Human Resource Management in the Banking Sector of Cyprus: Intention, Implementation and Perception

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Human Resource Management in the Banking Sector of Cyprus: Intention, Implementation and Perception

Abstract: In the past much work has been done on HRM. A large portion of this work is dedicated to HRM ‘content’, whereas aspects related to ‘processes’ and ‘perceptions’ are often overlooked. To gain a holistic picture of HRM, this study brings together these three areas and investigates HRM from multiple perspectives. Under the spectrum of HRM as ‘content’, focus fall on exploring the different operating HR policies and practices and how these are horizontally integrated or vertically aligned. Under the spectrum of HRM as ‘process’ and ‘perceptions’, the aim is to explore the policy intentions of senior HR managers, their implementations by line managers and how they are perceived by non-managerial employees.

This endeavor has been achieved in Cyprus – banking sector. By employing a contextualised case study approach, by triangulating results through questionnaires and interviews and by merging together various sources of information and different levels of participants (both within and beyond the bank), it was feasible to explore below the surface. This study adopts a pluralistic approach to HRM research, presents the ‘multi-vocality’ regarding several HR aspects and portrays the different and contrasting views of those affected by the operation of HRM.

A number of main themes are central to this study. In particular, attention is drawn to:

- The main HRM policies and practices in the specific context
- The importance of influential forces shaping the operation of HRM
- The gaps between the intentions of senior managers and how policies are implemented by line managers
- The role of line managers and the barriers for effective delivery of HRM
- The way that employees experience and perceive HRM
- The reasons why employees have mostly negative perceptions

Empirically testing theoretical propositions and models existing in HRM literature, a number of key findings have emerged. Concerning the content of HRM, in the particular settings, findings show that there are some ‘Core Plus Context’ specific HR practices. The presence of these practices (and the absence of some others) is influenced by various forces such as cultural/country features; legislation; sectoral / organisational characteristics and the nature of workforce employed by the bank. Concerning HRM as processes and perceptions, the findings unveil many factors contributing to the ‘gaps’ and ‘blockages’ that exist between intended-implemented and perceived HRM.

In essence, results support one of the most critical concerns in HRM literature; the ‘rhetoric versus reality’ argument. This study confirms that it is one thing to know what the intended policies and strategic goals are (i.e. the content), another to explore how these are enacted (i.e. the process) and quite another to discover how employees at the ‘receiving-end’ experience and perceive these in their daily work (i.e. the perceptions).

The University of Manchester
Fotis Pavlou
Doctor of Philosophy
2011
DECLARATION

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- My friends for their encouragement and stimulation
Αφιερωμένο στην μοναδική γυναίκα της ζωής μου και μελλοντική μου σύζυγο Δέσποινα...

'Αγάπη μου... Τα χειρότερα πέρασαν... Τα καλύτερα έρχονται...'
Αφιερωμένο στην πολυαγαπημένη μου Μητέρα...

‘...Πέρασε δύσκολα χρόνια και φρόντισε να μην στερηθούμε τίποτα...Τα κατάφερες...Σε Ευχαριστώ...Τώρα ήρθε η στιγμή να ανταποδώσω...Αυτό, το οποίο με τόσο κόπο και θυσίες κατάφερα...Αυτό, το πιο σπουδαίο μου επίτευγμα...Το αφιερώνω σε σενα...’
PART ONE

INTRODUCTION TO THE THESIS
1 Introduction to the Thesis

Over the past two decades the notion of Human Resource Management (HRM) has experienced a significant development. Much has been written about the benefits that formal policies have and the importance of implementing a strong Human Resource (HR) strategy. Endless publications analysing the different perspectives on HRM and the way that these are associated with organisational performance dominate libraries’ bookshelves. In essence, chasing the ‘big research’ concept, many in this field have strived to identify and justify the way that HR policies and practices influence organisational performance; as if this is the ultimate and only aim of HRM. Throughout these endeavors however, vital aspects are downgraded and critical links are often bypassed. Despite impressive progress in the theory and research of HRM, the fact that many basic issues have remained largely unexplored is surprising.

While extensive focus has been given to the formal HR policies, the way that these are delivered down the hierarchy and their actual impact on employees has mostly been ignored. Searching to identify existing policies - practices and exploring the way that these are integrated with each other or aligned with organisations’ strategy is reasonable. Yet, why most of the times there is an extensive focus only on this HRM ‘content’ whilst overlooking the ‘processes’ aspect? What are senior managers’ intentions and beliefs about these formal policies? Does line managers’ approach and commitment to these policies affect the process of implementation? To what extent? What happens if line managers’ enactment deviates from senior managers’ intentions? Does this divergence have an impact on the way that employees experience and perceive HRM? If yes, is this significant? Why? In what ways employees’ positive or negative perceptions influence their outcomes?

Remaining at ‘surface’ observations and investigating only the presence of official and prescribed policies we will never be able to answer the above questions. Rather, going underneath the ‘rhetoric’ level can offer greater insights to our understanding. By building a more integrated; multi-level framework, by scrutinising the mediating process that occur in the HRM-performance relationship and by focusing on the variables that have been virtually overlooked until now, researchers can cultivate a more inclusive conceptualisation and further expand their knowledge. The belief is that the academic community still has much to gain by revisiting some fundamental issues that
are often bypassed in the empirical strategic HRM literature for the sake of confirming a strong, generalisable positive relationship between HRM and economic success.

1.1 Background Information

To discover the meaning of HRM, the following discussion provides a review of different definitions and explanations illustrating the diverse ways of conceptualising this complex notion. One important barrier that inhibits understanding is the fact that HRM is often regarded as being a narrow topic (Boxall et al., 2008: pp222-223); something that constrains its intellectual rigour. Rather, a more integrated conception of HRM is required.

Storey (2007) values the idea of HRM as being a bundle of beliefs and assumptions which merge together strategic qualities while, at the same time, recognises the essentiality of line managers and relies its functionality on a set of levers that are adopted for shaping employment relationships.

Table 1: Storey’s HRM Model

<table>
<thead>
<tr>
<th>Beliefs and Assumptions</th>
<th>Strategic Qualities</th>
</tr>
</thead>
<tbody>
<tr>
<td>- HRM offers to organisations a competitive edge</td>
<td>- HR decisions are of strategic importance</td>
</tr>
<tr>
<td>- Focus on employee commitment rather than mere compliance with rules</td>
<td>- It is important that senior managers are involved in HRM</td>
</tr>
<tr>
<td>- Careful selection and development practices are at the heart of HRM</td>
<td>- HR policies need to be integrated into the business strategy</td>
</tr>
<tr>
<td>Critical Role for Line managers</td>
<td>Key Levers</td>
</tr>
<tr>
<td>- HR is too important to be left to personnel specialists alone</td>
<td>- Managing culture is much more important than the management of procedures and systems</td>
</tr>
<tr>
<td>- Line managers need to be closely involved as deliverers and drivers of HR policies</td>
<td>- Horizontal integration – bundling between different HR practice is important</td>
</tr>
<tr>
<td>- Attention is given to the management of managers which is equally is critically important</td>
<td>- Restructuring and redesign of jobs are needed to allow devolved responsibility and empowerment</td>
</tr>
</tbody>
</table>

Source: Information drawn from Storey (2007: p9)

For Armstrong (2006: p3), HRM is ‘a strategic and coherent approach to the management of an organisation’s most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives’. Armstrong provides a cohesive approach to HRM, explaining that related functions are delivered through systems which ‘blend’ together different components. These may be the HR philosophies (e.g. the values and guiding principles); the HR strategies (e.g. stating the
direction that HRM intends to follow); the HR policies (e.g. explaining how values, principles and strategies should be adopted and implemented); the HR processes (e.g. the formal procedures used for converting HR policies into practice) and the actual HR practices. Lado & Wilson (1994: p701) put all these elements under the umbrella of an HRM system, which is conceptualised as ‘a set of distinct but interrelated activities, functions and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm’s human resources’.

Likewise, among the several aspects that are important for capturing the real essence of HRM, Marchington & Wilkinson (2008: pp42-43) highlight four that are central to our understanding. These are the subject matter of HRM; the significance of integration for HRM; the line managers’ involvement; and the ambiguous position of HRM in employing organisations. For them, HRM should be understood as ‘the management of employment, so incorporating individual and collective relations, the whole range of HR practices and processes, line management activities and those HR specialists, managerial and non-managerial actors’ (Marchington & Wilkinson, 2008: p40).

Overall, there is much discussion about the exact meaning and scope of HRM but ‘judging from the literature, HRM refuses to be any one thing’ (Boxall et al., 2008: p2). Whilst HRM is still considered to be a relatively new area of study, it progressively gains credibility and acknowledgement since it is often respected as ‘the major factor differentiating between successful and unsuccessful organisations’ (Marchington & Wilkinson, 2008: pp3-4).

Despite the endless attempts to reach a universal agreement about the idea of HRM, the achievement of a single definition seems to be unfeasible. This is because its meanings and the wide range of activities that it encompasses have proven to be at the same time sensitive, complex and elusive. Recognising the fact that there are ‘myriad of variations in the ideologies, styles and managerial resources engaged’, Boxall et al. (2008: p1) suggest that HRM, understood as ‘the management of work and people towards desired ends’, is among the most basic activities in any organisation employing humans.
1.2 Articulated Research Problem

Researchers investigating the benefits associated with HRM and different HR practices individually, as well as in bundles (e.g. Schuler & Jackson, 1987, Huselid, 1995, Pfeffer, 1998, Purcell, 1999, Appelbaum et al., 2000, Wright et al., 2001a) explain how strategic perspectives can be associated with different organisational outcomes. Such research endeavours take place within various settings, including banking industry (e.g. Storey, 1995, Delery & Doty, 1996, Keltner & Finegold, 1996, Storey et al., 1997, Muller, 1999, Bartel, 2004, Afiouni, 2007, Aydınlı, 2010); a setting that has particular importance for the present study.

In fact, these researchers mostly concentrate on the way that the HRM ‘content’ (i.e. the policies and practices) operates. However, some others have concluded that alongside this focus, it is equally important to examine the ‘processes’ organisations employ for operationalising managerial initiatives. These suggestions are reinforced through studies which have analysed the essential problem of ensuring that managerial intentions will eventually implemented at the workplace.

Thus, an identified flaw as expressed in more recent literature (e.g. Purcell et al., 2003, Khilji & Wang, 2006, Boaden et al., 2008, Marchington & Wilkinson, 2008, Purcell & Kinnie, 2008, Purcell et al., 2009) is that research paradigms have mostly focused at investigating the impact of HRM upon performance; taking for granted that all HR policies will be implemented as intended and consequently that they will have the same effect on all employees. The problem seems to be the assumption that by simply having a stated HRM strategy and policies will guarantee preferred outcomes. This ‘process’ aspect of HRM systems is of fundamental importance for Bowen & Ostroff (2004), who explain that there are some necessary features that would allow employees to develop the desired understanding of the different messages communicated by the content of HRM and to foster a collective sense of what is expected from the management.

Yet, exploring HRM systems both from the ‘content’ and ‘process’ angles is not enough. This is because it is equally important to explore managerial actions from the standpoint of those they are meant to influence. Within this spectrum of literature, attention is given to the degree to which managerial rhetoric is converted into workplace reality (Legge, 2005). In order to achieve this, researchers concentrate on employees’ experiences and perceptions (see for example Gerhart et al., 2000, Gibb, 2001, Truss,
In essence, exploring HRM from this angle enables to evaluate the degree to which employees’ understanding and perceptions of HRM correspond or fluctuate with senior HR managers’ intentions and line managers’ implementations.

1.3 The Thesis and the HRM Literature

The preceding discussion enables us to understand how the current study fits within the wider HRM literature. In its simplest form, this project attempts to bring together the above areas in order to provide a holistic picture of HRM. As seen from the short review, there is a substantial number of researchers dealing with the HRM ‘content’. It could be suggested that efforts here are oriented towards understanding ‘what’ organisations do in relation to their human resources and ‘why’. In this spectrum, focus falls on issues such as identifying prescriptive models and strategic configurations among HR practices; as well as on highlighting the contingent factors influencing these practices. Beyond this endeavour, there are also those who give more weight to ‘processes’ aspect. Within this spectrum, focus falls on the ‘how’; thus investigating actual procedures that are adopted in order to put HR strategies and managerial plans into operation. Moreover, a third group of individuals activated within the HRM field draw attention on the way that seniors’ intentions and line managers’ implementations are ultimately perceived by employees at the workplace, trying to explore ‘how well’ HR practices are delivered to the workforce.

While studies examining HRM as content, processes and perceptions independently proliferate, attempts to bring these three interrelated areas together are limited. This study is based on the belief that in order to gain a comprehensive understanding of how HRM may add value to employees and organisations, it is essential to equally explore what organisations do and why (i.e. the content); how they do it (i.e. the process); and for whom and how well (i.e. perceptions). The principal aim of this project is to shed some light on the largely unexplored area that these three approaches intercept (see Figure 1)
For some, the attempt to bring together three of the most important aspects in the literature of HRM may be seen as a contribution on its own right. However, the input of this study does not stop here. Its real value lies in the approach followed in order to examine the issues under investigation. Accepting the propositions of a ‘strong HRM situation’ offered by Bowen & Ostroff (2004) and implementing these in the identical causal models proposed by Marchington & Wilkinson (2008: p124), Purcell & Kinnie (2008: p541) and Purcell et al. (2009: p15); perhaps, this is the first attempt to develop such a framework in order to explore HRM as a whole.

Moving within the unexplored intercepted area, and having in mind that the overall system of HRM is affected by a range of forces, this study follows the dictum of intention-implementation-perception in order to examine how core features of HRM appear in the different organisational layers (see Figure 2). The belief is that while HRM policies may be in place, this does not imply that they are effectively enacted by line managers or that they are interpreted by employees in the desired way. In order to improve the probabilities that the content of HRM is not perceived differently by employees, the ‘process’ aspect has to be considered.

In particular, using the term ‘content’, Bowen and Ostroff (2004) imply that different HR practices are designed to support employees’ efforts for accomplishing their tasks and responsibilities. These practices are built based on a particular strategic focus and are guided by strategic goals and organisational values. Using the term ‘process’, the
authors emphasise how the prescriptive HRM models (i.e. the ‘content’ of HRM) can be designed and administered effectively. In order for this to be achieved, the authors propose a set of characteristics that allow HRM content to unambiguously communicate the intended messages. Using Bowen and Ostroff’s (2004: p207) words, ‘these characteristics refer to the process by which a consistent message about HRM content can be sent to employees’ (see Appendix 1 for details regarding authors’ proposed characteristics). Ultimately, a strategic approach to both HRM ‘content’ and ‘processes’ will produce a strong HRM situation, facilitating employees to uniformly perceive messages sent by the management and to have similar interpretations about HRM.

Following suggestions for further research within the particular area of HRM literature, advancing the ideas for a complete HRM system, tailoring the existing-related models to fit the needs of this research and empirically testing theoretical propositions, this study adopts a novel approach. Being in the search for a strong HRM situation, and from the lenses of HRM as a whole, this research sets off to explore how HRM in the banking sector of Cyprus is intended, implemented and perceived.

Figure 2: Thesis’ HRM Causal Chain

Source: Compiled by the author
1.4 Research Questions

Research Question 1

What are the main HRM policies and practices at the case study organisation and why have these been adopted? (The focus falls at evaluating HRM as ‘Content’)

Sub-questions

- What are the core HRM policies and practices within the organisation and how these are bundled?
- What are the contingent forces and how do these forces influence the operation of the different HRM practices?
- Why does the organisation adopt this particular HRM philosophy?


