical administrative system (Samaratunge et al. 2008, Turner, 2002). This is also true in the Malaysian public sector (Xavier, 2014). One of the directors in the Malaysian public sector noted that:

“We seldom get the autonomy, because usually, the approval has to be brought to the higher level. That is the process in our government. We should simplify, or we should be flexible in the process of selecting people to go for training. If we have been allocated a certain kind of money for training, and the line manager is given autonomy to select who should attend it. It will motivate them (the line manager)”.

As mentioned previously in this thesis, the government of Malaysia has followed the global trend by introducing private sector management into its management. However, Malaysia has used selected NPM initiatives to increase efficiency, effectiveness and competitiveness of the public sector. Literature suggests that the Malaysian public sector does not emphasise decentralisation as part of its transformation strategy (Siddiquee, 2010). Centralisation in Malaysia is expected because it adopts a power distance culture. Power distance symbolises the acceptance by the members of a society that authority is unequally distributed. According to Hofstede (2001), countries that score high on power distance are likely to prefer centralised bureaucracies, highly regulated work processes and hierarchical leadership. Having a centralised political and administrative system could explain why the Malaysian results-based management approach has been unsatisfactory

(Siddiquee, 2010). As Malaysia remains highly centralised, the idea of devolution of authority to line managers and managing for results may seem unlikely (Siddiquee, 2010).

8.2.3 HRM implementation in a non-western context

Previous research has pointed out that context plays an important role in studying the HRM–performance relationship (for an overview see Boselie et al., 2005). However, the broader HRM literature has been dominated by western samples. A 20-year review by Bainbridge et al. (2017) on HRM research has found that most of the studies drew data from the United States followed by the United Kingdom, Canada, Australia and Ireland. Fewer studies were undertaken in several countries in South East Asia such as Malaysia. The dependency on data from the small number of countries is a threat to the external validity of HRM research and restraints confidence in describing the effects of HRM in other regions. Thus, this thesis presented an empirical study within a non-western context and therefore represents a contribution to understanding HRM beyond a Westernised research paradigm.

Anglo-Saxon countries, such as Australia, New Zealand, the United Kingdom and the United States, have embraced far-reaching initiatives to devolve public sector managerial responsibility, closely track performance outputs and outcomes, impose internal market discipline, contract out and promote semi-autonomous agencies. These countries are remarkably similar on the Hofstede (2001) ratings of national cultural differences, being reasonably non-hierarchical, individualistic and tolerant of risk. However, it has been argued that effective public sector HRM is situational,

suggesting that the adoption of particular management practices and HRM tools hinges on an understanding of local culture (Lavelle, 2006).

Malaysia, which was the empirical focus of this thesis, is very different in terms of national culture from those countries that have been the traditional focus of HRM scholarship, and thus offers a unique cultural context to study the research variables. Malaysia is considered as being a collectivist and a high power distance culture (Farndale & Sanders, 2017). Employees operating in formal collectivist society tend to conform to group sense-making which may reflect HRM system strength (Li et al., 2011). This study showed an intraclass correlation (ICC) of 0.123, which was higher than the reported ICC value in Vermeeren (2014) and Den-Hartog et al. (2013) studies that took place in a non-collectivist society. This value shows that the employee shared perception in Malaysia is higher than in the Netherlands, thus it implies that stronger HR system is more prevalent in a collectivist country. In-group collectivism implies that values are aligned with a strong HRM system; in other words, all group members must share understanding (consensus) about the suitable behaviour and what is expected of them. On the other hand, in such high power distance cultures, HRM can be seen as a form of authority that commands respect. This situation applies to Malaysia, as the major decision to reform the public sector was imposed by the prime minister. Since the political environment may also influence the implementation of strategic HRM (Storey, 1989) - countries like Malaysia are characterised as having high political stability and infrequent political change (Samaratunge et al., 2008; Xavier, 2014) - politicians are likely to influence public sector HRM practice. As employees with a high power distance are more

receptive to top-down direction from their managers, this situation reflects a high centralisation of power and decision making.

This study found that when employees perceived higher consensus among policymakers on HRM policy in their organisation, they were more likely to report effective implementation of HRM in their unit. This finding can explain the cultural differences exist between the collectivist and non-collectivist country. This suggests that consensus may be valued in collectivist societies (the same result was obtained in Li et al.'s (2011) study in China), that does not hold in other cultural environments under regimes that place importance on individuals rather than members of groups. The finding contrasted with Sanders et al. (2008) that found a different effect of the features of HRM system in the Netherlands. Also, putting importance on policy consensus also suggest that the employees in a power distance culture place their importance on trusting the leadership and workplace harmony (Farndale & Sanders, 2017). In other words, "the agreement among top decision-makers can help to foster consensus among employees" and thus avoid disagreement and creating a stable working environment between the management and employees (Bowen & Ostroff, 2004; p. 212; Li et al., 2011). This finding might not be apparent in western countries that practice low power distance culture.

This study has extended previous research by Li et al. (2011) and Sanders et al. (2008) by addressing their call to focus on the different cultural background when studying employees. It particularly shows that national cultural dimension such as collectivism and power distance which exist in the non-western countries are important factors when understanding HRM system strength. Furthermore, the findings also support the assumption that context is relevant in HRM research

(Farndale & Sanders, 2017). Some researchers even maintain that context such as culture is irrelevant when exploring the HRM-performance relationship. In fact, the majority of research in the HRM field adopts this universal standpoint (Delery & Doty, 1996; Pfeffer, 1998).

Although this finding illustrates the importance of the context in shaping the HRM system, the extent to which the results can be generalised to other countries with similar cultural dimension is limited. The reason for this is because this study did not include private sector companies in Malaysia which may have adopted westernised management practices to match their strategic needs (Mellahi & Wood, 2004). The employees in this sector might be exposed to and experience a Westernised culture that might influence the way they perceive HRM system. Thus, the results might differ when employees from the private sector in Malaysia are included into the sample. To generalise, it would be desirable for future studies to include private sector companies. Moreover, this finding provided a strong basis supporting additional work in other countries with similar cultural dimension contexts, especially given that HRM system strength has seldom been viewed through a cross-cultural lens (Farndale & Sanders, 2017).

8.3 Methodological contribution

HRM research has lagged behind in making full use of the multi-level approach as compared to other disciplines, such as education, marketing and psychology (Renkema et al., 2017; Shen, 2016). The current study makes a methodological contribution by responding to the call by various scholars to apply the multi-level approach that integrates different levels of analysis when conducting

HRM research (Boselie et al., 2005; Renkema et al., 2017). HRM researchers have long been applying single-level mediation methods that fail to account for interdependencies among employees nested within a similar organisation (Renkema et al., 2017). The application of 2-1-2 multi-level mediation and 1 x (1 → 2) multi-level moderation aligns well with the multi-level thinking in HRM that examines employees in order to better explain how HRM and performance are related. Although there has been an increasing number of HRM studies in the public sector that conduct multi-level analysis (Ogbonnaya & Valizade, 2016; Vermeeren, 2014), the application of 1 x (1 → 2) multi-level moderation is rare. The advantage of the above multi-level moderation design is that it enables the researcher to test multi-level moderation with the outcome variable at the higher unit (work-level). To test multi-level moderation with a higher unit outcome, the interaction effect can only occur at level 2 (Preacher et al., 2016). Thus, using the 1 x (1 → 2) multi-level moderation design allows for same-level interactions. As explained in Chapter 5, multi-level research allows level 1 variables to be divided into between-group and within-group variation. The multi-level moderation design described above allows the level 1 variable (employee perception of HRM implementation) to be separated into latent-between and latent-within parts and this allows for interactions between these latent variables. Thus, in the current study model, by applying this method, the moderation yielded unbiased and unconfounded effects, thereby enabling the researcher to identify the moderators of employee perception of HRM implementation and unit performance.

Application of the multi-level method in the public sector HRM research is relevant because public sector employment is usually regarded as labour-intensive,

with the performance of the public sector organisation not particularly dependent on technology, but instead on people implementing policies and delivering services (Knies et al., 2018). Thus, it is significant to consider employees as playing a significant mediating role in enhancing performance in the public sector context. Furthermore, as the Malaysian public sector has been pursuing a transformation agenda, it is important to ensure that the policies formulated at the top level are aligned with the employee level so that the transformation produces the intended outcomes. The Malaysian public sector is known for its centralised structures (Xavier, 2014). This centralisation of power is likely to have a more significant downward influence on lower-level variables (e.g. individuals) than the reverse. Therefore, taking into account the multi-level structure in the public sector by applying multi-level modelling can further improve the accuracy of predicting HRM effects on performance.