Beyond the importance of identifying the different HR practices from an individual perspective, as several authors indicate (Pfeffer, 1998, Appelbaum et al., 2000, Benson & Lawler, 2003, Boselie et al., 2005), it is also imperative to identify how these are combined into bundles geared towards improving organisational effectiveness. Moreover, within this focus area it is essential to examine what are the main contingent forces in the particular context within which the study is carried out and how these influence HRM. Having in mind these forces, focus is also given on identifying where the organisation stands in relation to the three basic philosophies / models of HRM (i.e. best practice, best fit, RBV).
Research Question 2

How are these HRM policies / practices implemented and where, if at all, in this process do shortcomings arise? (The focus falls at evaluating HRM as ‘Processes’)

Sub-questions
- What are the intended HRM policies and practices? (Intentions as suggested by senior HR managers)
- How are intended HRM policies actually implemented in practice? (Implementations as suggested by line managers)
- What is the role played by line managers in implementing HRM policies?

Having in mind different studies that attempted to explore the way that HR practices shift from the managerial layers down to the hierarchy (e.g. Edgar & Geare, 2005, Khilji & Wang, 2006, Boaden et al., 2008, Purcell & Kinnie, 2008), the objective is to identify how the intended HRM policies are actually implemented. Firstly, the aim is to investigate whether senior HR managers between them share similar (or diverse) beliefs (i.e. a horizontal comparison). Similarly, focus falls also in identifying whether line managers have similar or dissimilar opinions between them, as well as understanding why similarities or divergence exist horizontally. After that, the aim is to explore if senior HR managers’ ideas find the same dedication / commitment with that of line managers’ approach (i.e. a vertical comparison).

Similar to other studies (e.g. Caldwell, 2003, Larsen & Brewster, 2003, Renwick, 2003, Whittaker & Marchington, 2003), focusing on this aspect, this study acknowledges the important role of line managers and how they may affect the process of intentions towards implementations. This is because line managers, through their management style and approach, can determine at a great degree the impact that different HR practices may have to employees (e.g. they may either hold a positive stance / supporters, they may be indifferent, or they may hold a negative stance / preventers of any HR-related practice). Consequently, of central importance at this stage is also to explore why certain HR practices are / are not implemented as initially intended. Of course, the emphasis here falls at identifying the major factors / barriers influencing the ‘enactment’ process.
Research Question 3

How are HRM practices and processes perceived by non-managerial employees at the case study organisation? (The focus falls at evaluating HRM as ‘Perceptions’)

Sub-questions

• How employees perceive HRM practices and processes? (Perceptions as suggested by employees)
• Why HRM practices and processes are or are not perceived as initially intended?
• What are the major factors influencing employees’ perceptions?

The main focus of this research question is on non-managerial employees. Within this framework the aim is to discover how workers experience and perceive HRM and to explore HRM from employees’ perspective (Gibb, 2001, Truss, 2001, Chang, 2005, Boaden et al., 2008). Do employees’ perceptions match or do they fluctuate from the senior HR managers’ intentions and line managers’ implementations? Of major importance at this point is to also investigate and identify what are the major factors influencing these perceptions. Which are the HR practices that are / or are not / perceived as intended? Why employees perceive these HR practices in the different manner? What are the major reasons?

1.5 Thesis’ Structure

In order to build a concise and well-structured argument, the systematic assessment of the different issues under investigation was of major importance. After introducing the study’s orientation and providing background information (Chapter 1), the thesis initiates with an extensive literature review consisting of three sections, each one directly related to each of the research questions. The first section is dedicated to HRM as ‘content’, focusing on the several notions under the umbrella of strategic HRM. Here, information is provided about the ways that HRM elements may be aligned or ‘fitted’ together, with a reference to the three dominant school of thoughts; the ‘universal model’, the ‘contingency approach’ and the ‘HR architecture’ idea (Chapter 2).
Moving away from ‘content’ aspect, the second area explores HRM from the ‘processes’ perspective. At this point, accepting the notion of analytical HRM, the focus falls on issues that are considered important for a successful transformation of HRM policies (or intentions) into actual practices (or implementations). As expected, the pivotal role of line managers in this process is scrutinised. The third focus area is devoted to non-managerial employees’ perceptions about HRM. Beginning with a brief reference to the notion of psychological climate, this chapter focuses on the workplace level, which it is believed to be an alternative way for evaluating the real value of HRM. The final section of literature review outlines some of the most commonly expressed concerns regarding the relationship of HRM with performance and acknowledges the negative voices related to the general idea of HRM (Chapter 3).

Subsequent to literature review is the research design and methodology chapter. After introducing the study’s orientation to knowledge building, information and justification is provided about the research design; participants and sampling method selection. Then there is a detailed explanation of the methodology, exemplifying the methods adopted for carrying out fieldwork activities and for collecting the desired information. To illustrate how the different methods were used, this chapter also provides significant information about the researchers’ overall approach (i.e. how case study organisation was selected, how access was secured, restrictions placed upon researcher etc.) and how practical issues and barriers faced during fieldwork were combated (Chapter 4).

After that, research findings are presented. The first chapter examines HRM in Cyprus (Chapter 5). The thesis then moves to analyse data derived through the fieldwork activities at the bank – the case study organisation. Data analysis is largely presented in two chapters. The first provides information related to the ‘content’ of HRM (Chapter 6). Having this information as a background, the second chapter describes how different aspects of HRM as content and as processes are intended, implemented and perceived by the senior HR managers, line managers and non-managerial employees respectively (Chapter 7).

Following this is the discussion, which is divided into three sections. At this stage, the project’s key findings are compared and contrasted with findings found in similar studies and in the wider related literature (Chapter 8). The value of this chapter lies in the fact that it provides robust explanations, alternative interpretations and detailed
justifications why particular indications derived. After providing some concluding remarks, this chapter summarises the key findings of the overall study and (based on these findings) proceeds with categorising the case study organisation.

The last chapter draws on the limitations and recommendations for further research and exemplifies the value of the overall project by highlighting the key contributions and input to the literature (Chapter 9).
PART TWO

LITERATURE REVIEW
2 HRM as ‘Content’

2.1 Introduction

A major development in HRM over the last 20 years has been the emergence of Strategic HRM (SHRM). This concept provides intellectual reinforcement to the belief that organisations’ workforce and HRM systems (i.e. policies, practices and processes) have the potential to provide a source of competitive advantage (Boxall, 1996, Wright et al., 2001a). For understanding this notion, it is important to appreciate the concept of strategy. In simple terms, strategy is explained as the organisation’s long-term direction and scope, with the ultimate goal to match its resources to the continually changing environment (Johnston & Scholes, 1997). Yet, this concept is not a straightforward one and there are different theories regarding its actual definition and meaning.

Since SHRM derives from the concepts of HRM and strategy, a more detailed definition of strategy is needed. Strategy is about planning and implementation and is argued to be the process of defining intentions and matching resources to opportunities for achieving and sustaining a competitive advantage. Looking into the professional standards of CIPD, Armstrong (2006: p114) suggests that a successful strategy provides an ‘achievable vision for the future, to foresee longer-term developments, to envisage options and their probable consequences and to select sound course of action’. For the author, one of the most important aspects of strategy is its aim is to achieve strategic fit, an orientation that is mainly expressed through the ‘matching concepts’; matching HR practices into bundles (horizontal integrations), matching HRM strategies with business strategy and designing HR practices according to the unique characteristics of organisations’ workforce (vertical alignments).

Many authors view SHRM as an integrated process which tests organisations’ ability to effectively plan, develop and implement HRM systems in order to be in line with their business strategy. This has to be achieved having in mind organisations’ internal and external contingencies. In essence, SHRM provides a unifying interactive framework for not only combining different HR policies and practices together, but also aligning the overall HRM system with organisations’ business strategy (Hendry & Pettigrew, 1986, Storey, 1989, Walker, 1992, Delery, 1998, Purcell, 2001).
Focusing on the associations that different HRM elements may develop within organisational settings, SHRM can be used to explore the ‘content’ of HRM. This is because this notion mostly deals with what is termed as ‘horizontal’ or ‘internal fit’ (the configuration / integration of HR practices) and what is termed as ‘vertical’ or ‘external fit’ (alignment between HR strategy and organisation’s specific internal and external context). Reviewing the literature, three main philosophies are adopted in order to conceptualise HRM. These are the ‘universal model’, the ‘contingency approach’ and the ‘HR architecture’ idea. The following chapter elaborates on these three models.

2.2 The ‘Universal Model’: The Idea of ‘Best Practice’

The first framework, widely referred by different authors (e.g. Walton, 1985a, Berg, 1999, Appelbaum et al., 2000, Guest, 2001) as ‘best practice’, ‘high commitment’, ‘universal’, ‘high performance work systems’ or ‘high involvement’ model mainly assumes the idea that HRM across any organisation will gradually shift towards convergence (Marchington & Wilkinson, 2008: p26). This normative approach advocates a number of universal practices that are argued to be suitable for all organisations. The basic assumption is that ‘the more organisations adopt and implement these practices the clearer the payoff will be in terms of performance improvements’ (Bach, 2005a: p8) and that ‘all firms will see performance improvements only if they identify and implement best-practice’ (Boxall & Purcell, 2000: p189).

For Walton (1985b), this model aims at establishing employees’ high levels of commitment with the purpose to ‘self-regulate’ their attitudes and behaviours; thus avoiding the need for strict managerial control. Similarly, adding support to the universalistic theories, Wood & Albanese (1995) assert that different HR practices (i.e. employment guarantees, training and career development, reduction of status differentials, high employee involvement etc.) are essential for achieving high commitment HRM. As outlined in Appendix 2, Wood & Albanese offer their own interpretation of those practices / areas that are believed to be core in a high commitment HRM approach.
According to Huselid (1995), the central point of this philosophy is that all organisations will enjoy significant benefits by investing in ‘best practices’. Ultimately, the author suggests that ‘all else being equal, the use of high performance work practices and good internal fit should lead to positive outcomes for all types of firms’ (p644). Such claims are reinforced by Delery and Doty (1996: p828) who conclude that ‘some human resource practices always have a positive effect on performance’. Similar to this direction, one of the most influential authors of this philosophy, Pfeffer (1998), defends his position by exemplifying that ‘best practice’ HRM is capable of producing positive outcomes for all organisations, regardless the country within which they operate, the type of market which they are located in, their size, structure etc.

While literature dedicated to SHRM in banking sectors is not extensive, studies illustrate how these ‘best’ practices are adopted for investigating a variety of issues. For example, accepting Appelbaum et al.’s (2000) propositions (i.e. that the three elements of a high performance work system - opportunity to participate; skills; incentives – contribute to improved productivity), Bartel (2004) carried a longitudinal study in the banking sector examining the relationship between HRM and performance. In her study, the author highlights how the three HR practice areas of skills, incentives and opportunities to participate were implemented and influenced organisational performance. Likewise, the large study carried out by Delery & Doty (1996) in more than 1000 banks found that results-oriented appraisals, profit sharing and employment security were among those universal practices that had a significant effect on performance.

Muller (1999) carried out a study in Germany using as a sample of 16 large organisations, 8 of them banks, focusing on selection and induction, training, appraisals, employment stability, pay, communication and quality improvement techniques. Some more recent studies in the banking sector also focused on the degree to which practices such as recruitment and selection, teamwork, extensive training incentives, appraisals and feedback schemes positively correlated with organisational climate (i.e. employees’ collective perceptions about the organisation) and how in turn this influence their job satisfaction (see Kaya et al., 2010).

Also, Aydınlı’s (2010) comparative study of banks in Turkey and Hungary offers further insights. In terms of HR policies, the research identified a convergence in relation to written policies for training / development, compensation, and performance
management and divergence on the existence of recruitment, selection and career management policies. In terms of HR practices, the author identified a convergence in the areas of HR planning, recruitment and selection practices and various schemes related to compensation and training (for details see Aydınlı, 2010: pp1499-1501).

Drawing from the literature, HRM policies and practices may appear in diverse forms, at different situations and may be adopted for a variety of purposes. For the current study, the reasons for choosing to examine the nine HR practices included in Table 2 are numerous. Firstly, the proposed list encompasses and adequately summarises all the related HR activities, avoiding the extensiveness and the use of diverse headings (e.g. Pfeffer, 1998). Furthermore, the particular list is among the latest, up to date propositions, thus including all the HR areas as these appear within the literature and beyond. These practices are widely characterised as ‘best’ practice HRM and are expected to produce various benefits both for employees and employers.

Also, after extensive literature review, this study considered the list of nine practices as providing a comprehensive framework of HR practices which has derived taking into consideration a wide range of studies (e.g. Arthur, 1994, Osterman, 1994, Huselid, 1995, MacDuffie, 1995, West et al., 2002, Wright et al., 2005, Hyde et al., 2006, Khilji & Wang, 2006). This enabled us to capture in the best possible way the real essence of how HRM is operationalised within organisations. Moreover, reading through related studies carried out within banking industries (e.g. Keltner & Finegold, 1996, Storey et al., 1997, Baethge et al., 1999, Muller, 1999, Afiouni, 2007, Aydınlı, 2010, Kayaa et al., 2010), and based on previous empirical research, this particular list appeared to be in line with the most commonly used HR practices not only in the Cyprus market, but also within the banking sector.
### Table 2: The Nine HRM Practices under Investigation

<table>
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<tr>
<th>Name of HR Practices</th>
<th>Description</th>
<th>Key Authors / Studies</th>
</tr>
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| **1 Employment Security and Internal Labour Markets**     | **General:** Employment security ‘refers to the prospect that an individual can maintain employment within a particular firm or organisation’. In times of recession, employment security becomes one of the highest expectations of any employee at any organisation. Nowadays, this sense of security is increasingly enhanced by aspects such as governmental laws and regulations of each organisation, but also by factors such as education – academic background, work experience and other that boost employees’ long-term employability. Employment security is reinforced by the idea of Internal Labour Market (ILM), based on which organisations prefer a system of promoting and investing on existing employees. This practice ‘signals a long standing commitment by the organisation and its workforce’ and leads to many positive outcomes (i.e. higher levels of job satisfaction, loyalty and trust in management). Measures for assessing employment security may be rules monitoring dismissals, policies of no compulsory redundancy, the use of temporaries for protecting the workforce, service plans guaranteeing new employees’ long-term employability etc. On the contrary, employees’ employment security may be undermined by job reductions, dismissals/redundancies.  

**Banking Sector:** Banks are committed to strong career paths and mostly rely on internal recruitment for high skill positions. Strong ILM in the banking sector has a dual outcome; firstly it enables employees in managerial positions to be familiar with the company’s businesses, workforce, culture etc.; and secondly it minimises turnover figures. The underlying philosophy is that opportunities for upward mobility motivate employees to engage in developmental activities and increase their commitment and efforts. Also, within the banking system employees earn specific / tailored to the firm skills and competencies, making feasible for them to attain a steady, incremental career path and have a lifetime employment. | Storey (1995)  
Wood & Albanese (1995)  
Delery & Doty (1996)  
Keltner & Finegold (1996)  
Pfeffer (1998)  
Muller (1999)  
Morgan et al. (2001)  
Rubery & Grimshaw (2002)  
Holman et al. (2003)  
Marchington & Wilkinson (2008) |
| **2 Selective Hiring and Sophisticated Selection**        | **General:** Capturing and retaining a pool of exceptional ‘human talents’ provide to organisations a competitive advantage. Competent human capital is needed for differentiation. This calls organisations to optimise their recruitment and selection-related processes, since recruiting high quality, committed staff is probably the ‘most critical human resource function (central to ‘best practice’) for organisational success and survival’. Successful implementation of such practices ensures that qualified workers will be employed, thus being able to support organisations to meet their objectives and goals. ‘All aspects of an organisation’s activities are directed and enacted by people that comprise the organisation’. What this means is that the importance of these practices should not be underestimated since poor staffing decisions may yield different costs to organisations (i.e. costs deriving from low productivity, loss of customers, training expenditures, recruitment costs etc.). There is a long list of techniques for recruitment and selection, but some of the most commonly used practices include assessment centers, interviews, psychometric tests, references check, work sampling, written examinations etc.  

**Banking Sector:** The increased customer expectations in the banking sector imply that the growth or even the survival of banks is depended upon their capability to attract and retain high quality individuals who can respond effectively to the rapidly changing market conditions. | Wright et al. (1994)  
Storey (1995)  
Boxall (1996)  
Barber (1998)  
Boxall (1998)  
Pfeffer (1998)  
Muller (1999)  
Ryan et al (1999)  
Newell (2005) |
changing global environment. Banks cannot afford having ‘individuals who are a liability rather than an asset because they do not contribute to organisational success’. In general, for banks, the aim is to obtain quality employees in order to satisfy the needs of their wide range of stakeholders. In order to achieve this, banking institutions set up a highly sophisticated recruitment and selection schemes. These practices are done systematically and take the appropriate structure depending on the position to be filled. The rigorous selection processes within the banking industry communicate the message to the successful candidates that they are becoming a part of an ‘elite’ organisation with high expectations. Common stages of recruitment and selection practices in this industry include defining the requirements (i.e. setting up job descriptions / specifications and specifying terms and conditions of employment), attracting the candidates (i.e. evaluating sources of applicants, placing advertisements on public media, collaborating with professional agencies etc.) and finally selecting candidates (e.g. filtering applications, interviewing, assessing candidates etc.). Adopting selective hiring, banking and financial institutions mainly look for competencies such as trainability, flexibility, commitment, initiatives prospects for development etc.

| Extensive Training, Learning and Development | General: Statistics indicate that great emphasis is allocated on Human Resource Development (HRD) and in extensive use of training and development, as these practices allow employees remain at the forefront of their field. ‘Investing in employees’ development has a dual consequence; it not only imparts skills, but it also gives the employee the will to use them to maximum effect’. In general, training may take two forms. On-the-job: Employee receives training on how to do the job within the actual workplace through observation, trial and error. This method involves informal learning from senior/more experienced colleagues and formal training regarding new technological and managerial skills, job rotation and small group participation. Off-the-job training: This is undertaken away from the workplace and it is usually theory based. It involves training schools providing induction training - general instructions/knowledge, as well as some advanced classroom-based training. Learning and development is often defined as the ‘process by which a person acquires and develops new knowledge, skills and attitudes that prepare people for enlarged or higher-level responsibilities in the future’. These practices ‘demonstrate employer’s willingness to promote employee development rather than just providing specific training to cover short-term crises’. Yet, in order to be successful, employees should be willing and able to learn, as well as to utilise all the learning resources available, including the support and guidance of their line managers.

Banking Sector: Training and development has always been an important focus of banks, since related activities are seen as the way to maintain such dynamic capabilities that will support organisational strategy and that will lead to a competitive advantage. Banks may adopt short introductory training courses or continuing training that will facilitate employees’ upward advancement. For the low skilled employees who seek rapid promotion, banks design and monitor training, usually with support from external training and education. Additionally, they may provide training for high skill positions (modularised training). This is done by interchanging skills development with work experience. Banks ensure that training covers technical areas, as well as personal development issues. Common is also the provision of courses leading to recognised certifications (i.e. diploma in financial services management, professional diplomas, associateships etc.) that are among the most sought for a successful career in the banking industry worldwide. Within banking services, coaching can also be an integrated part of training and learning practices, which is seen as ‘a win-win solution to workforce development’, helping employees to reach their potential while at the same time improving productivity of the banks as a whole. | Armstrong (2006) Iles (2007) Boaden et al. (2008) Marchington & Wilkinson (2008) Orlitzky (2008) Schmitt & Kim (2008) |
### EIP, Information Sharing and Worker Voice

**General:** Employees are not motor-driven and standardised beings, but individuals with ideas, experiences, intuitions, visions and knowledge. How much of these do organisations manage to utilise? How receptive organisations are in the ideas resulting from their employees? ‘Senior executives are understandably concerned with getting company strategy right…but for strategy to succeed; the workforce must be aligned and engaged’. Recent studies indicate that practices such as EIP, information sharing and worker voice are increasingly becoming a major component of the bundle of ‘best’ practices. These enable the communication about organisation’s goals and objectives. Responsive management is the necessary component for successful engagement and the ‘more central are employees, the more likely voice - involvement and participation in management decisions - will need to be developed’. Sharing of information convey the message that employees are trusted and accounted; enhancing in this way their self-esteem and confidence. Workers’ voice may be represented by collective bargaining / union membership, through formal dispute procedures, via speak-up schemes, joint consultative committees and works councils. It may also involve downwards communications from management to workers (including team briefings, town hall talks and informal communications, self-managed teams, autonomous work group) or upward problem solving (including quality circles, attitude surveys, suggestions schemes, problem solving groups, two-way briefing). ‘Voice’ is seen as entailing two major elements; the expression of complaints or grievances by employees to management and employees’ participation in the decision-making processes of the organisation.

**Banking Sector:** Within the banking sector, EIP, information sharing and worker voice is seen as the principal way in which workers gain influence at work. Beyond collective representation which is exceptionally high in most of the banking industries, banks have taken steps to engage in a more direct communication with their employees, such as advanced intranets, staff newspapers, attitude surveys and direct, verbal team briefing systems which communicate messages from the top management to the bottom workers. Banks implement a range of schemes and allocate great resources to ensure a communication framework that can work swiftly. Constant and transparent EIP and information sharing enables management to keep employees abreast of developments. Furthermore, such practices may appear in the form of regular, formal or informal meetings at which employees have the opportunity to identify areas that the organisation needs improvement and to make suggestions for change. Just like in any sector, within the banking industry, irrespective of the forms and disguises that participation practices may adopt, they are sought to highly contribute to enhanced levels of employees’ self-satisfaction. This is because they enable the communication between management and employees, allowing them access to consultation and information regarding the organisation’s activities and future plans.

### Self-Managed Teams / Team Working

**General:** CIPD defines a team as being a ‘limited number of individuals who have shared objectives at work and who co-operate, on a permanent or temporary basis, to achieve those objectives in a way that allows each individual to make a distinctive contribution’. Practices promoting team-working are a unique way for generating quality decision making and reaching to a range of creative solutions. Recent studies indicate that employees working within teams are more satisfied rather than working under traditional organisational hierarchies - traditional regimes. ‘Allowing the employees the opportunity to make, and indeed take responsibility for, decisions that affect their work should increase their sense of responsibility and stimulate more initiative and effort on the part of employees’. For example, workers in self-managed teams or autonomous work groups enjoy greater autonomy and discretion, removing layers of hierarchy, something that results in higher job satisfaction. In order for teams to be...
effective, it is required to have a common sense of purpose, a mutual trust and respect between the members that comprise the team, as well as willingness to share personal knowledge and expertise.

**Banking Sector**: Professional workers and employees in services are more likely to be involved in teamworking. Within the banks, employees frequently are required to be more flexible, mobile and work more effectively within a group of colleagues. Teamworking is seen as a means for combating the increasing and intensive demands of the financial sector. Some of the most obvious advantages than banks enjoy from teamworking practices are the improved productivity, improved quality of services, the increased employee motivation and the enhanced employee flexibility. The co-ordination between employees leads to the achievement of more creative ideas in a more efficient approach, necessary to differentiate and gain a competitive advantage. Banks may adopt several teamworking practices both at employees’ level but also at departmental level (comprising teams both horizontally and vertically: i.e. employees within the same department, employees from different departments or employees between different levels of the hierarchy).

**General**: These practices are among the most commonly used for relating pay to performance. ‘As a central pillar of the employment relationship, often conceptualised as the effort-reward bargaining’, PRP schemes indicate that organisations recognise and respect the efforts of their workforce. Contingent payment ‘answer two fundamental reward management questions: what do we value, and what are we prepared to pay for?’ The successful implementation of this practice enables organisations to attract and retain high quality labour, to motivate employees to boost their performance and to create high levels of satisfaction deriving from the reward package. Contingent compensation is a matter of ‘equity and fairness’ - employees expect to receive more as a consequence of their additional efforts. Such schemes may involve extrinsic or monetary rewards or intrinsic rewards. There are many difficulties in achieving effective implementation of these schemes since money by itself may not lead to sustained motivation; or contingent payment schemes may result to problems if they are perceived to be unfair or badly managed; or difficulties since PRP is highly dependent on the judgement of managers which may be partial; or even barriers given that PRP schemes are highly dependent on the existence of accurate methods of measuring performance which might not always exist.

**Banking Sector**: While research findings suggest that performance-related pay is widely used in financial / banking services, an incompatibility exists regarding the use of such schemes. On the one hand there is the urgent need to reduce costs and increase profitability, while on the other hand there is the need for organisations to compensate and adequately reward employees’ performance and commitment. Recent trends in compensation policies move away from the traditional incremental and grade payment systems, moving towards models with more contingent orientation, incentive and explicitly performance related pay systems. In these difficult financial times, banks seek to find a solution in the conflicting needs of cutting costs and at the same time motivating employees through new compensation patterns.

**General**: Common steps for a completed performance appraisal process usually include specifying the desired job performance, observing employee’s performance, providing feedback, setting goals as to what the employee should start doing, or be doing differently and then deciding about employees’ further training, reward, transfer, promotion, demotion or even termination. As an indispensable part of every organisation, appraisals have been identified as among the most critical HR

| 6 | High Compensation Contingent on Performance | **General**: These practices are among the most commonly used for relating pay to performance. ‘As a central pillar of the employment relationship, often conceptualised as the effort-reward bargaining’, PRP schemes indicate that organisations recognise and respect the efforts of their workforce. Contingent payment ‘answer two fundamental reward management questions: what do we value, and what are we prepared to pay for?’ The successful implementation of this practice enables organisations to attract and retain high quality labour, to motivate employees to boost their performance and to create high levels of satisfaction deriving from the reward package. Contingent compensation is a matter of ‘equity and fairness’ - employees expect to receive more as a consequence of their additional efforts. Such schemes may involve extrinsic or monetary rewards or intrinsic rewards. There are many difficulties in achieving effective implementation of these schemes since money by itself may not lead to sustained motivation; or contingent payment schemes may result to problems if they are perceived to be unfair or badly managed; or difficulties since PRP is highly dependent on the judgement of managers which may be partial; or even barriers given that PRP schemes are highly depended on the existence of accurate methods of measuring performance which might not always exist. | Huselid (1995) MacDuffie (1995) Storey et al. (1997) Pfeffer (1998) Baethge et al (1999) Muller (1999) Kessler (2005) Armstrong (2006) Kersley et al. (2006) Boaden et al. (2008) Marchington & Wilkinson (2008) |
| 7 | Performance Review, Appraisal and Career | **General**: Common steps for a completed performance appraisal process usually include specifying the desired job performance, observing employee’s performance, providing feedback, setting goals as to what the employee should start doing, or be doing differently and then deciding about employees’ further training, reward, transfer, promotion, demotion or even termination. As an indispensable part of every organisation, appraisals have been identified as among the most critical HR | Cascio & Bernardin (1981) Storey et al. (1997) Muller (1999) |
### Development

practices since ‘organisations use appraisal ratings to make pay and promotion decisions, identify training and development needs and motivate employees’. They offer the opportunity to focus on activities and goals, to identify existing gaps and encourage better future performance. Appraisals and reviews can have positive influence on employees’ motivation given that they receive 360 feedback so to become aware of where they stand and search for ways to improve. Perhaps, employees may maintain a negative attitude towards these types of schemes, mainly due to their concerns that their salaries, their promotion/demotion and their destinies with the company will be based on their outcomes. Organisations should be cautious when attempting to implement such schemes as there are several barriers, such as the fact that procedures may be highly subjective to the appraisers’ judgment, may be too long and time consuming, the resistance from appraisees, the lack of commitment from top management or lack of commitment from appraisers, the shortage of necessary skills and the fact that appraisals may not be linked to financial rewards.

**Banking Sector:** Banks adopt systematic review procedures in order to identify employees’ lack of essential skills. These schemes enable banking managers to match employees to specific job positions. Within the banking sector, common practice is the use profile systems to evaluate the employees’ competencies and career evaluation paths are used to measure employees’ suitability for senior/managerial positions. The sophisticated use of this practice allows banks to maintain competent workforce and a reliable database for future reference both for filling vacancies and for development purposes. In this industry, assessment and appraisals practices are designed to evaluate employees’ performance against their past work targets and set new tasks targets for the future. Targets are set upon the job description and on employees’ main area of activity. These are as specific and quantitative as possible and are set after the agreement and discussion between the assessor and employee. Appraisals ensure that employees at all levels are assessed against banks’ basic parameters. As expected, banks design these assessment practices in such a way to improve simultaneously employees’ personal and professional development.

### Reduction of Status Differences / Harmonisation

**General:** Practices aiming at reducing status differentials convey the message that all employees, at all levels, are equally valued and treated in the same way. ‘Symbolic manifestations of egalitarianism are meant to convey messages to workers and lower grade office staff that they are valuable assets who deserve to be treated in a similar way to their more senior colleagues’. Actions enhancing this practice are the same uniform for all employees, a share canteen and common parking place, extending the employees ownership (all-employee share ownership scheme) or offering a consistent package of fringe benefits to all employees. Through such schemes ‘status differences are reduced and a sense of common fate is developed’. Activities around this notion seek to ‘break down artificial barriers between different groups of staff, thus encouraging and supporting team working and flexibility’. Due to the ‘sensitive’ nature of such practices, attention should be given when designing related policies since, on the one hand reduction of status symbols may enhance the commitment levels of low status employees, but on the other hand, a decrease in status differences may create dissatisfaction and lower the commitment of high status employees.

**Banking Sector:** Banks devote great efforts to promote harmonisation, since both sides (organisation - employees) are benefited from these practices. Reduction of status differences in the workplace implies greater coordination among organisational members, something that is crucial for the effective operation of banking institutions. Within the banking sector these practices are underpinned by the harmonisation of terms of employment such as holidays, sick-pay schemes, pensions, and working hours. Banks’ rules and regulations ensure equal treatment among all the members (i.e. pay raises, transportation...
schemes, bonus and rewards etc.). Furthermore, common practices adopted by the banks to facilitate the reduction of status differences are the joint meetings between managers and employees, the multiparty attendance of informative seminars, informal/formal meetings attended by all managerial or non-managerial members etc.

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<th>Work-Life Balance</th>
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| **General:** 'The top driver of commitment is senior management sincerely interested in employee well-being'. Work-life balance – a term used to determine the efforts done by organisations to establish balance between employees’ personal and organisational life- currently has a high public profile. 'The common premise is that work-life balance provisions are introduced to help employees reconcile what they want to do (care) with what they have to do (work)’. In essence, these schemes allow employers to behave in an employee-friendly manner whilst meeting business needs. Organisations should be aware of such considerations, since these may influence their workers’ private life (i.e. may take the form of stress, lack of communication within the private - family life etc.). In turn, these may inhibit employees’ motivation, reduce performance and increase absenteeism etc. 'Employees want the emotional and social elements of their lives to be as fulfilled at work as outside it, so employers are now offering more paternalistic services’. Current legal provisions governing work-life balance include annual leave, working time, parental leave, time-off for dependent care, maternity leave, paternity leave, adoption leave, right to request flexible working, detriment, part-time work, pay above the legal minimum and crèche facilities, all of them increasingly becoming a coherent package. The key issue in relation to work-life balance is ‘how to implement and operate those policies in practice, to create a positive and supportive culture, and to deliver the potential benefits they offer, both in terms of competitive performance and employee well-being’. Different organisations may adopt different forms of work-life balance provisions, ranking from emergency leave to unpaid leave for child’s first day of school, sports facilities, free food in canteens, gym membership, yoga classes, free bikes etc.