8.4 Practical implications

The current study suggests important implications for administrators, policymakers, line managers and employees, particularly in public sector organisations that are seeking ways to improve the workforce in their attempt to enhance performance. The findings suggest the need for a focus on developing quality HRM policies and practices and on the implementation process of HRM (Katou et al., 2014).

As the public sector organisations devolve HRM activities to the line managers, the result of the study shows that both manager ability and opportunity are important factors in the implementation of HRM practices. The policymakers need

to take a closer look at HRM training and development programs that can enhance managers' knowledge and skills. Quality HRM training programs enable them to increase their knowledge of HRM and become competent implementers of HRM practices on the work floor (Bos-Nehles et al., 2013). It is important for newly-appointed line managers have early exposure to HRM practices and policies so that awareness of the importance of HRM is developed at the early stage. By doing this, line managers can become fully aware of the importance of HRM for their subordinates. This can be done during the line manager induction session, by explaining to the line manager what is intended by top-level management and what is expected from them in terms of HRM implementation.

The increased focus on performance in the public sector (Pollitt, 2003) will add greatly to line managers' existing burdens and workload in meeting organisational short-term priorities. To lessen the burden of the line managers, emphasising clear guidelines on HRM responsibilities between the HR department and line managers is likely to increase line managers' awareness of HRM (Currie & Procter, 2001). Line managers also need to be fully informed about the reasons for devolving people management activities to them (Kulik & Bainbridge, 2006). This situation might reduce their confusion and stress in relation to carrying out their duties as the implementer of HRM practices. Effective partnership between the HR department and line managers also needs to be strengthened so that the line managers have ready access to communication channels when they need support. A shared understanding between the HR specialist and the line managers with regard to the latter's HR roles and responsibilities is fundamental to this partnership. This recommendation is in line with McGuire et al.'s (2008) suggestion that "HR

specialists need to proactively engage with line managers” (p. 81). If there is no clear communication from the line managers, this might prevent the HR department from accessing a valuable source of information on daily operational workforce management issues. If not given full attention, these issues may eventually grow into strategic concerns.

The public sector is known for its constraints on managerial autonomy as well as dealing with different stakeholders that have different interests that can restrain line managers from using their full potential, and this may demotivate them when it comes to implementing HRM practices. Knies and Leisink (2014) suggested that it is necessary to make “sure that management development programs for senior public sector managers do not only address important insights regarding dealing with external stakeholders (ministries, inspectorates, etc.) but also make them aware of the discretionary room that middle and frontline managers need” (p. 16) to implement strategic HRM practices. As it seems that most line managers are inherently motivated, the HRM departments could, therefore, reduce investments in improving line manager motivation to implement HRM (Bos-Nehles et al., 2013).

Bowen and Ostroff (2004) noted that when employees perceive the HRM system as a strong system that comprises distinctiveness, consistency and consensus, this leads to a strong organisational climate within their unit. The current results suggest there is a need for organisations to not only focus on the content of HRM practices (Katou et al., 2014), but also to consistently monitor their subordinates by engaging more with the employees and to communicate more clearly on certain HRM policies and practices. Open communication, for example, provides an important platform between line managers and their employees during a transformation period,

allowing them to exchange important information. The exchanging of information between the managers and employees may reduce possible negative outcomes associated with HR practices that are experienced differently by individuals (Bowen & Ostroff, 2004; Nishii et al., 2008).

8.5 Limitations and directions for future study

This study has several limitations that should be highlighted. First, the main limitation of this study is the fact that data was only obtained from two public sector organisations. This limits the generalisability of the findings to the Malaysian public sector. Although the federal administrative structure comprises ministries, departments and statutory bodies, the current study only considered ministries and departments as the target sample because these organisations are heavily involved in formulating policies and programmes for the public. In order to ensure that the ministries and departments successfully deliver their plans, they were evaluated and monitored using a star rating index. These ministries and departments were given a rating from 1 to 5 based on their performance. For the current study, the data was gathered from two organisations, which were rated as a four-star ministry (Ministry of Human Resources (MOHR)) and a five-star department (the Public Service Department (PSD)). This choice was based on the argument that strategic HRM implementation is likely to be best developed in such organisations, with the five-star organisation more progressed than the four-star organisation.

It would be appropriate to replicate this study in other four or five-star ministries in Malaysia because each ministry formulates HRM practices and policies based on the overall goals and objectives catering to different stakeholders, financial

resources and human capital resources. Therefore, line managers that are exposed to different organisational objectives will likely experience different impacts on their ability, motivation and opportunity when implementing HRM practices and policies. Similarly, employees in other government organisations might experience different types of HRM policies and practices. The public sector in Malaysia consists not only of federal administration, but also states and local government. Therefore, future research might include a sample from all of these different government levels.

Second, the purposive, multi-source, dyadic sampling strategy (see the rationale in Chapter 5) may affect the overall outcomes of this research. The sampling strategy limited the researcher to selecting line managers with at least one direct subordinate. If this category of line managers were included in the sample, it may have impacted the results because the lower the number of subordinates, the fewer the job responsibilities will be placed on the line managers. Thus, they are more likely to have time to manage HRM processes (Gilbert et al., 2011). Different line managers contribute to more variation in HRM implementation. As the line managers with one direct subordinate have fewer complexities in managing subordinates, this means that the study did not take into account variations in HRM implementation that may emerge from this type of line manager. Future research should include line managers who have at least one subordinate. Other sampling techniques, such as random sampling, would allow data to be drawn from all categories of line managers.

Third, the line managers provided information on their ability, motivation opportunity and unit performance. One of the obvious risks of self-reporting measures is that respondents' self-ratings tend to be inflated. This means that line managers might report overly high levels of their own abilities, motivation,

opportunities and unit performance. The multiple-constituency approach (Tsui, 1987, 1990) suggests that it would be beneficial to collect data from multiple stakeholders related to the line manager to prevent the common rater bias that is known to inflate reported effect sizes (Gilbert et al., 2015). Therefore, future research could include different evaluators, such as higher-level management (e.g. senior managers or directors) to rate the line managers' ability, motivation, opportunity and unit performance.

Fifth, the final outcome variable of this study focused on perceptions of unit performance. In the current study, the researcher was unable to obtain objective measures of the unit performance due to a lack of access to the data. Thus, the researcher obtained a performance measure using perceptive measures of performance. Although some scholars have expressed doubts about perceptual measures of performance (Delaney & Huselid, 1996; Wall et al., 2004), the decision to use perceptual measures was based on evidence in the literature that there is a strong correlation between perceptual and objective measures of performance and such measures are regularly used within public administration (Bright, 2007). A recommendation for further research would thus be to replicate this research in different organisations where there is potential to use objective performance to compare different working units.

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Appendix 1: The exploratory interview questions

- i. What progress has been made so far on the implementation of the transformation programme in your organisation?
- ii. What HRM strategy or policies has been in place to support this transformation programme? Or can you please describe HRM strategy and policies in your organisation? What do you see the outcome of this strategy? Why do you think this situation happens in such a way?
- iii. In your opinion, what are the challenges that your organisation are currently facing in implementing successful HRM strategy and policies?
- iv. In your opinion, who is responsible for implementing HRM strategy and policies? What is your opinion on giving responsibility to line managers (managers in the Grade of 48 and 52) to perform specific HR tasks (e.g. performance evaluation, training needs analysis)?
- v. In your observation, what problems do you see when line managers were dealing with HR matters? In what way do these problems affect HRM implementation?
- vi. Do you think that employee involvement (Grade 44 below) contributes to the successful implementation of HRM policies and practices? If yes, why? If no, why not? In your opinion, do you think that employee's perception towards their experience of HRM policies and practices is essential?

Appendix 2: Line manager questionnaire

HRM2017-LM-

Sir/Madam,

- ✓ You are requested to fill in the questionnaire form labelled **HRM2017-LM** and you are requested to return the form personally to the HR department. By doing this, you may also get a chance to receive a mystery gift.
- ✓ You are requested to distribute the questionnaire form labelled (**HRM2017-EMP**) to all your subordinates in the **Grade of 44 and below**.
- ✓ You are not required to collect the questionnaire form from your subordinates as they need to return the form personally to the HR department.