**Banking Sector:** Banks greatly concern for the workload assigned to the employees, the work pressures and deadlines that may affect them in their personal life. Research findings indicate that work-life balance policies within financial services are increasingly becoming widespread. This is mainly because successful ‘work-family policies not only deliver effective organisational outcomes, but also can be positive for worker well-being’. Banks and financial institutions opposed to the philosophy of taking work home for two major reasons: for security reasons and to avoid the overlap between home and work. Banks have realised the benefits of work-life balance, which may rank from higher productivity to increased employee morale, commitment and engagement. Apart from the most commonly adopted practices mentioned above, practices that underpin work-life balance within banks may be the paid study leaves, sabbaticals, secondments and increased financial support (subsidised insurance-loans). Such provisions are considered by the banks as a means for enhancing the feeling of solidarity within workplace and strengthening the relationships between employers and employees, since the latter feels that is respected and accounted, not only as an employee but also as an individual.

Source: Compiled by the author

* Table adopted, modified and advanced based on the results derived from the author’s previous related research - MSc Dissertation (Pavlou, 2007)
2.2.1 Bundles of HRM Practices: A Configurational View

While the importance of individual HR practices is undisputed, their isolated implementation may not have incredible effect. For this reason, there is also strong theoretical support for a ‘bundled’ approach. Authors such as MacDuffie (1995), Guest et al. (2004) and Kepes & Delery (2008) exemplify the idea of combinations of high commitment practices into bundles and argue that by integrating them into strategic formations they will work more effectively, thus producing better results.

The simultaneous operation of different HR practices signifies the importance of evaluating their output when they are merged together into a consistent bundle. For Boselie et al. (2005: p67), the notion of ‘HRM is conceptualised in terms of carefully designed combinations of such practices geared towards improving organisational effectiveness’. Here, efforts fall on the arrangement of HR practices so as to work coherently; reinforcing and supporting each other. This fit is known as establishing effective ‘clusters’ (Arthur, 1992), ‘bundles’(MacDuffie, 1995) or ‘systems’ (Delery & Doty, 1996) and is widely referred to a configurational approach.

The increasing understanding of how and why HRM as bundled practices may lead to sustained competitive advantage has motivated many authors to perform empirical research in this vein. One of the most important studies done include that of Arthur (1994) which reached the conclusion that a particular bundle of practices had a positive impact upon organisational performance. Also, the research carried out by Huselid (1995) exemplified how a set of thirteen high commitment HRM practices was significantly and positively associated to reduced levels of employees’ turnover and to increased profits.

Moreover, the study of MacDuffie (1995) concluded that bundles and not individual practices were responsible for higher performance. In more detail, the author carried out a research in 62 automotive assembly plants based on the assumption that the overlapping effect of multiple HR practices on performance is significant. The author confirmed that ‘innovative HR practices affect performance not individually; but as interrelated elements in an internally consistent HR bundle or system’ (MacDuffie, 1995: p217). Similarly, using data from CRANET, the study carried out by Stavrou & Brewster (2005) and later on by Stavrou et al. (2010) not only identified numerous
‘HRM bundles of competitive advantage’, but also illustrated how many of these bundles are significantly correlated with business performance. One of the authors’ main conclusions was that the use of strategic HRM bundles are increasingly used as a competitive tool within the context of Europe (Stavrour & Brewster, 2005: p197).

The main indications derived by the studies of Wood & De Menezes (1998), Roche (1999), and Kepes & Delery (2008) is that when high commitment practices are carefully integrated with each other forming coherent bundles, they will result in better outcomes rather than if these were implemented individually. This is also confirmed by Benson & Lawler (2003: p157) who explain the significance of evaluating practices as ‘complementary’ rather than following a traditional orientation of implementing standalone HR schemes. For example, illustrating the ‘additive’ nature of HR bundles, Marchington and Wilkinson (2005: p82) explain how employees are more likely to hail EIP within a status-free workplace alongside the strong presence of other related practices such as information sharing and transparent communication.

‘The more strategically minded system approach views HRM as an integrated and coherent bundle of mutually reinforcing practices’ (Boselie et al., 2005: p73)

Taking the idea of bundles one step further, Becker et al. (1997) and Delery (1998) provide a detailed exploration of the internal relationship between the different HRM activities that may take the form of ‘powerful connections or deadly combinations’. A positive synergistic effect describes a case were the combination of two or more HRM practices produce more positive effects than individual HR practices. On the contrary, a negative synergistic effect (i.e. ‘deadly’ combinations) occur in the case were HRM practices work against each other, suppressing each other’s effect.

Thus, despite the tempting idea of powerful connections, it is also important to consider the consequences when, under particular circumstances, HR practices become counterproductive. For example, it is possible that organisations’ plans for their employees’ development to be inhibited by weak schemes of recruitment and selection. This may happen since a low-quality recruitment and selection practices is expected to employ workers that may not be capable of meeting organisation’s expectations in the long run. Moreover, schemes for promoting teamwork spirit within an organisation may be cancelled out by the existence of individual-based incentive schemes. All these
scenarios may lead to ‘deadly’ combinations, which essentially challenge the ability of different HR practices to work together successfully.

2.2.2 The ‘Universal Model’: Critique

The universal model argues that ‘best practice’ HRM can and should be used within any organisation since certain HR practices have a universal effect (Wood & Albanese, 1995). These indications are highly supported from various authors who reach the conclusion that positive outcomes will yield by just ‘putting people first’. More specifically, as Pfeffer (1998: p34) concludes, ‘nothing in the available evidence suggests that the results are country specific, and in fact, the evidence shows that the results generalise quite well cross-nationally…the effects of high performance management practices are real, economically significant, and general’.

However, Boxall & Purcell (2000: p193) suggest that the decision for adopting ‘best practice’ HRM is not so straightforward. This is because in certain occasions different practices may be desired by employees at the shopfloor, but may be undesirable by the management due to their costly and expensive nature and vice versa. For example, as seen in the research carried out by Pavlou (2007), while the organisation and managerial levels favoured a potential implementation of PRP schemes and close monitoring measures of performance, employees were not willing to accept such practices. Thus, the attractiveness of ‘best practice’ HRM differs and greatly deviates from employee to employee and from organisation to organisation. This is also justified by the research of Kinnie et al. (2000) who explain how employees working in a call center (whose work is characterised as unpleasant and ordinary), are most likely to find more valuable practices such as EIP, information sharing, training and development rather than employees working within organisations employing such schemes at an everyday basis as a commonplace practice.

So, the assertions that adopting best practice HRM will always lead to a competitive advantage for all organisations have received criticisms (see Marchington & Grugulis, 2000). While recognising the value of searching for high commitment HRM, Purcell (1999) suggests that it is also important to be aware of when and where these bundles of ‘best’ practices are adopted, to comprehend the reasons why some organisations decide to adopt or not such practices and be able to appreciate how the different contextual
factors shape organisations’ HRM. The author expresses his concerns about this conception of HRM, explaining that ‘to claim that a bundle of best practice HRM is universally applicable leads us into a utopian cul-de-sac’ by ignoring momentous factors both internal and external the organisation (Purcell, 1999: p36). This conclusion has also been expressed by Pil & MacDuffie (1996: p450) who propose that ‘the decision to adopt high involvement work practices and the actual implementation of these practices are affected by a complex mix of factors’.

Summarising, the above section analysed the idea of ‘best practice’ HRM and the way that this model promotes the implementation of various HR practices into consistent bundles. The basic conception underpinning this philosophy is that there is a universal way of managing and one ‘best’ way for practicing HRM. Despite the criticisms this raises, it has attracted the interest of many authors who suggest that HR practices and their fit into bundles have the potential to yield positive outcomes for all organisations.

2.3 The ‘Contingency’ Approach

The de-contextualised concept of ‘best/ideal’ practices has led researchers to develop the idea that HRM should vary depending on the impact that different forces have on organisations. The conception in this philosophy is that HRM should be designed to manage people ‘across different jobs, workplaces, companies, industries, societies and cultures’ (Boxall et al., 2008: p4). Trying to come up with an alternative way of thinking, researchers reached the conclusion that ‘HR practices should and does vary between organisations depending on strategy and market conditions’ (Marchington & Wilkinson, 2005: p124) and that the success of any HR system is subject to different contextual features. This ‘fit/contingency’ approach resulted as an answer to the concerns raised by the universal position. The message expressed by this alternative ‘matching model’ is that the function of HRM will become more productive if practices are ‘designed to fit certain critical contingencies in the firms specific context’ (Boxall & Purcell, 2000: p189). This approach focuses on assessing the degree to which organisations achieve a successful ‘vertical alignment’ (Wright & McMahan, 1992) between HRM and their business strategy.
The contingency model follows the opposite direction from the universalistic one, suggesting that the context within which organisations operate will determine the way that HR practices will appear. This implies that HRM varies among different workplaces, and there is no ‘ideal’ set of universal practices (Donaldson, 2001). Rather, authors suggest that contextual forces such as the labour markets, technology, organisation size, employment systems, trade union presence, product markets and many other highly influence management’s decisions regarding HRM (Kitay & Marchington, 1996, Boxall & Purcell, 2008).

2.3.1 A Range of Forces Influencing HRM

Exploring this model, it is important to identify the key forces shaping the operation of HRM. First and most important, forces external to the organisation have strong effect on the way that organisations practice HRM. Of the most important is the impact of the different types of cultures. Without neglecting the concerns and criticisms of Hofstede’s propositions; such as the fact that his conceptualisation of culture is mostly seen as implicit, core, systematically causal and territorially unique (see McSweeney, 2002, Galit, 2008); some of his categories are adopted to explain how cultural characteristics may determine to a certain extent the way that organisations operate. As Hofstede (Hofstede, 1980, Hofstede & Bond, 1984, Hofstede, 1997, Hofstede, 1998) explains, culture can be analysed in different dimensions, some of them being the power distance, uncertainty avoidance and individualism versus collectivism orientation.

Managing within power distance culture for example, the expectation is to find high degree of centralisation of authority and a management style that tends to be more autocratic and paternalistic, while employees being more submissive, dependent and compliant to their managers (Black, 1999, 2005). In the opposite case of a low power distance culture, it is likely that organisations will adopt a more democratic and decentralised style of managing. Here, employees are expected to value equality and practices that enhance autonomy, trust and communication / information sharing. Also, organisations’ activities are affected by the degree of tolerance towards uncertainty. This means that organisations seek to minimise threats resulting from ambiguous situations and develop a management style that is mostly based on formal regulations. Moreover, organisations build-up steady and clear career paths and closely monitor deviant behaviours. On the other hand, organisations operating in a society stimulated
by ‘uncertain’ business challenges create a management style that is more flexible, risk-taking and easily adaptable to changes. Here, employees are expected to disfavor strict rules, authoritarian hierarchies and rigid job descriptions. Moreover, operating within an ‘individualistic’ culture, individual initiatives, sovereignty and personal financial safety and prosperity prevail over teamworking spirit and group loyalty (employees are more self-reliant and look for their own sake). On the contrary, in collectivist societies, social identity is built on the foundations of team spirit and group membership and as such, collective negotiations / decision making are considered superior to individual actions.

Beyond cultural factors, as seen in studies with international / comparative focus (e.g. Hall & Soskice, 2001, Batt & Hiroatsu, 2009) differences that exist between different economies can also have an influential role. This is because for organisations operating within a coordinated market economy (i.e. Scandinavian countries, northern Europe), the strong society frameworks and governmental intervention will regulate to a certain extent their relations with their various stakeholders. However, within liberal market economies (i.e. USA, UK), organisations’ activities are only slightly regulated by the government and are mostly dependent on the different market conditions (coordination occurs primarily through market mechanisms). Beyond that, examining the southern part of EU (see Section 5.2 for details), it is obvious how various distinctive contextual forces exercise pressures on the way that HRM operates.

Related to this, as articulated by Marchington & Wilkinson (2008), the way that different countries set-up and maintain their societal regime is also an important factor to consider. The significance of the different legal and monitoring systems should not be undermined, since they highly affect the way that HRM appears. For example, a voluntarist framework implies that law slightly ‘disturb’ the way that organisations carry out their activities, leaving them much space without interfering within their organisational practices (i.e. characterised by ‘legal absenteeism’ system). Yet, in other countries such as Germany, the ‘institutionally strong system’ (Marginson et al., 1993) and the strict employment-related laws and regulatory systems set limits in the way that organisations operate and significantly influence their activities and businesses.

Of equal importance here is also to consider the way that different IR systems at various countries may affect the operation of HRM in organisations (see Katz & Darbishire, 2000). As seen in the related literature, great variations regarding employment issues
and HRM practices (i.e. employee involvement and participation, voice, consultation, wage settlement etc.) are observed in the highly unionised environments of Ireland (Enderwick, 1986, Roche, 2001) as opposed to a low degree of collective bargaining and ‘union-aversion’ context such as USA (Kochan et al., 1986, Wheeler, 1993).

A further argument is that the financial systems in different countries play a central role. For example, in countries such as U.K., organisations’ financial objectives are oriented towards the short-term measures and indicators. This implies that employees working in such systems are expected to operate in a more ‘speedy’ and flexible manner to meet expectations. On the contrary, working in Germany for example, organisations give longer-term opportunities and are more future-oriented, thus allowing employees to reach their full potentials before measuring their performance.

Critical are also the different organisational factors that may have a powerful impact on the way that HRM appears within organisations. Firstly, an essential aspect to consider is the sector within which the economic activity takes place. It is obvious how different HR-related schemes may appear within private sector as opposed to the public sector. Likewise, it is clear how manufacturing firms producing tangible products may have different HR practices as compared with organisations offering services. Related to this, product market position is a significant factor to be considered. This is because competitive pressures and market positioning is a fundamental force that drives organisations’ activities. For example, in the case of a monopoly market (where no competition exist to exercise pressures), organisations can be innovative since they have the luxury of time and the advantage of flexibility to experiment different schemes. In contrast, in the case of competitive industries, it is commonplace that HR practices are highly shaped by the ‘norms’ of the specific industry. Equally, the financial position of organisations is believed to be a determining factor. This is because market leaders have the resources to invest in the development of an ‘all-inclusive’ HRM package, whereas for market followers and financially weaker organisations, advanced HRM schemes may be considered as a luxury (for details see the studies of Kochan et al., 1984, Cappelli, 1985, Marchington, 1990).

Finally, the degree of professionalisation (i.e. a grocery as compared to a consultancy firm), the size of organisation (small, medium, large firms), the organisations’ structure (i.e. highly centralised or decentralised structures) are also some major determinants
that highly influence the presence, quantity and quality of different HR practices. The conclusion is that all of the above variations ultimately exercise pressures and undoubtedly shape the way that HR practices are designed and implemented within different settings and organisations.

It should be obvious by now that there are more deep-seated concerns whether an ideal set of practices can always have a positive impact on all organisations. This becomes even more apparent when searching into the different forces that influence organisations to adopt a particular strategy for managing human resources. Looking into the ‘fundamentals’ of the contingency model, one can realise the reasons why organisations’ HRM may vary. Attempts to explore the nature of this model reach to the conclusion that HRM systems will be successful only when HR strategy is aligned with organisations’ stage of development, strategic orientation or management style (Gratton et al., 1999: p7). What this implies is that a start-up business adopts a different approach to HRM from a mature or decline organisation, or an organisation following a strategy of quality enhancement requires different HRM schemes as compared to an organisation seeking to adopt a cost-reduction strategy.

For example, looking into the life cycle models, a number of researchers (Sisson & Storey, 2000, Rutherford et al., 2003, Finegold & Frenkel, 2006, Boxall, 2008) apply business’ life cycle (i.e. start-up, growth, maturity and decline stages) models of strategy to HRM to illustrate why employers adopt different strategies at different stages. Moreover, looking into competitive advantage strategies (i.e. cost reduction, quality enhancement and innovation), the idea is that HR practices are designed in order to be supportive to firms’ competitive plans. The suggestion is that to attain an advantage, organisations need to achieve a close link between their competitive strategy and HRM-related activities (Schuler & Jackson, 1987, Youndt et al., 1996, Sanz-Valle et al., 1999, Sisson & Storey, 2000, Marchington et al., 2005). Appendix 3 provides a detailed analysis regarding the different forms/characteristics that HRM have depending on organisation’s life cycle stage, competitive strategy and strategic configuration.

### 2.3.2 Limitations of ‘Best Fit’ Models

Despite the fact that contingency frameworks have many positive attributes, there are also concerns to be examined. Marchington & Wilkinson (2008) identify some basic
shortcomings of this orientation. Firstly, ‘best fit’ is criticised due to its deterministic assumptions. The problem rests in the idea that it is possible to derive with a particular set of ‘tailored’ HR practices by simply evaluating the business strategy or competitive pressures of the firm. Yet, this raise several problems, as in reality, organisations may not have an obvious or distinct strategy (that could be categorised), thus making almost impossible to assert any correlation between HRM with business strategy.

Also, the proposition that different product market situations call for particular patterns of HR strategy raises some concerns. In reality, a single organisation may maintain businesses expanding to more than one market. Therefore, categorising distinct management strategies depending on unique market situations may be too risky to be assumed. This is because many times external factors may require adopting different types of HR strategies simultaneously. Also, an obvious shortcoming is that contingency models neglect the importance of the process of change. For example, while the idea of relating organisations’ life cycle stages with their HRM strategy is intriguing, this is done assuming a static background. Yet, it is much more difficult to draw a line and estimate the precise point were organisations move from one stage to another, thus making almost impossible to identify the exact time at which a new strategy is required.

A further concern arises given that organisations are not ‘the complete authors of their own HRM’ and do not have an absolute control. Issues such as barriers in the efforts to convert strategic intentions into actual implementations and the interests or pressures from social actors and institutional forces (i.e. employees, customers, trade unions, governmental bodies, regulatory systems etc.) are largely downplayed (Boxall & Purcell, 2008). Overall, these models are presented in an oversimplified manner, neglect the importance of dynamics and change processes; aspects that are necessary for gaining a real understanding of the relationship between HRM and its environment (Paauwe & Boselie, 2008: p170).

The conclusion is that simply focusing on a single factor and ignoring others influencing the practice of HRM lead to several criticisms. It is important to also recognise that different influences are equally worth evaluating and have in mind that within organisations, the nature, preference and status of different HR practices may vary across several departments, managers, employees and the type of work performed.
In summary, the contingency model assumes that HRM is a particular field of study rather than a distinct style of management and HRM should and does vary among different organisations. The value of this model lies in the fact that it enables us to understand the reasons why different firms adopt different HRM strategies.

2.4 The ‘HR Architecture’ Idea

To combat some of the above criticisms, several authors adopt an alternative way for analysing HRM, by focusing on the internal resources of organisations - the human capital. This ‘resource-based’ view is a counteractive approach to paradigms assuming that organisational productivity is influenced solely by external forces. This means that organisations seeking sources of competitive advantage should have an inward orientation, focusing on their employees’ competencies and intellectual capabilities (Allen & Wright, 2008: p89).

Initiating their arguments by recognising the fact that ‘differences in institutional settings affect the nature of HRM’, Paauwe & Boselie (2008) explain that the ‘outside-in’ orientation of contingency / best fit models has gradually shifted to an ‘inside-out’ focus. This orientation gives less attention to the outside organisational environment since its core implicit assumption is that the external context matters less than internal resources for creating sustained competitive advantage.

Two of the most influential authors in this area, Lepak & Snell (1999), explain that it is inappropriate to simplify the nature of this important asset called human capital. They argue that there is no ‘optimal’ HR bundle or a specific HRM strategy that would be adopted to manage all employees at all organisations. Rather, investments on HRM should be done according to the different types of workers employed within organisations. For the authors, this idea of ‘HR architecture’ assumes that HRM vary depending on the type of workers, as well as according to their occupational groups within which they belong.

Although there are some HR practices that resonate with every worker in the organisation, others might be appropriate to some, but not to other occupational groups. For example, while continuous training may be appropriate for employees working in
IT services, for other occupational groups such intensity may not be necessary. Similarly, appraisals are expected to be essential for professional workers who wait for internal promotions, whereas for administrative employees, who have minimum opportunities for advancement into a managerial position, such focus on appraisals may not be so crucial. In essence, this emphasises the importance of having an ‘HR architecture’ (Lepak & Snell, 1999), whereby different approaches and HR practices / bundles are targeted to different occupational groups always according to their distinct needs, responsibilities and roles. As Hutchinson & Purcell (2007: p9) nicely put it, ‘different types of employees have different needs and respond in different ways to HR policies, with the obvious logic of the need for different type of HR systems, including rewards and training, learning and development for different types of employees’.

2.4.1 **Human Capital: A Source of Competitive Advantage**

Wernefelt (1984), one of the founders of this model of HRM, as well as other authors (Barney, 1991, Conner, 1991, Wright et al., 1994, Boxall, 1996, Coff, 1997) articulate that collectively, human resources greatly influence organisational performance and have the potentials to offer a unique, non-replicable source of competitive advantage. These theorists working within this model seek to identify the way that organisations can best tailor their HR practices in order to manage their different types of workers. What Barney (2001) and Wright et al. (2001a) suggest is that this ‘human capital’ focus has now become an assumed paradigm within the area of SHRM. This paradigm has as an ultimate purpose to highlight how organisations’ capabilities flow from inside-out (Ulrich & Lake, 1990) and to illustrate the way that organisations can achieve success through their employees (Gratton et al., 1999, Boxall & Purcell, 2003).

This model is based on the belief that four firm-specific attributes are those which allow organisations to gain and sustain a competitive advantage. These are a) the value - i.e. having a distinct impact and making a valuable contribution, b) rarity - i.e. being scarce / in shortage in the market and not available to competitors, c) imperfect imitability - i.e. extremely difficult to be imitated since they are formed under unique historical conditions and d) a lack of substitutes - i.e. not easily substitutable by other equally or more effective resource.

‘It has been said that the most important assets of any important business walk out the door at the end of the day’ (Allen & Wright, 2008: p88)
Lepak & Snell (1999: p35) explain that resources are seen as ‘valuable when they enable a firm to enact strategies that improve efficiency and effectiveness, exploit market opportunities, and/or neutralise potential threats’. Similarly, Wright et al. (1994) suggest that the rarity in relation to human resources is often revealed through training and other related activities, whereby employees realise the scarcity of their possessed skills, making them valuable in their field. Moreover, the aspect of imitability is a complex one, since it is mostly realised through organisations’ internal labour markets, whereby employees gain firm’s specific competencies. Finally, the argument regarding non-sustainability is that human resources will never become substituted by technology or obsolete, especially through their potentials for continuous training and development.

As Boxall (1996) supplements, the process of creating value through human capital is so complex and unique that it makes it difficult to be copied by competitors. This will ultimately lead organisations to a sustained competitive advantage, by allowing the firms to learn and capitalise on new opportunities that may arise. For Lado & Wilson (1994) and Becker & Gerhart (1996), this is achieved by leveraging human capital’s discretionary efforts, positive attitudes and prosocial behaviours.

2.4.2 Concerns Regarding the ‘HR Architecture’ Idea

Despite accepting the above attributes as necessary for gaining competitive advantage, Purcell et al. (2003) explain that real success can only be achieved if certain conditions exist. For example, in order for human capital to be able to truly contribute to organisational success, organisations need to recruit and retain higher quality employees than those in competitive organisations. Beyond that, it is also necessary that organisations ensure, through different practices and constant investments, the continuous development of their employees. This however raises some concerns given that many organisations may not be able to do that; or they may even not have this orientation as a primary aim.

The most intensive criticisms arise from Priem & Butler (2001b) who, beyond their concerns whether or not human resources in reality meet the ‘core’ conditions offered by Barney (1991), they argue that such models do not actually represent a theory. The authors’ suggestion is that this ‘resource-based’ view is tautological in its definition of key constructs. This is because if and only if a company possesses unique, rare,
imitable, non-substitutable resources among the competition, these resources will lead to competitive advantage. The problem with this statement is that it requires definitional dependency, and thus, without this dependency- i.e. without valuable, rare, imitable and non-substitutable resources, then the statement that firms will gain a competitive advantage does not logically follow.

Another argument is that just like the contingency models appear to have limited focus on the internal and operational aspect, this philosophy neglects external forces. So, despite its usefulness in understanding the internal potentials of an organisation, it fails to recognise the social context from which the organisations draw their human capital. Therefore, one of the greatest criticisms against this orientation is its weakness in defining the boundaries and contexts in which it takes place.

Exercising harsh criticism, Priem & Butler (2001a) question if this approach is a critical aspect of strategic HRM and summarise all the related drawbacks in a very well documented article. Yet, Barney’s (2001) immediate response to the above criticisms seems to offer a convincing answer to all the concerns raised by the conservatives and opponents of this alternative way of analysing HRM. Even in the face of these concerns, there is a general consensus that this framework has an immense influence upon SHRM. This is because it allows to understand how internal resources have the potential to contribute to organisational success (Wright et al., 2001a, Allen & Wright, 2008).

Summarising, the extensive interest expressed by different authors for this particular conception denotes its significance for organisations and the academic community. Just like there is no universal / ideal bundle of HR practices for every organisation, there may be no one best set of HR practices for every employee. In essence, this way of analysing HRM best reflects organisational reality since much of the HRM-related research ‘may be over simplistic, ignoring the possibility that firms may engage in more than one type of employment mode and rely upon different HR configurations to manage different employee groups’ (Lepak & Snell, 1999: p45).
2.5 Summary and Conclusions

For exploring the ‘content’ of HRM, this chapter has adopted the notion of Strategic HRM. The cornerstone of SHRM is the establishment of effective associations between the strategic aims of the organisations and the different HRM policies and practices. As seen from the overall analysis, one way to achieve this is through horizontal integration of their practices (i.e. a ‘bundled’ approach) or vertical alignment between the business and the HR strategy.

Focusing on the idea of universal model of HRM, this is conceptualised as a particular way of managing and treats HRM as an entire system whereby it is the combination of HR practices (i.e. horizontal integrations) which mostly counts.

As also articulated, the notion of a ‘contingency approach’ describes a field of study whereby HRM depends on the contingent factors - vertical alignments / ‘outside-in’ approach. This strand is also known as ‘matching’ model, emphasising the links between strategy and specific HR practices (fit between organisational goals and HRM). The core belief is that HR practices should and does vary between organisations depending on a range of contextual forces.

The final philosophy examined is ‘HR Architecture’. This draws attention to human capital and concerns with the differentiation of different workers (focusing on internal resources - ‘inside-out’ orientation). The emphasis is on achieving a competitive advantage through the idea of ‘HR architecture’ and by ensuring internal resources which are characterised by value, rarity, imperfect imitability and lack of substitutes.

Figure 3: Components of Strategic Human Resource Management

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<th>Strategic Human Resource Management</th>
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<td><strong>Horizontal Integrations</strong></td>
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<td><strong>The Universal Model</strong></td>
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<td>Best Practice – High Commitment –</td>
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<td>interventions-practices)</td>
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<td><strong>Vertical Alignments</strong></td>
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<td><strong>The Contingency Approach</strong></td>
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<td>‘Inside-Out’</td>
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<td>‘HR Architecture’ Idea</td>
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Source: Compiled by the author
3 HRM as ‘Processes’ and ‘Perceptions’

3.1 Introduction

The previous chapter helped to understand how HRM may add value at the workplace. However, one of the most important shortcomings is that ‘much writing about HRM at the strategic level has tended to assume that the vertical and horizontal dimensions are sufficient’ (Gratton & Truss, 2003: p76). Apart from the work done by Purcell and his colleagues (Purcell et al., 2003, Kinnie et al., 2005, Purcell & Hutchinson, 2007, Purcell & Kinnie, 2008, Purcell et al., 2009) and some other studies (Truss, 2001, Bowen & Ostroff, 2004, Khilji & Wang, 2006, Boaden et al., 2008), a limitation of many previous investigations is that the focus has mostly concentrated on the ‘content’ of HRM.

Having evaluated the different domains of SHRM as a means to investigate HRM from the ‘content’ perspective, the focus now shifts to the ‘processes’ and ‘perceptions’ aspects. This is achieved by introducing the idea of Analytical HRM (AHRM). This concept is brought forward to combat the concerns raised by several authors (e.g. Wall & Wood, 2005, Wright et al., 2005) about the difficulties of trying to measure the presence of HR practices. This alternative way of analysing HRM enables us to overcome the problems that arise with the claims about causal mechanisms and the way that different HRM models claim to impact on performance.

According to Boxall et al. (2008: p4), accepting the fundamentals of AHRM, researchers are able ‘to identify and explain what happens in practice’. This is because, as seen in Table 3 below, this conception of HRM has a triple focus. Beyond trying to understand the nature of the various HRM policies and how these can develop invaluable capabilities to the workforce, it also highlights the key role of line managers for their successful implementation. Moreover, by following this concept, attention is given to the actual impact of HRM, not only as sought by the organisation and managers, but also from employees’ spectacles. Thus, the voice of employees is also accounted, since one of the fundamental aims of AHM is to ‘build’ those at the ‘receiving end’ (Gibb, 2001) into HRM, as well as to evaluate their verdict (Guest, 1999, Guest, 2002).
Table 3: Analytical HRM

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<th>Foundations of Analytical Approach to HRM</th>
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<tr>
<td>1. What the management does and why?</td>
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<td>2. How HRM processes work?</td>
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<td>3. For whom and how well?</td>
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Source: Compiled by the author / Information drawn from Boxall et al. (2008) & Delbridge (2011) propositions

3.2 From Intended towards Implemented HRM

The best way to initiate the discussion regarding the ‘processes’ aspect is to refer to the study done by Khilji & Wang (2006). Based on the belief that there is a failure from the researchers’ part ‘to distinguish between HR practices intended by the organisations and those actually implemented’ (Khilji & Wang, 2006: p1171), the authors make a contribution to the many methodological faults that exist in the literature about the link between HRM and performance. For the authors, one of these ‘flaws’ is the tendency to adopt a ‘single respondent’ approach. This means exploring HRM solely at the managerial levels and capturing only the intended HR policies, thus ignoring the actual implementations / practices at the workplace. By following this approach, the importance of employees’ experiences and perceptions is downplayed.

Khilji & Wang (2006: p1187) advise that ‘a mere imitation of HRM in the hopes of improving organisational performance creates no value’. On the contrary, it is fundamental that HR departments and managers to remain committed and supportive to the development of effective HRM policies by concentrating on their actual implementation. Essentially, to gain a real understanding of the complex correlations between HRM and performance, it is important to follow all the links from intention to implementation to perception.

‘Weak Links but Plausible Linkages’: Understanding the Linking Mechanisms

One of the most basic beliefs assumed is that the adoption of different HRM practices within the workplace will have as an ultimate outcome to enhance employees’ and organisation’s performance. While this seems to be a rational supposition, at a conceptual level this appears to be insufficient. This is due to the fact that the mediating
effects and the linking mechanisms have remained largely unexplored (Boselie et al., 2005: p77). Purcell & Kinnie (2008: p540) explain that in order to combat the fatal flaws related to HRM-performance relationship, attention should be given to the problem of underpinning theory. This is because, even in the case that associations between specific HR practices (individual or bundles) and performance (employee or organisational performance) are identified; still there is no clear reason and explanation why these happen.