Should you require further information about this research, please feel free to contact me, Syed Mohamad Syakir bin Syed Omar (PhD candidate, Strathclyde Business School, University of Strathclyde, Glasgow UK) at 012-6871180 or email syedsyakir7@gmail.com

QUESTIONNAIRE



Human Resource Management in the Malaysian Public Sector

This research is a Doctoral PhD research sponsored by the Public Service Department of Malaysia

This study seeks to understand the role of line managers and employees in the implementation of human resource policies and practices. I am fully aware of your job commitments, however as a manager in your unit**, I am requesting you to participate in this survey to provide valuable information to help your organization implement better human resource policies and practices. Your participation in this research is entirely voluntary. If you choose not to participate you may withdraw from the study at any time without consequences of any kind.

The survey has **62 questions** and will take only **10 minutes** to complete. All your answers will be kept **confidential**.

**In this survey a unit refers to the following:

- A working unit/section that you are currently managing; or
- A specific department/division that you are currently managing

YOUR BACKGROUND INFORMATION

Please provide some general information about yourself, your managerial experience and job function. Please mark (X) in the appropriate box below.

1. Please state your age:: _____

2. Gender:

a	Male	<input type="checkbox"/>	b	Female	<input type="checkbox"/>
---	------	--------------------------	---	--------	--------------------------

3. Highest education level:

a	Certificate/Diploma	<input type="checkbox"/>
b	Bachelor Degree	<input type="checkbox"/>
c	Postgraduate or Master Degree	<input type="checkbox"/>
d	Doctoral Degree	<input type="checkbox"/>

4. Your working experience:

Questions		Years of experience				
		Less than a year	1-5 years	6-10 years	11-15 years	More than 16 years
a	How many years of experience as a manager do you have?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b	How many years have you worked in the public sector?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c	How many years have you worked in the public sector as a manager?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d	How long have you been working in this unit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e	How many years have you worked as a manager in this unit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Please state the number of staff you supervise currently: _____

6. Please state your function area in the organization:

a	Policy	
b	Finance	
c	Accounting	
d	Legal	
e	Information technology	
f	Others, please specify _____	

YOUR EXPERIENCE IN HUMAN RESOURCE MANAGEMENT:

The questions 7-46 refer to the factors that influence you as a manager to perform your human resource responsibilities (e.g selection, training and development, performance appraisal, rewards, team work, employee participation) to your subordinates. For each of the questions below, please mark (X) in the appropriate box using the following scales:

1 - *Strongly disagree* 2 - *Disagree* 3 - *Neutral* 4 - *Agree* 5 - *Strongly disagree*

No.	Questions	1	2	3	4	5
7	I can remain calm when facing difficulties in performing my HR responsibilities because I can rely on my abilities.					
8	When I am confronted with a problem in performing my HR responsibilities, I can usually find several solutions.					
9	Whatever comes my way in performing my HR responsibilities, I can usually handle it.					
10	My past experiences in my job have prepared me well for performing my HR responsibilities.					
11	I meet the goals I set for myself in performing my HR responsibilities.					

No.	Questions	1	2	3	4	5
12	HR courses have been relevant for performing my HR responsibilities.					
13	The HR course offerings were sufficient for performing my HR responsibilities.					

For each of the questions below, it refers to **your attitude towards HR activity**. Please mark (X) in the appropriate boxes using the following scales:

1 - Strongly disagree **2 - Disagree** **3 - Neutral** **4 - Agree** **5 - Strongly agree**

No.	Questions	1	2	3	4	5
14	I think that HR activity is interesting.					
15	HR activity is fun.					
16	I feel good when doing HR activity.					
17	I am doing it for my own good.					
18	I think HR activity is good for me.					
19	I believe that HR activity is important for me.					
20	I do this HR activity but I am not sure if it is worth it.					
21	I don't know; I don't see what HR activity brings me.					
22	I do HR activity, but I am not sure it is a good thing to pursue it.					
23	HR activity helps the people in my team to grow, improve and develop themselves.					
24	HR activity helps me to supervise my team.					
25	HR activity helps me to reach my production goals.					
26	HR activity helps me to treat employees in a fair and consistent way.					

For each of the questions below, Please think about **how you would normally carry out your HR responsibilities**. please mark (X) in the appropriate boxes using the following scales:

1 - *Strongly disagree* 2 - *Disagree* 3 - *Neutral* 4 - *Agree* 5 - *Strongly disagree*

No.	Questions	1	2	3	4	5
27	I have a great deal of control over what happens in my unit					
28	My impact on what happens in my unit is large.					
29	I have significant influence over what happens in my unit.					
30	I have significant autonomy in determining how I perform my HR job.					
31	I can decide on my own how to go about delivering my HR work.					
32	I have substantial opportunity for independence and freedom in how I perform my HR job.					
33	I can't seem to get caught up with performing my HR responsibilities.					
34	Sometimes I feel as if there are not enough hours in the day.					
35	Many times I have to cancel my commitments to my HR responsibilities.					
36	I find myself having to prepare priority lists to get done all the responsibilities I have to do. Otherwise, I forget because I have so much to do.					
37	I feel I have to perform HR responsibilities hastily and maybe less carefully in order to get everything done.					
38	I work under incompatible HR policies and HR guidelines.					
39	I receive an HR assignment without the manpower to complete it.					
40	I have to buck a rule or policy in order to carry out my HR responsibilities.					
41	I work with two or more groups who operate quite differently in performing HR responsibilities (e.g. two person are carrying out performance appraisal differently).					
42	I perform HR tasks that are accepted by one person but not by others.					

No.	Questions	1	2	3	4	5
43	I have concrete, planned goals for my HR responsibilities					
44	I lack HR policies and guidelines to help me.					
45	I have to feel my way in performing my HR responsibilities.					
46	Explanation is clear of what has to be done in performing my HR responsibilities.					

For each of the questions below, please indicate to **what extent your unit implements the following human resource policies and practices (selection, training and development, performance appraisal, rewards, team work, employee participation) with respect to employees (Grade 44 and below) in your unit.** For each question, please mark (X) in the appropriate box using the following scales:

1 - Never 2 - Rarely 3 - Sometimes 4 - Often 5 - Always

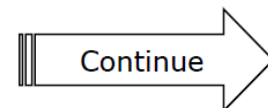
No.	Questions	1	2	3	4	5
47	A rigorous selection process is used to select new recruits/workers.					
48	In this unit/section, the staff are provided with the training needed to achieve high standards of work.					
49	The employees are provided with sufficient training and development.					
50	Team working is strongly encouraged in our unit.					
51	Staff are given meaningful feedback regarding their individual performance, at least once a year.					
52	In this unit, those who perform well in their jobs get better rewards than those who just meet the basic job requirements.					
53	Staff are kept well informed of what is going on in this ministry/agency					
54	Communication within this unit is good					
55	This unit keeps the staff well informed					

For each of the question below, please rate the level of your unit's/section's performance compared to other units/sections that you know about in your department/division. Please mark (X) in the appropriate box below using the following scales:

1 - *Far below average* 2 - *Below average* 3 - *Average* 4 - *Above average* 5 - *Far above average*

No.	Questions	1	2	3	4	5
56	The amount of work produced in your unit					
57	The accuracy of work produced in your unit					
58	The number of innovations ideas implemented by your unit					
59	The reputation of work excellence of your unit					
60	The attainment of service level goals of your unit					
61	The efficiency of operations within your unit					
62	The morale of unit personnel					

If you have any additional comments related to this research, please feel free to provide it below:



You may not be contacted, but if you are willing to participate in a face-to-face, follow-up interview to discuss the issues raised in the above questionnaire in more depth, then please write your email or other contact information below:

This may not affect the anonymity and any interview will be conducted in a strict and confidential settings.

THE END.

Thank you for participating in this survey. To ensure the best outcome from this research, please encourage all your subordinates to complete their survey. Therefore, you are requested to distribute the questionnaire form labelled EMP to all your subordinates.

➤ **You are requested to return this form personally to HR department and you may get a chance to receive a mystery gift.**

Appendix 3: Employee questionnaire

HRM2017-EMP-

QUESTIONNAIRE



Human Resource Management in the Malaysian Public Sector

This research is a Doctoral PhD research sponsored by the Public Service Department of Malaysia

This study seeks to understand the role of line managers and employees in the implementation of human resource policies and practices. I am fully aware of your job commitments, however as an employee (Grade 44 and below) in your unit, I am requesting you to participate in this survey to provide valuable information to help your organization implement better human resource policies and practices. Your participation in this research is voluntary. If you choose not to participate you may withdraw from the study at any time without consequences of any kind.*

This survey has **45 questions** and will take only **10 minutes** to complete. All your answers will be kept **confidential**.