‘…we have no evidence on the nature of any intermediary processes that need to occur to produce such relationships…Not for nothing is this referred to as the ‘HR black box’ (Purcell & Kinnie, 2008: p540)

Supplementary, as Guest (2008: p131) enlightens, ‘in practice, most of the research on HRM and performance has neglected what has been named as the ‘black box’ or the process whereby HRM affects performance’. The suggestion is that to claim a contribution to this ‘black box’, researchers, among others, should identify and study the importance of the causal chain. This means to determine the process by which HRM policies are transformed into real HR practices and justify how these practices associate with employees’ perceptions and their work-related attitudes; elements which are argued to be at the heart of this chain.

‘…the strongest argument concerning high involvement work systems and performance is that there is a link which is universal (applicable in all cases), direct (in that there is a clear and tight causal chain running from an HIWS to performance), one-way and unambiguous in respect of other possible outcomes…’ (Edwards & Wright, 2001: p580)

In an attempt to identify the main causal steps from intended HRM policies to implemented practices to performance outcomes, various models have been proposed. For example, Purcell & Kinnie (2008) introduced a path model consisting of five key features; the intended HR practices; actual HR practices; the perceived HR practices; the attitudinal outcomes; and the behavioural outcomes (Figure 4). The Authors’ model does not aim to illustrate all interconnections or to map in an absolute approach the way that HRM may be experienced by organisations and employees. Rather, its value lies in the fact it draws attention to the critical steps that are necessary to be achieved ‘if HRM is to have an understood performance outcome’ (Purcell & Kinnie, 2008: p541).
By adding a final aspect of organisation’s overall performance; and by also accounting the role of organisational culture; Marchington & Wilkinson (2008 - Figure 5) and Purcell et al. (2009 - Figure 6) accordingly have produced very similar models. In order to explain not only the ‘what’ and ‘why’, but also ‘how’ HRM is delivered, the authors identify the main causal steps that occur from intended HRM all the way through the end-point. Their ultimate aim is to ‘allow the attention to be focused on critical steps that have to be taken if HRM is to have a performance outcome’ (Purcell et al., 2009: p16).

All three models share similar assumptions about the links. Intended HRM policies are considered to be those that are designed by senior management as part of HR strategy and are targeted to the entire workforce. These policies are highly shaped by the values of the organisation and they also include the way work is organised. It is common for this information to be found within the organisations’ websites, directives or HR manuals (and sometimes may be also articulated through mission statements).
Implemented or actual practices indicate the practices which are applied usually by line managers (draws attention to how intended policies are put into effect / looking at the differences between the espoused and enactment of HR practices). In the perceived HR practices stage, focus falls on the way that employees perceive HR practices (i.e. the way in which HRM is viewed and experienced by ‘those in non-managerial roles or those lower down the hierarchy’).

Moreover, according to the authors, employees’ experiences and perceptions are likely to have an effect on their attitudes and behaviours. Workers’ attitudes (or attitudinal outcomes) mainly reflect the attitudes that employees maintain towards their job, their managers and organisation, whereas workers’ behaviours (or behavioural outcomes) represent the behaviours that flow from these attitudes, reflected in aspects such as absenteeism, labour turnover, sabotage or participation in industrial action. Finally, performance outcomes may be expressed as product quality and customer service, or at a more distal level, as effectiveness, profits and productivity (Marchington & Wilkinson, 2008: p124, Purcell & Kinnie, 2008: pp541-542, Purcell et al., 2009: pp16-17).

Figure 6: HR Causal Chain in the Organisational Context

The distinction between the intended and implemented HR practices draws attention to the gap between the espoused HR policies and their enactment. This brings line managers at the forefront, whose role and importance are thoroughly investigated throughout the subsequent section.

Source: Purcell et al. (2009: p15)
3.2.1 The Importance of Line Managers in Bringing Practices to Life

Reviewing the above causal models, it is obvious how line managers may affect, deliberately or not, the process of converting HRM policies into practice. Therefore, it is vital to explore the way that this particular group of employees have the potentials to positively or negatively affect this process and consider the reasons why line managers may (or may not) fail to follow the guidelines coming from the managerial layers.

Beyond that, it is widely accepted that ‘employee perceptions of HR practices are likely to be strongly shaped by how their managers apply these HR practices…’ (Purcell & Kinnie, 2008: p545). Consequently, having the role of the ‘mediator’ between formal policies/intentions and employees’ experiences/perceptions (Truss, 2001: p1139), line managers are investigated due to the impact and influence they have over employees.

Devolving HRM to the Line

In general, line managers are widely considered as those individuals being at the lower levels of the management hierarchy and are mainly responsible for managing day to day assignments rather than to be involved into strategic HR issues. They were always involved to a certain degree with HR-related activities since ‘they are after all closest to employees, having direct responsibility for managing them on a regular basis and being accountable for their performance’ (Purcell et al., 2009: p62). In the recent years, there is an apparent expansion of line managers’ duties and contribution to HRM. The reasons why organisations decide to enhance their role in relation to HR issues vary. Indeed, the relatively new focus on differentiating between the intended HR policies with the actual practices as experienced by employees revealed their pivotal role.

Nonetheless, line managers are also brought to the spotlight since they help the management to overcome several barriers. One of these for example is that HR specialists are considered to be ‘out of touch’ with the reality, promoting HR policies that are mostly theory-based. Thus, when it comes to put these policies into effect, problems and inconsistencies start to emerge. Another argument that promote line managers’ prominence is that HR departments are criticised to be unresponsive or most of the times their actions are characterised by lengthy, time-consuming preparations and slow decision-making process rather than instant and direct response. Purcell et al. (2009: p63) expand this argument, by suggesting that ‘there are also other factors at
play to explain this recent trend…Decentralisation of decision making, organisational restructuring, the growth of teamworking, pressure at costs and speedier decision making have all influenced devolvement to the line’.

By involving line managers, organisations aim to create a cost-effective, more spontaneous, accurate and reality-based approach to HRM. Therefore, line managers are continually encouraged to take up further HR responsibilities, as a result, several studies to conclude that, in alliance with the HR department/HR specialists, line managers absorb a significant amount of HR authorities and tasks (see for example the studies of Storey, 1992, Hutchinson & Wood, 1995, Hall & Torrington, 1998, Currie & Procter, 2001, Larsen & Brewster, 2003, Renwick, 2003, Nancy & Panayotopoulou, 2005).

As seen in Table 4, Marchington & Wilkinson (2008: p202) presents how HR-related responsibilities may be done by the HR department, by line managers, or the responsibilities are shared between them. However, looking the study of Francis & Keegan (2006) what seems to be the norm is that the HR department / specialists are highly involved in policy development, whereas line managers operationalise these and put managerial plans into effect.

Table 4: Responsibility for HRM

<table>
<thead>
<tr>
<th>Area of Work</th>
<th>Responsibility (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HR Department</td>
</tr>
<tr>
<td>Training</td>
<td>56</td>
</tr>
<tr>
<td>Administration</td>
<td>47</td>
</tr>
<tr>
<td>Equal Opportunities</td>
<td>43</td>
</tr>
<tr>
<td>Staffing</td>
<td>42</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>15</td>
</tr>
<tr>
<td>Performance Appraisal</td>
<td>14</td>
</tr>
</tbody>
</table>


In more detail, Hutchinson & Purcell (2003) advocate that line managers are highly involved with communication and information sharing, as well as with coaching, guidance and development of their subordinates. The suggestion is that line managers’ basic role is to manage day-to-day issues that arise at the workplace, so avoid channelling each and every employees’ incident to the HR department. Thus, aspects like absenteeism, employee’ motivation, tasks allocation and even the control of trivial disciplinary issues are most likely to be managed by the line managers.
Now, in alliance with the HR specialists, and with the necessary support, line managers may have the responsibility for implementing the policies that flow from the higher managerial levels. For example, they may be highly involved in employees’ appraisal procedures (i.e. HR department developing the appraising scheme/indicators to be used, establishing the procedure to be followed and line managers ensuring the implementation stage). Also, line managers may be involved in employees’ training and development (i.e. HR department offering guidance and line managers being responsible for the daily formal or informal on-the-job training of the employees). This kind of partnership may exist for several HRM aspects, such as activities related to employees’ involvement and participation (i.e. HR specialists designing the policies and line managers carrying out the actual team briefings, problem-solving, quality circles etc.), activities dealing with work-life balance (i.e. policies will be specified by HR department and implementation will be ensured by the line managers).

Overall, indications from the literature show that HRM departments and their members are mostly in charge of designing / developing the different HR policies and procedures to be followed. Alongside that, they are also responsible for guiding and supporting the line for a successful operationalisation. For Thornhill & Saunders (1998) and Renwick (2003), this support should not be undermined since is a ‘key’ ingredient facilitating line managers to effectively carry out their HR responsibilities.

While this collaboration between the two parties may appear as ‘trouble-free’, tensions arise since ‘the relationship between HR specialists and line managers is not a simple issue…indeed, it is a rather complex, ambiguous and dynamic one’ (Larsen & Brewster, 2003: p241). Concerning with this relationship, Nancy & Panayotopoulou (2005) exemplify the importance of this ‘partnership’, but at the same time discuss on the different barriers that need to be carefully evaluated for reaching a synergistic; mutually beneficial relationship. Based on their research findings, the authors draw a long list of obstacles that may arise both from HR specialist and line managers which are capable of blocking the success of this partnership (see Appendix 4 for details).

As Larsen & Brewster (2003: p229) state, ‘line managers have responsibility for HRM in their areas, but HR specialists have responsibility for HRM across the organisation. The balance of these responsibilities is a key issue in HRM’. Research suggest that a close cooperation between these two is expected to yield benefits for the parties
involved and consequently for organisations. This is because from the one side, the HR specialists will have the time focus mostly on strategic HR issues. On the other side, line managers will have greater authority and flexibility to understand and manage their subordinates; thus achieving a more effective climate at the workplace level (Hutchinson & Wood, 1995). The benefits of a strong partnership between HR specialists and line managers are also identified by Stavrou (2005: p116), who explains that this kind of shared involvement and alliance is a core ingredient for strengthening and ensuring good employee relations.

**Empowering Line Managers: Their Central Role for a Successful ‘Transformation’**

The general consensus is that line managers are now responsible for activities and issues that conventionally once were the ‘bread and butter’ of the HR department. Many advise that line managers’ prominence will be further highlighted as the field of HRM develops (Brewster & Larsen, 2000, Renwick, 2000, Caldwell, 2003). Consequently, in order for organisations to ensure that HRM policies are implemented consistently throughout different levels, it is vital to realise the importance of integrating line managers in this process.

This issue is considered by Armstrong (2006), who recognises that the success of the policies initiated by the HR specialists lies with line managers. For the author, while the ‘HR proposes, the line disposes’ (p97), meaning that eventually, line managers are those who will determine the degree to which HR practices will be effective or not. The same belief is also expressed by Hutchinson & Purcell (2003: pvii), who state that ‘the way in which they interpret and use the policies and practices designed by HR professionals has become an important determinant of the success or failure of those practices’.

‘The HR practices perceived or experienced by employees will, to a growing extent, be those delivered or enacted by line managers’ (Purcell & Hutchinson, 2007: p3)

Line managers are one of the most important ‘delivery mechanisms for HR policies’ (Storey, 1992). In handling HR issues, line managers unavoidably exercise a certain degree of discretion. If they decide to use their own discretion and initiative not to convert seniors’ intentions into actions, the consequence is that espoused policies will remain only in theory. Beyond their own discretion however, there are also other factors
that may influence the way that line managers carry out their HR responsibilities. One of these is organisations’ business and HRM strategy. As already seen, if a cost reduction strategy is adopted for example, then it is expected that financial restrictions will be applied, especially in HR-related activities. This implies that the design of the methods of delivery, the role of HRM function and the support provided to the line will be highly influenced.

Similarly, in the attempt to minimise expenditures, organisations are expected to proceed with restructurings and simplification of procedures, as a result line managers to be assigned greater responsibilities with less support. Rationally enough, such activities may be perceived by line managers as attempts to cut costs and not as a form of empowerment. Consequently, this will make them less willing to accept their new duties and to be reluctant get involved with HR-related tasks. Equally, if organisations adopt ‘innovative’ approaches, the way that line managers undertake HR-related activities will change significantly. For example, the role of line managers is expected to be different in a case where the focus falls at promoting self-managed teams, flexibility and employees’ initiatives as compared to a case of seeking to develop a traditional management style and a single service delivery HRM model.

Last, having highlighted that different employees exist in a single organisation, this unavoidably has some implications for the way that line managers exercise their responsibilities. Various occupational groups respond differently to diverse HR schemes, implying that policies and practices vary in their effect. Consequently, as Hutchinson & Purcell (2007: p9) explain, ‘distinction between groups of employees has a major impact…on the role of line managers’. This distinction between the varieties of groups of employees implies that different HRM policies and practices co-exist. Rationally enough, the effort to manage different types of employees (who possess different characteristics, skills and interests) may cause problems for line managers who are called to accommodate and effectively respond to all these contingencies, in addition to their ordinary responsibilities.

### 3.2.2 Barriers in the Process of Converting HRM Policies into Practices

Converting any HR policy / strategy into actual practice is a difficult task, and assumptions that HRM strategy will be implemented as initially intended without
deviations are too risky to be made. Despite organisations’ intentions, conflicts often arise within and between the different hierarchical layers, thus posing barriers for the development of a successful process for converting HRM policies into practice.

While there are many aspects that may restrain organisations to operationalise their intended plans, this study particularly focuses on how line managers may inhibit this process. Rejecting the assumption that all managers, at all levels and departments will uniformly follow a given strategy without any variations, the subsequent discussion illustrates how line managers, due to several reasons, may ‘block’ this process. Many studies have reached the conclusion that line managers may act as a barrier for the successful realisation of the desired HRM policies (e.g. Harris, 2001, Redman, 2001) and have also considered the several forces that may hinder line managers’ effectiveness (see McGovern et al., 1997, Hall & Torrington, 1998, Marchington, 2001, Larsen & Brewster, 2003, Whittaker & Marchington, 2003, Hutchinson & Purcell, 2007, Hutchinson & Purcell, 2010).

One of the major reasons for failure is that line managers may not be aligned with organisation’s goals and may not share management’s views. This may happen for several reasons. For example, as in Child & Partridge’s (1982) study, line managers were individuals who had been promoted from within the organisation. As the authors stated, this could create further tension as managers found themselves ‘caught between the opposing forces of management and the shopfloor’ (Child & Partridge, 1982: p8).

Beyond that, line managers often appear to be skeptical about managerial initiatives and unconvinced about the proposed strategy to be followed, thus choosing not to pursue seniors’ indications and proceed with their own preferred approach. This conflicting role that line managers may experience and the lack of shared beliefs push them towards a more distanced position away from the senior members.

Also, line managers’ efforts to operationalise HRM strategy may be undermined by their unwillingness to learn and the disdain of the work to be performed. The problem is that many times line managers consider themselves ‘capable by nature’, maintaining the belief that performing HRM tasks is a ‘mixture of common sense and experience’ (Marchington & Wilkinson, 2008: p206). This point is reinforced by the study of Cunningham & Hyman (1995) who note that many line managers do not take their role
very seriously, undervalue their given responsibilities and believe that HR-related skills are nothing more than simple logic and can be achieved through everyday practice.