- ❖ **After completing this survey, please return this form personally to the HR Department and you may get a chance to receive a mystery gift.**

* In this survey a unit refers to the following:

- A working unit/section/sector under specific department/division; or
- A specific department/division

YOUR BACKGROUND INFORMATION:

This section requests some general information about yourself and your working experience. Please mark (X) in the appropriate boxes below:

1. Please state your age: _____

2. Gender:

a	Male		b	Female	
---	------	--	---	--------	--

3. Highest education level

a	Malaysian School Certificate (SPM)	
b	Malaysian Higher School Certificate (STPM)	
c	Certificate/Diploma	
d	Bachelor Degree	
e	Postgraduate or Master Degree	
f	Doctoral Degree	

4. What is your current designation?

a	Non-executive level(Grade 11-22)	
b	Non-executive level (Grade 27-36)	
c	Executive level (Grade 41-44)	
d	Executive level (Grade 48)	

5. Your working experience:

	Questions	Years of experience				
		Less than a year	1-5 years	6-10 years	11-15 years	More than 16 years
a	What is your total working experience in the public sector?					
b	How long have you been working in this unit/section?					
c	How long have you been working in this public organization?					

6. Please state your functional area in the ministry/agency:

a	Policy	
b	Finance	
c	Accounting	
d	Legal	
e	Information technology	
f	Others: Please specify _____	

YOUR EXPERIENCE IN HUMAN RESOURCE MANAGEMENT:

For each of the questions below, please indicate to what extent the following human resource policies and practices (selection, training, team working, performance appraisal, rewards and communication) are implemented by the ministry/agency. For each of the questions, please mark (X) in the appropriate boxes using the following scales:

1 - *Never* 2 - *Rarely* 3 - *Sometimes* 4 - *Often* 5 - *Always*

No.	Questions	1	2	3	4	5
7	A rigorous selection process is used to select new recruits/workers/subordinates.					
8	In this unit, we are provided with the training needed to achieve high standards of work.					
9	I am provided with sufficient training and development.					
10	Team working is strongly encouraged in our unit/section.					
11	Staff are given meaningful feedback regarding their individual performance, at least once a year.					
12	In this unit, those who perform well in their jobs get better rewards than those who just meet the basic job requirements.					
13	We are kept well informed of what is going on in this ministry/agency.					
14	Communication within this unit is good.					
15	This unit keeps the staff well informed.					

Please answer the question 16 - 45 on how you as an employee perceive the human resource department and its policies and practices (selection, training, team working, performance appraisal, rewards and communication) in your ministry/agency. For each of the questions, please mark (X) in the appropriate boxes using the following scales

1 - *Strongly disagree* 2 - *Disagree* 3 - *Neutral* 4 - *Agree* 5 - *Strongly agree*

No.	Questions	1	2	3	4	5
16	The HR department in the ministry/agency undertakes exactly those actions that meet our needs.					
17	The HR department in this ministry/agency has a high added value.					
18	In general, the HR staff are appreciated by the employees in the ministry/agency.					
19	In this ministry/agency, employees experience implemented HR practices as relevant.					
20	Many of the practices introduced by the HR department are useless.					
21	Employees in this ministry/agency often wonder about the usefulness of specific HR practices.					
22	The actual functioning of the HR department is a mystery to a large number of the employees.					
23	Employees are regularly informed about the initiatives taken by the HR department.					
24	The HR department works too much behind the scenes.					
25	In this ministry/agency, it is clear what belongs to the tasks and what is outside the field of the HR department.					

For each of the questions, please mark (X) in the appropriate boxes using the following scales:

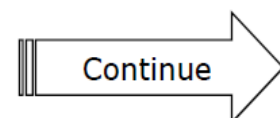
1 - *Strongly disagree* 2 - *Disagree* 3 - *Neutral* 4 - *Agree* 5 - *Strongly agree*

No.	Questions	1	2	3	4	5
26	The HR practices in this ministry/agency do not contribute to employees' motivation.					
27	The HR practices implemented in this ministry/agency sound good in theory, but do not function in practice.					
28	The appraisal procedure developed by the HR department, has in practice other effects than the intended effects.					
29	There is a wide gap between intended and actual effects of HR initiatives.					
30	The HR department does not succeed in actively changing employees' behaviour.					
31	In this ministry/agency, HR policy changes every other minute.					
32	The various HR initiatives send inconsistent signals.					
33	The successive initiatives introduced by the HR department often clash badly with each other.					
34	In this ministry/agency, there is clear consistency of HRM messages between word and deeds of the HR department.					

For each of the questions, please mark (X) in the appropriate boxes using the following scales:

1 - **Strongly disagree** 2 - **Disagree** 3 - **Neutral** 4 - **Agree** 5 - **Strongly agree**

No.	Questions	1	2	3	4	5
35	In this ministry/agency, the salary increment and other rewards is perceived as fair by employees.					
36	In this ministry/agency, employees consider promotions as fair.					
37	If employees perform well, they get the necessary recognition and rewards					
38	In this ministry/agency, rewards (e.g. best employee of the year) are clearly related to performance.					
39	The HR department regularly takes decisions based on favouritism.					
40	Some employees in this ministry/agency get preferential treatment because they are friends with HR staff.					
41	HR management and line management are clearly on the same wavelength.					
42	All HR staff members in this ministry/agency mutually agree with the manner in which employees are managed.					
43	Top management and HR management clearly share the same vision.					
44	Management unanimously supports HR policy in this ministry/agency.					
45	HR management in this ministry/agency is established by mutual agreement between HR management and line management.					



If you have any additional comments related to this research, please feel free to provide it below:

THE END.

Thank you for participating in this survey. Please return this form personally to the HR Department and you may get a chance to receive a mystery gift. Please do not return this form to your manager.

Should you require further information about this research, please feel free to contact me, Syed Mohamad Syakir bin Syed Omar (PhD candidate, Strathclyde Business School, University of Strathclyde, Glasgow UK) at 012-6871180 or email syed.omar@strath.ac.uk

Appendix 4: Comments on the employee’s questionnaire by Deputy Head Cluster for Public Policy and Governance, National Institute of Public Administration

No.	Comments on the employee’s questionnaire	Action taken
1	Cover page – the word “entirely” can be deleted	Word “entirely” deleted
2	Education level – to insert another level of the education level (GCE or O’ level) because most Malaysian have either GCE or O’ level	Inserted another education level Malaysian Higher School Certificate (STPM)
3	Current position level – consider specific grades	Employee questionnaire only distributed to Grade 48 and below. Other grades above this were not included in the questionnaire
4	Working experience section – consider section as also a working unit	Word “section” inserted
5	Working experience section – insert “public” organization	Word “public” inserted
6	Functional area – Should separate finance and accounting	The functional area was separated between finance and accounting

(Continue)

Appendix 4 (Continued)

No.	Comments on the employee's questionnaire	Action taken
7	Consider rephrasing sentence "selection"	This is the original word in the scales. The word "selection" was maintained.
8	To add "subordinates" in addition to recruits/workers	Word "subordinates" inserted
9	The word "development" is general	This the original word in the scales. The word "development" was maintained
10	Is it significant to use "once"	This the original word in the scales. The word "once" was maintained
11	To add "government agency"	Word "agency" inserted
12	Useless is a negative word and might confuse the respondent	A softer word was used in the Malay version
13	The word "initiatives" in the requires a clearer explanation	This the original word in the scales. The word "once" was maintained
14	To consider stating "national vision" instead of vision	The vision word was referred to as HR vision in general. It was not referring to the national level vision. Therefore, the word "vision" was maintained

Appendix 5: Comments on the line manager’s questionnaire by Deputy Head Cluster for Public Policy and Governance, National Institute of Public Administration

No	Comments on line manager’s questionnaire	Action taken
1	Check whether to use “say” or “state”	Word “say” was replaced with word “state”
2	Functional area – Should separate finance and accounting	The functional area was separated between finance and accounting
3	To check whether question 10 is similar to question 12	Both questions are from the original scales
4	“large” might need a clearer word	This is the original word in the scales.
5	“caught up” might confuse the respondent	This is the original word in the scales.
6	“buck” requires explanation if being used	This is the original word in the scales.
7	“feel my way” is not a clear statement might affect the respondent answer	This is the original word in the scales.
8	The statement “may not be” makes the respondent feel uncomfortable and confusing them	This is the original word in the scales.