A further concern relates to line managers’ competing priorities and work overload. As in the research of Whittaker & Marchington (2003), line managers experienced difficulties in ensuring that HR issues were given sufficient attention since they were ‘often being regarded as a poor second to other business goals’ (p258). Given that HRM responsibilities are seen as additional to their specified duties, combined with the fact that no reduction is made to their traditional responsibilities and that no extra rewards are given causes them to be reluctant to focus on their new HR tasks. Rather, as Bach (2005b) explains, line managers prefer to concentrate on their specified-agreed targets that will be used for their appraisals.

Gratton et al. (1999) also confirm that the greater the pressures and workload for line managers, the lower their emphasis is on their HR responsibilities. Similarly, Boaden et al. (2008) advanced this point by indicating that line managers, due to other priorities, are not able to focus on HR matters, something that lead them to feelings of frustration and self-disappointment. Even more obviously, in the research of Maxwell & Watson (2006), both HR specialists and line managers acknowledged that the most important holdback for line managers’ participation in HR-related activities was the high pressures resulting from their ordinary responsibilities.

The fact that line managers appear to be constantly busy has also implications for their involvement in HRM-related training. Organisations prefer to keep their managers working on their everyday duties, thus being reluctant to send them away for specialised training due to the related costs that may occur. Such indications are reinforced by the findings of Currie & Procter (2005) and Boaden et al. (2008) who identified that training budgets were kept to the minimum as a part of the overall HRM strategy. Thus, a common problem is that line managers lack specialist training and expertise. As others also suggest, this deficiency in HRM-related competencies are the most important reasons for poor performance (Cunningham & Hyman, 1995, McGovern et al., 1997, Hutchinson & Purcell, 2007).

Moreover, given that line managers many times are not aware or familiar with the HR schemes or regulations to be applied is a further barrier. This may happen due to lack of
support, poor communication and no guidance from the managerial levels. These are considered to be among those factors that ‘hold back’ line managers to be involved and be successful in their new role. Yet, the situation becomes even more complicated in cases where sufficient guidance is provided, but line managers decide to reject or ignore it. Preferring to follow their own approach, without any consultation, this leads to inconsistencies and divergent views. In turn, as the study of Maxwell & Watson (2006) also confirms, these perceptual differences between HR specialists and line managers can have serious consequences to employee’s and organisation’s performance.

All these issues presented above are identified and exemplified by Hutchinson & Purcell’s (2010) research within NHS. Concerning with line managers’ effectiveness in delivering HRM, the authors focused on identifying their role, their own reality and experiences. They established and explained the main factors inhibiting line managers’ ability to successfully deliver HRM. Heavy workload; role conflict; poor background HR skills and knowledge; inadequate training; pressures for focusing on short-term priorities; divided loyalties; competing priorities and lack of commitment to HR objectives combined with the lack of management’s support comprised a mix of factors suppressing the effectiveness of line managers in carrying out their HR role.

For Hutchinson & Purcell, these concerns are reinforced because many line managers were giving precedence to their clinical duties, leaving HR-related objectives low in their agenda; treating them as optional (since no formal or informal expectations were put upon line managers). As they identified, the role of line managers was enhanced, encompassing a diverse portfolio of HR-related duties. Yet, this new and extended role was developed in addition to their traditional one, without any alleviation of their traditional responsibilities. All these made line managers to feel ‘unsupported, isolated and overlooked as a vital group’ (Hutchinson & Purcell, 2010: p371).

Summarising, Section 3.2 has shifted focus from the ‘content’ to the ‘processes’ aspect of HRM. To achieve that, the causal models offered by particular authors have been scrutinised. As identified, an integral element of these models is the role of line managers. Their prominence is highlighted since variability in their behaviours / management style is found to cause variability in employees’ experiences and perceptions of the different HR practices (see McGovern et al., 1997, Hutchinson & Purcell, 2003, Hutchinson & Purcell, 2007). Yet, beyond the important role of this
group of employees in converting HRM policies into practices, it is fundamental to also
recognise the different barriers that may impede their effectiveness. These barriers
highly shape the approach that line managers decide to follow for achieving their HR
objectives. In turn, this approach greatly affects employees at the workplace who appear
to be at the most vulnerable, yet significant position.

3.3 The Workplace Reality: Employees’ Perceptions

The attention given to line managers is mainly because they spend much of their time
and work with employees, thus being able to exercise great influence in the way that they experience and perceive HRM. Given their significant role in implementing management’s plans, the following discussion explores the way employees’ perceptions are influenced by line managers’ actions. The aim is to reveal the ambiguities related to the ways by which organisations devolve their HR policies (McGovern, 1999: p134) and to discover the different ways that employees may perceive HRM (Guest, 2008: pp131-132).

‘…it is here that we start to go beyond the rhetorical level, which has been the focus of much of the ‘best practices’ literature, and ask what is really going on…’ (Truss, 2001: p1134)

The profound interest of organisations for allocating greater HR responsibilities to line managers call for reevaluating and measuring how effectively HRM is being delivered. One way to achieve this is by exploring how employees experience and perceive these HR-related activities. Assessing the degree to which HRM is adequately or inadequately practiced and contrasting the actual HR practices as opposed to the ideal models and rhetoric, Gibb (2001: p323) concludes that ‘the option of exploring the ‘experience’ of HRM systems and staff from the point of view of the people on the ‘receiving end’ seems to provide an alternative way of evaluating HRM’.

The importance of reestablishing the viewpoint and integrating the voice of non-managerial employees in the research is immense. For authors such as Clark et al. (1998) and Guest (1999), while this group of employees is considered to be ‘consumers’ of HRM, ‘their voice has been strangely muted’. The suggestion is that the views of these ‘recipients’ are imperative for gaining a better understanding of the HRM
phenomenon. For Wright & Boswell (2002: p269) ‘given that employee perceptions serve as the first link between HR practices and any outcomes, it seems important to better define the aspects of HR systems that might result in divergent perceptions’. Similarly, for Guest (1999: p21), ‘with the growing interest in research on the relationship between HRM and performance, it becomes even more important to reinstate the workers’ viewpoint’.

‘…study designs in which managerial reports of HR practices are linked to measures of organizational performance have not allowed for an examination of the ways in which individuals may experience and respond differentially to HR systems within organisations. Thus, empirical research that begins to explore the role of employees’ perceptions of HR practices in the causal chain is sorely needed’ (Nishii et al., 2008: p504)

In the spectrum of analytical HRM, and given that the literature review has reached the point that employees’ perceptions are to be examined, a reference to the notion of ‘climate’ can be used as an introduction. Being aware of the enormous literature and the deep-seated concerns regarding this concept (i.e. definitional problems, concerns about the dimensions that comprise the construct, level of analysis-measuring difficulties, antecedents and influential factors, types of climates, effects etc.), a short reference enables the reader to better realise the content and purpose of the following discussion.

This is because psychological climate is argued to be about ‘what people ‘see’ and report happening to them as they make sense of their environment…and is based on shared perceptions among employees within formal organisational units’ (Bowen & Ostroff, 2004: p205). For Schneider (2000), the term ‘psychological climate’ refers to experiences and perceptions regarding what is happening at the workplace level. Complementing this idea, Schneider et al. (1996) propose that these perceptions are likely to be different depending on the organisational objectives, on the management’s expectations, style of managing and on the different HRM policies and practices under which employees perform their tasks. In brief, as a concept, psychological climate is mostly focused on the way that employees ‘experience or perceive what happens in their daily work environment’ (Veld et al., 2010: p341).

Focused on employees’ perceptions, this concept has attracted many researchers who illustrated strong and mostly positive correlations between different types of climates and employees’ outcomes (see James & Jones, 1974, Schneider, 1975, Schneider &
Reichers, 1983, Joyce & Slocum, 1984, Brown & Leigh, 1996, Parker et al., 2003, Schulte et al., 2009). Accepting that climate is about employees’ shared perceptions of organisational policies, practices and procedures, researchers suggest that the HRM system plays a critical role in influencing these climate perceptions. Adopting Bowen and Ostroff’s (2004) arguments, this is because HRM constantly sends messages about the strategic goals and about the expected employees’ attitudes and behaviours. Building on their initial conclusion that strategic climates are expected to stimulate employees to act in a way supporting organisation’s strategic objectives (Ostroff & Bowen, 2000), the authors state that ‘this sense-making is relative to the goals the organisation pursues; how employees are to perform their daily activities; the management practices under which employees work; and the perceptions of the kinds of behaviors that management expects, supports, and rewards’ (Bowen & Ostroff, 2004: p205).

A recent study by Veld et al. (2010) examined employees’ perceptions and integrated this with organisational climate. Following a triangulated methodology and by focusing at the ward level, the authors examined the way that employees perceived the intended HRM strategic goals and if their perceptions generated the desired effects. Veld and colleagues followed this orientation based on the belief that differences exist between intended policies, implemented practices and employees’ perceptions. Through the use of strategic climate approach (i.e. trying to identify the role of HRM in communicating the strategic objectives) and following the process models of HRM (proposing that employees’ perceptions influence their attitudes, behaviours and performance), the authors’ main conclusion was that despite the intended goals and strategic HRM policy, perceptions about these goals and about the enacted HRM significantly differed across the ward level.

‘It is one thing to know what the strategic goals of the hospital are, and another to hear how employees experience the different strategic goals in their daily work at the ward level’ (Veld et al., 2010: p341)

3.3.1 Beyond Rhetoric: Hearing Employees’ Voice

Simply having in place high commitment HR practices does not guarantee they are implemented effectively. According to Guest (2011: p10), given that ‘the intended impact of HRM is on workers, and they are closer to the point of implementation, there
is a strong case for assuming that their views should be given more credibility’. What Edgar & Geare (2005) suggest is that the focus should fall at the actual implementation process in order to verify that the intended HR polices are converted into practices. The authors examined the degree to which ‘practices were practiced’, thus, measuring their effectiveness from employees’ perspective. Trying to investigate the link between HRM practices and employee attitudes, the authors reached the conclusion that in order to have accurate measurements, researchers must evaluate HRM as a whole. This can be achieved by exploring both the degree to which policies are converted into practices, as well as by examining existing practices by their perceived quality and not only by their quantity. The value of the study is seen in the fact that it brings to the surface ‘perceptual differences as to the strength of HRM practices and emphasises the importance of allowing employee voice in the research’ (Edgar & Geare, 2005: p534).

Examining the way by which employees perceive HRM activities, discrepancies emerge. This is because most of the time they will not perceive managerial attempts as the organisation initially planned. These indications are reinforced by the study of Khilji & Wang (2006) which, as argued previously, offers great insights regarding this point by making a clear distinction between the HR practices intended by the organisations and those actually implemented.

‘…195 interviews, 508 questionnaire responses and several company documents, support our expectation: implemented HRM may be substantially different from intended HRM; consistent implementation increases employee satisfaction with HRM, which is positively related to organisational performance…’ (Khilji & Wang, 2006: p1171)

The problem seems to be that ‘in essence, we have hitherto failed to explicitly recognise the many ways in which individuals and groups may experience and respond differentially to HR systems within organisations’ (Nishii & Wright, 2008: p226). What Bowen & Ostroff (2004: p206) highlight is that ‘all HRM practices communicate messages constantly and in unintended ways, and messages can be understood idiosyncratically, whereby two employees interpret the same practices differently’. According to several authors (e.g. Marchington et al., 1994, Boxall & Purcell, 2000) this means that trying to discover the way that employees perceive different HR activities, it is of major importance to always have in mind that perceptual differences exist both horizontally and vertically among organisational hierarchies.
Credence to the above statements are also provided by the recent study of Liao et al. (2009) who examine the disconnection between what organisations in general say they do as formal practices and what employees actually experience at the workplace. By differentiating these two levels (i.e. management’s versus employees’ perspectives), the authors revealed substantial differences. However, of the most important findings was the fact that Liao et al. (2009: p384) also discovered deviations at the employees’ level. As articulated, beyond the divergence from the management’s views, substantial variance was also identified among different groups of employees with different employment status.

As already identified, through the ‘HR architecture’ idea, some HR practices may be appropriate for certain employees but not for others, thus different employees to be subjected to different practices (Miles & Snow, 1984, Osterman, 1987, Lepak & Snell, 2002, see Melián-González & Verano-Tacoronte, 2006, Lepak et al., 2007). Based on these premises, Liao et al. (2009: p373) propose that variations in the implementation of different HR-schemes lead to employees’ different experiences and perceptions. As they explain, given that different HR practices may be applied for one group of employees and not for other, this inevitably leads to variability of experiences. Also, the authors suggest that even within the same group of employees, differences of perceptions may exist due to various reasons. For example, employees’ personal experiences throughout their career or the type of relationship maintained with managers and colleagues may be sufficient reasons for employees belonging in the same status group to develop different perceptions. Ultimately, Liao et al. (2009) emphasise that this lack of uniformity in employees’ perceptions unavoidably implies a ‘disconnection’ between management’s declarations and employees’ perceptions and experiences.

‘…empirical findings imply that HR practices may be implemented differently for employees, or at least that employees may perceive or experience differences in exposure to work practices’ (Liao et al., 2009: p374)

The main idea is that perceptions of employees in diverse jobs at different levels may vary. For example, while practices such as EIP, teamworking or flexibility may be considered as core for employees working in a particular department, for other employees in another department (with different tasks / job responsibilities) these may not be seen as so important. Similarly, divergences may also exist between different hierarchical layers. For example, practices such as extensive training and development,
high compensation and work-life balance provisions may be highly desirable by non-managerial employees. However, from the managerial point of view, these schemes may be seen as deriving extra costs and may be considered as ‘luxuries’ for the workforce.

The case seems to be that ‘employees may not always perceive the objective existence of certain practices as the organisation intends’ (Allen et al., 2003: p103) and their perceptions may not be in line with organisational objectives (see Guzzo & Noonan, 1994, Whitener, 2001, Gould-Williams & Davies, 2005). For example, despite any public statements from the management about EIP and involvement schemes, employees may hold the belief that these are just mere rhetoric, especially in cases that the organisation fails to act or acknowledge their own suggestions and contribution.

Also, despite the many attempts by organisations to implement a new, more flexible system offering equitable rewards based on performance, employees may oppose to any PRP system. This was the case in the research of Pavlou (2007) who identified that despite management’s aspirations, employees were cynical and valued such schemes as ground for bias and potential conflicts. What Nishii and colleagues (2008) would argue is that to be able to identify the meaning employees attach to these practices; and to understand the variability in their perceptions, attention should also be given on the attributions they make about the real purpose behind this HR scheme (i.e. to identify what employees believe about management’s intentions).

The issue raised by Legge (2005) between rhetoric and reality is also of great importance here. For example, the management may dictate investment on high levels of EIP and communication practices, but in reality, focus given on schemes facilitating related practices may be marginal. Similarly, management often declares that the organisation is strong supporter of quality training and development practices. Yet, by evaluating employees’ views, it is possible that training provided is judged to be irrelevant or not supportive for improving their competencies. Undoubtedly, such cases generate the belief that management’s declarations are just rhetoric, rarely converted into reality, something that negatively impacts on employees’ perceptions.

The above information is reinforced by the research carried out by Truss (2001) within Hewlett-Packard, who attempted to explore how different HR practices work. The
author identified that discrepancies may occur from the stage of the initial managerial intentions all the way to the point of the enactment of the HR practices. Considering for example the practice of training, employees suggested that despite the organisation was publicising training schemes as a written policy, factors such as workload pressures, conflicting priorities and management’s excessive responsibilities inhibited the successful implementation of any training programme. Moreover, even when training activities were taking place, these would be regarded by the majority of employees as not improving their competencies. This was mainly due to the low quality, ad-hoc nature and irrelevance that characterised training practices. Similarly, regarding appraisals, as the author explains, despite the increased weight allocated to these practices by the managerial members, their actual application was not perceived to be successful as they lacked sophistication and accuracy.