Appendix 6: Comments of employee’s and line manager’s questionnaire from Human Resource Manager, Ministry of Human Resources Malaysia

No.	Comments on the employees’ questionnaire	Action taken
1	To change the word useless to more soft word	The softer word was used in the Malay version.
2	Distribution of bonuses is the government agreement and there is no bonus based on work performance.	The word “bonuses” were replaced with “salary increment”
3	Staff Promotion is also government policy. Need to use different practices	Promotion is relevant because it does take place in the organization. Promotion word is maintained.
	Comments on line manager’s questionnaire	Action taken
1	To provide a guideline for questions 8 to 24	Headings statement were inserted for each section
2	Propose to use different scales (e.g very low, low, medium, high, very high)	This will change the meaning of the question. These scales are not asking for a direct comparison with one particular single department, the respondent need to judge their own unit performance compared to what they think the average 'other department' is. The original scales were maintained.

Appendix 7: University letter of introduction



DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

199 Cathedral Street
Glasgow, G4 8QU
Scotland
+44 (141) 548 3135
E: d.scholarios@strath.ac.uk

19 April 2017

Letter of introduction for Syed Mohamad Syakir bin Syed Omar, PhD Researcher, University of Strathclyde, Glasgow, Scotland

To whom it may concern

I can certify that Syed Mohamad Syakir bin Syed Omar is a doctoral student in the Department of Human Resource Management, Strathclyde Business School, University of Strathclyde, Glasgow from October 2015 to October 2018.

Syed is currently undergoing his PhD research project entitled "HRM and performance in the public sector: the role of line managers and employees' perception in HRM implementation". This project is being supervised by me and Professor Ian Cunningham.

Syed intends to conduct his research within Malaysian ministries and agencies. We have discussed this matter with him and have concluded that a survey of line managers and employees, as well as interviews with HR professionals and line managers would be appropriate for his research.

It would be very much appreciated if you could welcome him to carry out the survey and interviews with staff in your office and provide any assistance pertaining to these matters. Upon completion of this research, he would be glad to provide you with a short report.

Should you require any further information, please do not hesitate to contact me at email: d.scholarios@strath.ac.uk or phone: +44 (0) 141 548 3135.

Thank you very much for your support,

Yours sincerely

A handwritten signature in black ink, appearing to read "Dora Scholarios".

Professor Dora Scholarios

Appendix 8: List of meetings during data collection phase

Lists of meetings during data collection phase

No.	Purpose of the Meeting	Person	Date	Time	Place
1	Research topic explanations (e.g. questionnaire and gather ministry's information)	HR Executive	6th July 2017	11.00 am	Public Service Dept.
2	Research topic explanations (e.g. questionnaire and gather ministry's information)	HR Director	13th July 2017	3.00 pm	Ministry of Human Resource
3	Discuss and finalise the research process	HR Director	20th July 2017	10.00 am	Ministry of Human Resource
4	Research topic explanations (e.g. questionnaire and gather ministry's information) and finalise the research process	HR Director	28th July 2017	3.00 pm	Public Service Dept.
5	Research topic explanations to all administration officers in each department (e.g. questionnaire and gather ministry information) explanation on the research process	Training unit and all Administration Officers	3rd August 2017	3.00 pm	Public Service Dept.

Signatures, names and other identifying information have been removed for confidentiality purposes.

Appendix 9: Response structure for Public Service Department (PSD) and Ministry of Human Resources (MOHR)

PSD						MOHR					
No.	Code	Line Mgrs	Total	Emp	Total	No.	Code	Line Mgrs	Total	Emp	Total
1	1	1	-	3	2	1	70	1	1	6	4
2	2	1	1	3	3	2	71	1	1	5	5
3	3	1	-	3	2	3	72	1	1	9	6
4	4	1	-	3	1	4	73	1	-	4	4
5	5	1	-	4	2	5	74	1	1	4	3
6	6	1	1	5	4	6	75	1	1	3	3
7	7	1	-	2	-	7	76	1	1	3	3
8	8	1	-	2	1	8	77	1	1	5	5
9	9	1	-	2	1	9	78	1	1	8	4
10	10	1	-	2	1	10	79	1	-	9	4
11	11	1	1	3	2	11	80	1	1	3	3
12	12	1	1	3	2	12	81	1	1	6	5
13	13	1	1	3	1	13	82	1	1	20	4
14	14	1	1	2	2	14	83	1	1	16	16
15	15	1	-	4	1	15	84	1	1	3	8
16	16	1	1	5	5	16	85	1	1	8	2
17	17	1	-	6	-	17	86	1	-	10	4
18	18	1	-	5	-	18	87	1	1	4	2
19	19	1	-	8	-	19	88	1	1	5	4
20	20	1	1	8	6	20	89	1	1	7	7
21	21	1	-	7	-	21	90	1	-	9	8
22	22	1	-	8	-	22	91	1	1	6	4
23	23	1	1	10	9	23	92	1	1	25	12
24	24	1	-	14	-	24	93	1	1	3	1
25	25	1	-	9	3	25	94	1	1	3	2
26	26	1	1	24	12	26	95	1	1	2	2
27	27	1	1	14	14	27	96	1	-	2	-
28	28	1	1	4	3	28	97	1	-	2	-
29	29	1	-	5	3	29	98	1	1	2	2
30	30	1	1	8	7	30	99	1	1	4	2
31	31	1	1	5	3	31	100	1	-	6	1
32	32	1	1	8	8	32	101	1	-	12	5
33	33	1	1	11	7	33	102	1	-	3	-
34	34	1	1	7	6	34	103	1	-	14	-
35	35	1	1	5	2	35	104	1	1	8	5
36	36	1	1	4	2	36	105	1	1	7	4
37	37	1	1	7	6	37	106	1	1	11	9
38	38	1	1	6	6	38	107	1	-	4	-
39	39	1	1	4	3	39	108	1	1	4	4
40	40	1	1	4	3	40	109	1	1	7	5
41	41	1	1	12	9	41	110	1	1	8	2
42	42	1	1	3	2	42	111	1	1	6	2
43	43	1	-	3	1	43	112	1	1	5	5

(Continue)

Appendix 9 (Continued)

PSD						MOHR					
No.	Code	Line Mgrs	Total	Emp	Total	No.	Code	Line Mgrs	Total	Emp	Total
44	44	1	-	4	4	44	113	1	1	12	6
45	45	1	1	6	1	45	114	1	1	10	7
46	46	1	1	3	-	46	115	1	1	17	8
47	47	1	1	2	2	47	116	1	1	18	18
48	48	1	-	2	-	48	117	1	1	22	22
49	49	1	-	2	-	49	118	1	1	15	11
50	50	1	1	2	2	50	119	1	-	9	9
51	51	1	-	2	-	51	120	1	1	8	6
52	52	1	-	2	-	52	121	1	-	12	5
53	53	1	1	6	5	53	122	1	1	7	2
54	54	1	1	18	18	54	123	1	1	7	7
55	55	1	1	5	3	55	124	1	1	25	15
56	56	1	1	6	5						
57	57	1	1	4	3						
58	58	1	1	7	7						
59	59	1	1	2	2						
60	60	1	1	3	1						
61	61	1	1	2	2						
62	62	1	1	3	3						
63	63	1	1	2	2						
64	64	1	-	4	-						
65	65	1	1	4	2						
66	66	1	1	22	6						
67	67	1	1	22	7						
68	68	1	1	5	5						
69	69	1	1	9	3						
Total		69	45	407	228	Total		55	42	453	287
Total line manager which all employees did not respond			1			Total line manager which all employees did not respond			-		
Total employees which their line managers did not respond					22	Total employees which their line managers did not respond					40
Total matched line manager and employees			44		206	Total matched line manager and employees			42		247
Average employee per line manager					4.68	Average employee per line manager					5.88

Appendix 10: T-test result for line managers' self reported variables

Variable	Line manager	Mean	SD	t-statistic	p-value
Ability	MOHR	28.62	3.200	1.24	0.22
	PSD	27.86	2.427		
Motivation	MOHR	47.29	4.769	1.44	0.15
	PSD	45.77	4.978		
Opportunity	MOHR	69.88	5.989	0.68	0.49
	PSD	68.86	7.730		
Line Manager Report Of Implementation Of Strategic HRM Practice	MOHR	36.10	3.019	1.75	0.08
	PSD	34.52	5.009		
Unit Performance	MOHR	28.90	2.516	1.03	0.30
	PSD	28.27	3.150		

Appendix 11: T-test result for employees reported variables

Variable	Employees	Mean	SD	t-statistic	p-value
HRM Implementation	MOHR	32.72	5.324	-0.44	0.65
	PSD	32.95	5.345		
Employee Perception (Distinctive)	MOHR	32.35	3.762	-0.75	0.45
	PSD	32.63	4.226		
Employee Perception (Consistency)	MOHR	25.29	4.924	-2.35	0.01
	PSD	26.33	4.324		
Employee Perception (Consensual)	MOHR	35.63	4.368	-0.13	0.89
	PSD	35.68	4.384		

Appendix 12: Significance tests for control variables (line manager variables)

	Variable	Test of significance	Ability	Motivation	Opportunity	HRM implementation	Unit performance
1.	Line managers' age	t-test	s.g. (t=-3.09, p<0.05)	n.s (t=-1.67, p>0.05)	n.s (t=-1.37, p>0.05)	Sig. (t=-2.22, p<0.05)	s.g. (t=-2.55, p<0.05)
2.	Line managers' gender	t-test	n.s (t=0.05, p>0.05)	n.s (t=-0.45, p>0.05)	n.s (t=-0.29, p>0.05)	n.s (t=0.42, p>0.05)	n.s (t=0.66, p>0.05)
3.	Line managers' Education	t-test	s.g. (t=-2.11, p<0.05)	n.s (t=-0.32, p>0.05)	n.s (t=0.78, p>0.05)	n.s (t=-0.55, p>0.05)	n.s (t=-1.33, p>0.05)
4.	Line managers' total years of experience working as a manager	t-test	n.s (t=-0.41, p>0.05)	n.s (t=-0.32, p>0.05)	n.s (t=-0.96, p>0.05)	n.s (t=-1.56, p>0.05)	n.s (t=-1.15, p>0.05)
5.	Line managers' total years of experience working in the public sector	ANOVA	n.s (F=2.04, p>0.05)	n.s (F=1.21, p>0.05)	n.s (F=1.65, p>0.05)	n.s (F=1.37, p>0.05)	n.s (F=0.47, p>0.05)

(Continue)

Appendix 12 (Continued)

	Variables	Test of significance	Ability	Motivation	Opportunity	HRM implementation	Unit performance
6.	Line manager total years of experience working as a manager in the public sector	ANOVA	n.s (F=0.69, p>0.05)	n.s (F=0.08, p>0.05)	n.s (F=0.24, p>0.05)	n.s (F=0.34, p>0.05)	n.s (F=0.87, p>0.05)
7.	Line managers' total years of experience working in the unit	ANOVA	n.s (F=0.75, p>0.05)	n.s (F=0.43, p>0.05)	n.s (F=1.11, p>0.05)	n.s (F=0.11, p>0.05)	n.s (F=0.48, p>0.05)
8.	Line managers' total years of experience working as a manager in the unit	ANOVA	n.s (F=0.87, p>0.05)	n.s (F=0.75, p>0.05)	n.s (F=2.18, p>0.05)	n.s (F=0.03, p>0.05)	n.s (F=0.73, p>0.05)
9.	Line managers' no. of subordinates	t-test	n.s (t=-0.27, p>0.05)	n.s (t=0.22, p>0.05)	n.s (t=0.41, p>0.05)	n.s (t=-0.87, p>0.05)	n.s (t=-0.67, p>0.05)
10.	Line managers' function	t-test	n.s (t=-0.69, p>0.05)	n.s (t=-0.17, p>0.05)	n.s (t=0.09, p>0.05)	Sig. (t=-2.51, p<0.05)	n.s (t=-1.19, p>0.05)

Appendix 13: Significance tests for control variables (employee variables)

	Variable	Test of significance	Employee perception of HR system strength features			HRM Implementation
			distinctiveness	consistency	consensus	
1.	Employees' age	ANOVA	n.s (F=2.18, p>0.05)	n.s (F=0.09, p>0.05)	n.s (F=2.48, p>0.05)	n.s (F=2.54, p>0.05)
2.	Employees' gender	t-test	n.s (t=1.68, p>0.05)	n.s (t=0.97, p>0.05)	n.s (t=-0.71, p>0.05)	n.s (t=1.95, p>0.05)
3.	Employees' education	t-test	Sig. (t=2.18, p<0.05)	n.s (t=-0.84, p>0.05)	n.s (t=-0.05, p>0.05)	n.s (t=1.11, p>0.05)
4.	Employees' position level	t-test	s.g. (t=2.50, p<0.05)	n.s (t=-0.87, p>0.05)	n.s (t=-1.57, p>0.05)	n.s (t=1.54, p>0.05)
5.	Employees' working experience in public sector	t-test	n.s (t=-1.39, p>0.05)	n.s (t=-0.66, p>0.05)	n.s (t=1.68, p>0.05)	n.s (t=1.51, p>0.05)
6.	Employees' working experience in the unit	t-test	n.s (t=-0.75, p>0.05)	n.s (t=-0.57, p>0.05)	n.s (t=-0.52, p>0.05)	n.s (t=-0.37, p>0.05)
7.	Employees' working experience in the organisation	t-test	n.s (t=0.03, p>0.05)	n.s (t=-0.51, p>0.05)	n.s (t=0.67, p>0.05)	n.s (t=-0.25, p>0.05)
8.	Employees' functional area	t-test	n.s (t=-0.59, p>0.05)	n.s (t=0.59, p>0.05)	n.s (t=-0.08, p>0.05)	n.s (t=-1.52, p>0.05)

Appendix 14: Approval letter to conduct research in Malaysia from Economic Planning Unit Malaysia



UNIT PERANCANG EKONOMI
Jabatan Perdana Menteri
Blok B5 & B6
Pusat Pentadbiran Kerajaan Persekutuan
62502 PUTRAJAYA
MALAYSIA

Tel : 603-8000 8000
Laman web : www.epu.gov.my

Ruj. Tuan:
Your Ref.:

Ruj. Kami: UPE 40/200/19/3435
Our Ref.: (9)

Tarikh: 16 July 2017
Date:

Mr. Syed Mohamad Syakir bin Syed Omar
1, Jalan AU1C/3G
Taman Keramat Permai
54200, Kuala Lumpur
Email : syedsyakir7@gmail.com

APPLICATION TO CONDUCT RESEARCH IN MALAYSIA

With reference to your application, I am pleased to inform that your application to conduct research in Malaysia has been approved by the **Research Promotion and Co-ordination Committee, Economic Planning Unit, Prime Minister's Department**. The details of the approval are as follows:

Researcher's name : **SYED MOHAMAD SYAKIR BIN SYED OMAR**
Passport No./ I.C No : **830217-14-6063**
Nationality : **MALAYSIAN**
Title of Research : **"HRM AND PERFORMANCE IN THE PUBLIC SECTOR: THE ROLE OF THE LINE MANAGER AND EMPLOYEES' PERCEPTION IN HRM IMPLEMENTATION"**
Period of Research Approved : **1 year and 3 months (18.7.2017 -17.10.2018)**

2. Please take note that the study should avoid sensitive issues pertaining to local values and norms as well as political elements. At all time, please adhere to the conditions stated by the code of conduct for researchers as attached.

(Continue)

Appendix 14 (Continued)

3. The issuance of the research pass is also subject to your agreement on the following:

- a) to ensure submission of a brief summary of your research findings on completion of your research;
- b) to submit three (3) copies of your final dissertation/publication; and
- c) to renew your research pass annually.

4. Thank you for your interest in conducting research in Malaysia and wish you all the best in your future research endeavor.

Yours sincerely,



(AZRAL IZWAN BIN MAZLAN)

Macroeconomics Section

for Director General

Economic Planning Unit

Prime Minister's Department

Email: azral.mazlan@epu.gov.my / oridb@epu.gov.my

Tel : 03 88723254

Fax : 03 88883798

ATTENTION

This letter is only to inform you the status of your application and **cannot be used as a research pass.**

Appendix 15: Missing value analysis for employee variables (Ministry of Human Resources)

Variables	N	Mean	Std. Deviation	Missing	
				Count	Percent
IMPL7	238	3.32	1.038	9	3.6
IMPL8	246	3.50	.964	1	.4
IMPL9	246	3.43	.895	1	.4
IMPL10	244	4.10	.826	3	1.2
IMPL11	245	3.68	.935	2	.8
IMPL12	243	3.29	.967	4	1.6
IMPL13	245	3.58	.793	2	.8
IMPL14	246	3.94	.833	1	.4
IMPL15	245	3.89	.779	2	.8
PD16	245	3.60	.727	2	.8
PD17	245	3.49	.733	2	.8
PD18	245	3.48	.681	2	.8
PD19	245	3.60	.649	2	.8
PD20	244	2.33	.898	3	1.2
PD21	245	3.38	.682	2	.8
PD22	245	2.63	.943	2	.8
PD23	243	3.17	.833	4	1.6
PD24	245	3.31	.842	2	.8
PD25	245	3.37	.704	2	.8
PCY26	246	2.52	.875	1	.4
PCY27	246	2.64	.892	1	.4
PCY28	246	3.10	.755	1	.4
PCY29	246	2.94	.767	1	.4
PCY30	245	2.80	.925	2	.8
PCY31	244	2.75	.815	3	1.2
PCY32	246	2.74	.823	1	.4
PCY33	245	2.59	.797	2	.8
PCY34	245	3.20	.675	2	.8
PSS35	246	3.34	.791	1	.4
PSS36	246	3.20	.805	1	.4
PSS37	246	3.49	.817	1	.4
PSS38	246	3.52	.856	1	.4
PSS39	246	2.67	.828	1	.4
PSS40	246	2.63	.860	1	.4
PSS41	246	3.18	.635	1	.4
PSS42	246	3.22	.666	1	.4
PSS43	246	3.43	.723	1	.4
PSS44	246	3.51	.698	1	.4
PSS45	246	3.44	.660	1	.4

Appendix 16: Missing value analysis for employee variables (Public Service Department)

Variables	N	Mean	Std. Deviation	Missing	
				Count	Percent
IMPL7	203	3.44	.923	3	1.5
IMPL8	206	3.56	.891	0	.0
IMPL9	205	3.45	.888	1	.5
IMPL10	206	4.14	.829	0	.0
IMPL11	205	3.65	.971	1	.5
IMPL12	206	3.26	.926	0	.0
IMPL13	206	3.65	.864	0	.0
IMPL14	206	3.91	.857	0	.0
IMPL15	206	3.88	.826	0	.0
PD16	206	3.43	.779	0	.0
PD17	206	3.50	.744	0	.0
PD18	206	3.53	.757	0	.0
PD19	206	3.60	.675	0	.0
PD20	206	2.53	.882	0	.0
PD21	206	3.37	.663	0	.0
PD22	206	2.91	.885	0	.0
PD23	206	3.21	.719	0	.0
PD24	206	3.27	.755	0	.0
PD25	206	3.28	.756	0	.0
PCY26	206	2.69	.831	0	.0
PCY27	206	2.83	.849	0	.0
PCY28	206	3.01	.771	0	.0
PCY29	206	3.08	.680	0	.0
PCY30	206	2.89	.810	0	.0
PCY31	206	2.95	.741	0	.0
PCY32	206	2.86	.685	0	.0
PCY33	205	2.83	.751	1	.5
PCY34	206	3.19	.631	0	.0
PSS35	206	3.16	.835	0	.0
PSS36	206	3.13	.885	0	.0
PSS37	206	3.43	.845	0	.0
PSS38	206	3.47	.893	0	.0
PSS39	206	2.84	.829	0	.0
PSS40	205	2.95	.864	1	.5
PSS41	206	3.24	.662	0	.0
PSS42	206	3.21	.617	0	.0
PSS43	206	3.39	.628	0	.0
PSS44	206	3.45	.596	0	.0
PSS45	206	3.43	.602	0	.0

**Appendix 17: Missing value analysis for line manager variables
(Ministry of Human Resources)**

Variables	N	Mean	Std. Deviation	Missing	
				Count	Percent
AB7	42	4.10	.656	0	.0
AB8	42	4.21	.565	0	.0
AB9	42	4.24	.532	0	.0
AB10	42	4.33	.687	0	.0
AB11	42	4.10	.576	0	.0
AB12	42	3.98	.715	0	.0
AB13	42	3.67	.954	0	.0
MT14	42	3.93	.558	0	.0
MT15	42	3.79	.782	0	.0
MT16	42	3.52	.707	0	.0
MT17	42	3.62	.764	0	.0
MT18	42	3.81	.634	0	.0
MT19	41	4.07	.469	1	2.4
MT20	42	2.81	.890	0	.0
MT21	42	2.67	.979	0	.0
MT22	42	2.50	.917	0	.0
MT23	42	4.05	.539	0	.0
MT24	42	4.26	.497	0	.0
MT25	42	4.07	.558	0	.0
MT26	42	4.19	.594	0	.0
OP27	42	4.17	.581	0	.0
OP28	42	4.05	.623	0	.0
OP29	42	4.10	.576	0	.0
OP30	42	4.02	.604	0	.0
OP31	42	3.95	.697	0	.0
OP32	42	3.74	.857	0	.0
OP33	42	3.69	.811	0	.0
OP34	42	3.79	.898	0	.0
OP35	42	2.52	.862	0	.0
OP36	42	3.74	.701	0	.0
OP37	42	2.50	.917	0	.0
OP38	42	2.38	.825	0	.0
OP39	42	2.98	.897	0	.0
OP40	42	3.76	.759	0	.0
OP41	42	3.50	.804	0	.0
OP42	42	2.95	.909	0	.0
OP43	42	3.86	.566	0	.0
OP44	42	2.52	.862	0	.0
OP45	42	3.76	.692	0	.0
OP46	42	3.90	.532	0	.0

(Continue)

Appendix 17 (Continued)

Variables	N	Mean	Std. Deviation	Missing	
				Count	Percent
IMPL47	42	3.43	1.085	0	.0
IMPL48	42	3.79	.750	0	.0
IMPL49	42	3.60	.828	0	.0
IMPL50	42	4.50	.506	0	.0
IMPL51	42	4.17	.537	0	.0
IMPL52	42	3.95	.623	0	.0
IMPL53	42	4.10	.726	0	.0
IMPL54	42	4.26	.544	0	.0
IMPL55	42	4.31	.563	0	.0
PERF56	42	4.14	.683	0	.0
PERF57	42	4.19	.455	0	.0
PERF58	42	3.64	.879	0	.0
PERF59	42	4.14	.521	0	.0
PERF60	42	4.14	.417	0	.0
PERF61	42	4.17	.377	0	.0
PERF62	42	4.48	.505	0	.0

**Appendix 18: Missing value analysis for line manager variables
(Public Service Department)**

Variables	N	Mean	Std. Deviation	Missing	
				Count	Percent
AB7	44	4.05	.569	0	.0
AB8	44	4.09	.421	0	.0
AB9	44	4.05	.480	0	.0
AB10	44	4.30	.553	0	.0
AB11	44	4.00	.647	0	.0
AB12	44	3.84	.745	0	.0
AB13	44	3.41	.757	0	.0
MT14	44	3.86	.702	0	.0
MT15	44	3.80	.765	0	.0
MT16	43	3.53	.797	1	2.3
MT17	44	3.30	.954	0	.0
MT18	43	3.86	.601	1	2.3
MT19	44	4.00	.482	0	.0
MT20	44	2.75	.892	0	.0
MT21	44	2.45	.820	0	.0
MT22	44	2.41	.757	0	.0
MT23	44	4.02	.549	0	.0
MT24	44	3.98	.549	0	.0
MT25	44	3.93	.545	0	.0
MT26	44	4.02	.505	0	.0
OP27	44	3.82	.815	0	.0
OP28	44	3.86	.668	0	.0
OP29	44	3.93	.695	0	.0
OP30	44	3.55	.901	0	.0
OP31	44	3.48	.952	0	.0
OP32	43	3.51	.935	1	2.3
OP33	44	3.77	.642	0	.0
OP34	44	3.68	.883	0	.0
OP35	44	2.68	.934	0	.0
OP36	44	3.75	.866	0	.0
OP37	44	2.66	.963	0	.0
OP38	44	2.45	.791	0	.0
OP39	44	3.16	.834	0	.0
OP40	44	3.73	.660	0	.0
OP41	44	3.68	.829	0	.0
OP42	44	2.91	.858	0	.0
OP43	44	3.82	.620	0	.0
OP44	44	2.64	.917	0	.0
OP45	44	3.80	.734	0	.0
OP46	44	3.73	.694	0	.0

(Continue)

Appendix 18 (Continued)

Variables	N	Mean	Std. Deviation	Missing	
				Count	Percent
IMPL47	44	3.23	1.008	0	.0
IMPL48	44	3.55	.761	0	.0
IMPL49	44	3.59	.787	0	.0
IMPL50	44	4.30	.734	0	.0
IMPL51	44	3.91	.858	0	.0
IMPL52	44	3.59	1.041	0	.0
IMPL53	44	3.98	.792	0	.0
IMPL54	44	4.16	.776	0	.0
IMPL55	44	4.02	.876	0	.0
PERF56	44	4.11	.784	0	.0
PERF57	44	3.93	.545	0	.0
PERF58	44	3.55	.730	0	.0
PERF59	44	4.07	.587	0	.0
PERF60	44	4.11	.538	0	.0
PERF61	44	4.09	.563	0	.0
PERF62	44	4.27	.624	0	.0

Appendix 19: Normality test for employee variables

Variables	Items	Skewness/Kurtosis	
Employee perception of HRM Implementation	IMPL7	Skewness	-0.367
		Kurtosis	0.098
	IMPL8	Skewness	-0.119
		Kurtosis	-0.553
	IMPL9	Skewness	-0.173
		Kurtosis	-0.102
	IMPL10	Skewness	-0.816
		Kurtosis	0.775
	IMPL11	Skewness	-0.532
		Kurtosis	0.101
	IMPL12	Skewness	-0.401
		Kurtosis	0.095
	IMPL13	Skewness	-0.177
		Kurtosis	-0.244
	IMPL14	Skewness	-0.531
		Kurtosis	0.221
	IMPL15	Skewness	-0.394
		Kurtosis	0.170
Employee Perception of HRM system strength features (distinctiveness)	PD16	Skewness	-0.429
		Kurtosis	1.057
	PD17	Skewness	-0.274
		Kurtosis	0.428
	PD18	Skewness	-0.095
		Kurtosis	0.161
	PD19	Skewness	-0.197
		Kurtosis	0.187
	PD20	Skewness	0.197
		Kurtosis	-0.523
	PD21	Skewness	-0.211
		Kurtosis	0.667
	PD22	Skewness	-0.010
		Kurtosis	-0.345
	PD23	Skewness	-0.252
		Kurtosis	0.608
	PD24	Skewness	-0.371
		Kurtosis	0.317
PD25	Skewness	-0.204	
	Kurtosis	0.410	

(Continue)

Appendix 19 (Continued)

Variables	Items	Skewness/Kurtosis	
Employees' Perception of HRM system strength features (consistency)	PCY26	Skewness	0.157
		Kurtosis	-0.244
	PCY27	Skewness	0.110
		Kurtosis	-0.346
	PCY28	Skewness	-0.037
		Kurtosis	0.147
	PCY29	Skewness	-0.003
		Kurtosis	0.205
	PCY30	Skewness	0.028
		Kurtosis	-0.241
	PCY31	Skewness	-0.187
		Kurtosis	0.203
	PCY32	Skewness	-0.023
		Kurtosis	-0.286
	PCY33	Skewness	-0.035
		Kurtosis	-0.216
PCY34	Skewness	-0.125	
	Kurtosis	1.238	
Employees' Perception of HRM system strength features (consensus)	PSS35	Skewness	-0.354
		Kurtosis	0.446
	PSS36	Skewness	-0.383
		Kurtosis	0.738
	PSS37	Skewness	-0.560
		Kurtosis	0.480
	PSS38	Skewness	-0.685
		Kurtosis	0.621
	PSS39	Skewness	-0.021
		Kurtosis	0.485
	PSS40	Skewness	-0.066
		Kurtosis	0.135
	PSS41	Skewness	0.212
		Kurtosis	1.343
	PSS42	Skewness	0.119
		Kurtosis	0.895
PSS43	Skewness	-0.215	
	Kurtosis	0.661	
PSS44	Skewness	0.061	
	Kurtosis	0.376	
PSS45	Skewness	0.220	
	Kurtosis	0.174	

Appendix 20: Normality test for line manager variables

Variables	Item	Skewness/Kurtosis	
Line manager ability	AB7	Skewness	-0.027
		Kurtosis	-0.159
	AB8	Skewness	0.310
		Kurtosis	0.635
	AB9	Skewness	0.310
		Kurtosis	0.635
	AB10	Skewness	-0.612
		Kurtosis	1.280
	AB11	Skewness	-0.353
		Kurtosis	1.133
	AB12	Skewness	-0.258
		Kurtosis	-0.124
	AB13	Skewness	-0.65
		Kurtosis	0.08
Line manager motivation	MT14	Skewness	-0.522
		Kurtosis	1.161
	MT15	Skewness	-0.602
		Kurtosis	0.388
	MT16	Skewness	0.103
		Kurtosis	-0.243
	MT17	Skewness	-0.401
		Kurtosis	0.343
	MT18	Skewness	-0.553
		Kurtosis	1.053
	MT19	Skewness	0.038
		Kurtosis	1.690
	MT20	Skewness	0.496
		Kurtosis	0.264
MT21	Skewness	0.412	
	Kurtosis	-0.402	
MT22	Skewness	0.708	
	Kurtosis	0.261	
MT23	Skewness	-0.433	
	Kurtosis	2.791	

(Continue)

Appendix 20 (Continued)

Variables	Item	Skewness/Kurtosis	
Line manager motivation	MT24	Skewness	0.146
		Kurtosis	0.457
	MT25	Skewness	0.010
		Kurtosis	0.539
	MT26	Skewness	0.092
		Kurtosis	0.353
Line manager opportunity	OP27	Skewness	-0.733
		Kurtosis	1.032
	OP28	Skewness	-0.245
		Kurtosis	0.337
	OP29	Skewness	-0.590
		Kurtosis	1.563
	OP30	Skewness	-1.020
		Kurtosis	2.332
	OP31	Skewness	-0.771
		Kurtosis	0.578
	OP32	Skewness	-0.636
		Kurtosis	0.588
	OP33	Skewness	-0.336
		Kurtosis	0.109
	OP34	Skewness	-0.517
		Kurtosis	0.189
	OP35	Skewness	0.708
		Kurtosis	0.324
	OP36	Skewness	-0.885
		Kurtosis	0.768
	OP37	Skewness	0.588
		Kurtosis	-0.311
	OP38	Skewness	0.758
		Kurtosis	0.605
OP39	Skewness	-0.006	
	Kurtosis	-0.413	
OP40	Skewness	-0.246	
	Kurtosis	0.055	

(Continue)

Appendix 20 (Continued)

Variables	Item	Skewness/Kurtosis	
Line manager opportunity	OP41	Skewness	-0.746
		Kurtosis	-0.094
	OP42	Skewness	0.031
		Kurtosis	-0.467
	OP43	Skewness	-0.334
		Kurtosis	0.746
	OP44	Skewness	0.660
		Kurtosis	-0.439
	OP45	Skewness	-0.505
		Kurtosis	0.493
	OP46	Skewness	-0.492
		Kurtosis	0.919
Line manager report of HRM Implementation	IMPL47	Skewness	-0.946
		Kurtosis	0.346
	IMPL48	Skewness	-0.201
		Kurtosis	-0.190
	IMPL49	Skewness	-0.281
		Kurtosis	-0.296
	IMPL50	Skewness	-0.882
		Kurtosis	1.291
	IMPL51	Skewness	-0.847
		Kurtosis	1.378
	IMPL52	Skewness	-0.853
		Kurtosis	1.239
	IMPL53	Skewness	-0.555
		Kurtosis	0.228
IMPL54	Skewness	-0.775	
	Kurtosis	1.619	
IMPL55	Skewness	-0.828	
	Kurtosis	0.953	

(Continue)

Appendix 20 (Continued)

Variables	Item	Skewness/Kurtosis	
Unit Performance	PERF56	Skewness	-1.561
		Kurtosis	5.063
	PERF57	Skewness	-0.428
		Kurtosis	3.675
	PERF58	Skewness	-0.800
		Kurtosis	1.403
	PERF59	Skewness	0.092
		Kurtosis	0.353
	PERF60	Skewness	0.493
		Kurtosis	1.112
	PERF61	Skewness	0.493
		Kurtosis	1.112
	PERF62	Skewness	-0.152
		Kurtosis	-0.846