The study of Brewster et al. (1983) is useful here for the distinction between espoused and the operational policies. As the authors explain (pp63-64), the former term includes the set standards, proposals and objectives as stated by the top-level senior management; whereas the latter indicates the emphasis which managerial layers give on HR priorities as compared with priorities of other policies. The importance of this study lies in the fact that it illustrates how most of the times, the espoused policies are ignored or downgraded when confronted with conflicting pressures within firms. This has as a result the practice to be different from the theoretical policies. Consequently, these deviations that appear between espoused and operational HRM unavoidably affect employees’ perceptions and experiences at the workplace.

The preceding discussion illustrates that useful insights can be gained by exploring HRM from non-managerial employees’ standpoint. The problem seems to be that ‘although academics have strong theoretical views on which HR practices are important and how they might be combined together, it is rare for individuals to be asked how HR practices are experienced in their working lives’ (Boaden et al., 2008: p38). The above literature review reveals that it is central to evaluate both managerial members’ opinions and beliefs regarding HR policies and practices, but also to consider how workers, from their own perspective, experience and perceive the HR practices offered to them. Accordingly, there is the need to investigate the degree to which managers’ and workers’ views regarding HRM coincide or differ (Guest, 2001: p1099).
3.3.2 The Importance of Psychological Contract and Perceived Organisational Support

Trying to understand the association between how different HRM practices operate and employees’ experiences and perceptions, ideas can also be drawn from social exchange theory. This notion is based on the principles of reciprocity, whereby parties involved develop a mutual beneficial relationship. As Whitener et al. (1998: p515) explain, ‘in a social exchange one individual voluntarily provides a benefit to another, invoking an obligation of the other party to reciprocate by providing some benefit in return’. Among the many angles from which this concept can be examined, the following discussion focuses on exploring social exchange theory from the worker’s perspective. This can be achieved by looking the fundamentals of employees’ ‘psychological contract’, as well as their ‘Perceived Organisational Support’ (POS).

Schein (1978: p48) suggested that successful employment relationships can only be achieved by matching employees’ individual needs with those of the organisation. This, according to the author, is the definition of psychological contract - ‘a set of unwritten reciprocal expectations between an individual employee and the organisation’. Rousseau (1995: p9) defines psychological contract as ‘individual beliefs shaped by the organisation, regarding terms of exchange agreement between individuals and their organisation’, and as Robinson (1996: p575) supplements, this contract ‘emanate from perceived implicit or explicit promises by the employer’. In brief, psychological contract is considered to be a set of expectations which are influenced by a series of HR practices (Purcell et al., 2009: p80).

These practices ‘send strong messages to individuals regarding what the organisation expects of them and what they can expect in return’ (Rousseau, 1995: p162). What the idea of psychological contract basically argues is that in the attempt to simultaneously achieve organisational and individual goals, a type of ‘deal’ is developed from which both sides anticipate to be benefited. As Guest (2008: p133) explains, the provisions and obligations that this deal accommodates are mostly informal, and as such they greatly vary from the obligations that are clear and explicit deriving from the fixed employment contracts. Considering this unofficial agreement, Wright & Boswell (2002: p261) advise that its importance derives from the fact that these ‘contracts and related perceptions are perhaps best viewed as linking mechanisms between HR practices and individual
attitudes and behaviour’. This is because the experience of the HR practices is the main ingredient that helps employees to shape their perceptions.

Guest & Conway (2002b) highlight that psychological contract is highly shaped by a range of factors, some of the most influential being the different HR-related schemes that operate in the organisation. According to the authors, a positive psychological contract is expected to improve the levels of employees’ satisfaction and commitment (thus also having a positive impact on their performance). On the contrary, in a case of failure to meet employees’ expectations and a breach of this contract, this will have a negative impact upon both on employees’ perceptions and outcomes.

Mabey et al. (1998) and Wright & Boswell (2002) explain that the advantage of exploring the notion of psychological contract is that the emphasis shifts from the managerial levels and organisational statements to the individual level; focusing on the way by which employees perceive HRM. Besides, by exploring workers’ perceptions, insights can be derived about links between these perceptions and a range of employee outcomes. This is because the majority of studies concerned with the psychological contract illustrate a positive link that originate from employees’ positive experiences and perceptions. This link yields a positive state of the psychological contract, which in turn positively influences a variety of employees’ outcomes (see Guest, 2008).

Moreover, social exchange theory and the concept of psychological contract accommodate the notion of POS and the idea that employees maintain relationships with several parties within the organisation. As Aryee et al. (2002: p269) explain, POS focuses on describing the quality of the relationship between employees and their organisation ‘as indexed by employees’ perception of the extent to which their organisation cares about their welfare and values their contributions’. The work done by different authors (e.g. Eisenberger et al., 1986, Shore & Wayne, 1993, Eisenberger et al., 1997, Wayne et al., 1997, Rhoades & Eisenberger, 2002) illustrates the significance of POS for employees. The belief is that POS boost employees’ discretionary efforts by building and maintaining high levels of commitment towards their organisation. Employees with high levels of POS are also expected to develop a strong sense of obligation for pursuing organisational objectives.
According to Purcell et al. (2009: pp82-83), ‘this view suggests that employees form a global belief about the extent to which the organisation values their contributions and cares about their well-being’. Concerning with employees’ beliefs about their organisation, Kuvaas (2008) explored how employee–organisation relationships in a bank affected their perceptions about different HR practices and their levels of performance. Ultimately, the author reached the conclusion that a quality relationship between the organisation and its employees is required in order for developmental HRM activities to positively influence work performance.

The suggestion is that a positive POS, in alliance with favourable employment policies and practices, have the potential to positively influence employees’ attitudes and strengthen their trust in management, improve their satisfaction with their jobs and reinforce their organisational commitment and loyalty (see Whitener, 2001). Here, the main belief is nicely illustrated by Allen et al. (2003: p103) stating that ‘perceptions of the extent to which the organisation offers supportive HR practices are likely to influence employee attitudinal and behavioural responses’.

### 3.3.3 Employees’ Perceptions and Outcomes

Focusing attention at the workers level, and having identified how employees’ perceptions are fostered, it is also important to examine the way that these may influence their attitudes and behaviours. Many authors have explored how employees’ perceptions regarding HRM influence many outcomes, some of the most important being the levels of their job satisfaction (Boselie & Van der Wiele, 2002, Brown et al., 2008, Petrescu & Simmons, 2008), trust in management (Whitener, 1997, Whitener et al., 1998, Guest & Conway, 2001, Aryee et al., 2002, Sharkie, 2005, Denton, 2009, Sharkie, 2009) and loyalty (McCusker & Wolfman, 1998, Roehling et al., 2001, Hart & Thompson, 2007, Moutafi, 2008).

The reason for referring to these three particular outcomes is because, through the review of the literature, it was apparent that they are closely related. Quotes suggesting that ‘employees enjoying high levels of organisational commitment are more satisfied and motivated in their workplace’ (Westover et al., 2010: p375), that ‘the relative success of organisations has been tied to the of work satisfaction and organisational commitment (Westover et al., 2010: p375), that ‘a strong organisational
commitment...have consistently significant effects on job satisfaction’ (Ting, 1997: p326), or that ‘loyalty and trust represent the two sides of the same coin’ (Rosanas & Velilla, 2003: p56) create confidence for this argument.

For example, while the research carried out by McCusker & Wolfman (1998: p12) identified a close relation between loyalty and satisfaction, by suggesting that employees ‘who indicated an increase in their loyalty cited high levels of job satisfaction’, others have highlighted the relationship between loyalty and trust. In more detail, Haughey (1993), commenting on the relationship between trust and loyalty, suggests that employees cannot be loyal to those (i.e. colleagues, supervisors, managers, organisations) who do not trust them. Similarly, Rosanas & Velilla (2003: p56) have suggested that these two constructs are closely linked. This is because, in the context of the relationship between the trustor and trustee, the former devotes his/her trust to the latter, and the latter illustrates loyalty in order to honour the former’s trust. This becomes more obvious in the research of Matzler & Renzl (2006) who, exploring a set of different hypotheses, confirmed a strong link between employees’ trust, satisfaction and loyalty. Despite the concerns regarding the causality and the direction of this relationship between the different variables as exemplified by the authors (p1267), it seems rational for this study to accept that the three constructs of satisfaction-trust-loyalty are closely related and linked.

**HRM and Job Satisfaction**

Believed to be one of the most important aspects of the quality of work (Sekaran, 1989: p347, Brown et al., 2008: p239), job satisfaction has been a subject of interest for many years and is among the most commonly studied variables in the spectrum of organisational research (Spector, 1997). In general terms, job satisfaction is perceived as a multifaceted construct comprised by employees’ feelings about a range of intrinsic and extrinsic job elements (Rad & Yarmohammadian, 2006: pxii), concerning with the positive or negative evaluative judgments that employees make about their job or job situation (Weiss, 2002: p175).

The different HRM activities implemented and employees’ perceptions about these are believed to be among those factors that highly shape employees’ levels of job satisfaction. A range of HRM scholars have intensively attempted to explore the complex nature of the relationship that exist between HRM and job satisfaction (see
Cully et al., 1999, Boselie & Van der Wiele, 2002, Brown et al., 2008, Petrescu & Simmons, 2008). Data about this relationship produce a mixture of results, some suggesting positive, some negative and some no relationship.

For example, Cartwright & Holmes (2006) show that HRM policies and practices reverse employees’ cynicism and create a fulfilled and engaged workforce. Similarly, the research of Guest (2002) illustrates that different HRM practices and organisations’ efforts to build a ‘friendly’ climate were all positively linked with employees’ high levels of satisfaction. Parallel to these findings, Boselie et al. (2005) also identify that powerful bundles of HR practises under the ‘high involvement’ philosophy are associated with the high levels of employees’ job satisfaction. Moreover, investigating the association between HR practices and employees’ overall job satisfaction, Petrescu & Simmons (2008) confirm a statistically significant effect of the former over the latter (p655). Likewise, the research of Gu & Siu (2009) illustrated that different practices (i.e. training, support and encouragement, communication, recognition of employees’ input etc.) were ranked at the top places of those variables highly influencing employees’ job satisfaction.

Yet, beyond the above authors who adopt a more generic approach by examining HRM and job satisfaction, there are also those who chose to focus only on how particular practices impact upon employees’ satisfaction levels. For example, researchers like Lowry et al (2002), Schmidt (2007) and Rowden and colleagues (e.g. Rowden & Ahmad, 2000, Rowden, 2002, Rowden & Conine, 2005) have extensively illustrated how training, learning and development opportunities are essential ingredients to employees’ satisfaction. In similar vein, others illustrate that the implementation of various communication practices can have a significant effect on employees’ job satisfaction (Wheeless et al., 1983, Pincus, 1986, King et al., 1988, Ilozor et al., 2001, Navaie-Waliser et al., 2004, Carriere & Bourque, 2009). Moreover, EIP practices have also been highlighted for their importance in this particular area. Throughout the years, different studies have reached the conclusion that EIP schemes positively correlate not only with employees’ levels of job satisfaction, but also with other outcomes such as their performance and productivity (see Jackson, 1983, Miller & Monge, 1986, Spector, 1986, Wagner, 1994, Verma, 1995, Komal & Imran, 2008).
Employees’ Trust

As seen, beyond the many implications of social exchange theories, their importance is mainly highlighted due to their strong association with employees’ trust in management. Rousseau et al. (1998: p395), Ristig (2009: p659) and Whitener et al. (1998: p513) provide similar definitions about this important concept. In its simplest form, this notion refers to the willingness of one of the parties (the trustor - employees) to be vulnerable to the other party (i.e. trustee – supervisors/organisation). According to Doney et al. (1998), employees’ trust in management is fostered when employees perceive organisation’s initiatives as trustworthy and as promoting their employment interests while at the same time seeking a ‘joint benefit’.

What Guest & Conway (2001) and Reychav & Sharkie (2010) explain is that trust is associated with employees’ perceptions about the way that they have been treated by their immediate supervisors, managers or the organisation in general. The consensus is that trust, as an ‘organisational principle’ (McEvily et al., 2003), has a number of benefits for organisations. This is because it is argued to be the main predictor of different work-related outcomes (Dirks & Ferrin, 2002: p621, Zhang et al., 2008: p111).

The work done by Sharkie (2009) is one of the most helpful papers for understanding the way that trust is argued to be vital. The author argues that ‘trust in leadership is an important determinant affecting an employee’s willingness to perform above expectations for the benefit of organizational performance’ (Sharkie, 2009: p491). For Sharkie, trust is seen as a basic condition for creating supportive relationships, enhanced interaction and transparent communication within organisations. Similar to these beliefs are those of Kramer (1999) who suggests that a central effect of trust is the promotion of reciprocal beneficial relationships within organisations. For the author, this means that high levels of trust allow employees to be engaged in cooperative, altruistic, and extra-role behaviours, enhancing in this way their efforts for achieving communal tasks.

Dealing with this notion, a reference should be made to the distinction that many researchers make (e.g. Whitener, 1997, Masterson et al., 2000, Aryee et al., 2002). It is suggested that employees are involved in at least two social exchange relationships by differentiating between particular individuals (i.e. line managers / supervisors) and generalised representatives (i.e. executive leadership team / organisational authorities / organisation as a whole). Given that employees do make distinctions between
individuals and collectives / systems of authority. Dirks & Ferrin (2002: p615) explain that there is a deficiency in the literature, since most of the studies have concentrated in only one of these referents and therefore have failed to examine the way that employees differentiate between these two facets of trust.

Aryee et al. (2002: p268) suggest that ‘the focus on trust in supervisor provides only a limited understanding of how an organisation’s fair treatment of its employees is related to their work outcomes’. For the authors, the outcomes from a social exchange relationship may well derive in cases were organisations as a whole ensure high levels of trust, respect and fair treatment of the workforce. This belief is reinforced by Zhang et al. (2008: p113), who explain that ‘trust in an organisation is a global evaluation of an organisation’s trustworthiness as perceived by the employee…it is also the employee’s belief that the organisation will perform an action that is beneficial, or at least not detrimental to him or her’.

‘Finding suggests that employees can develop trust in specific individuals such as supervisor and generalised representatives such as the organisation’ (Aryee et al., 2002: p278)

**Loyalty**

Extensive focus on earning and sustaining employees’ loyalty has occurred due to the new employment deals and the altered nature of employment relationships, making different researchers and policy makers to ask whether or not employee loyalty indeed can make the difference in the workplace (Grosman, 1989, Pfeiffer, 1992, Haughey, 1997, Mele, 2001, Schrag, 2001, Hart & Thompson, 2007). In unstable and competitive business environments ‘engendering loyalty among employees is imperative’ (Duboff & Heaton, 1999: p8). This is because, as Foster et al. (2008: p423) highlight, ‘a loyal workforce can represent a source of differentiation and competitive advantage’.

Mainly, researchers have exemplified the important role of loyalty on employees’ individual performance and overall organisational effectiveness (Allen & Meyer, 1996, Mowday, 1998, Beck & Wilson, 2000). For example, employees’ loyalty has been considered as a ‘an important determinant of firm profitability’ (Yee et al., 2010: p116), has been significantly related to service quality (Wayne et al., 1997, Flynn, 2005) and has been related to employees’ intensified efforts (Meyer & Allen, 1997) that lead to improved levels of productivity, effectiveness and efficiency of operations (Moutafi,
Moreover, given that ‘the stakes of keeping workers continue to rise’ (Cole, 2000: p44) and that ‘high loyalty often indicates a willingness to stay with the organisations, through hard times as well as good times’ (Powers, 2000: p7), there is no wonder why great focus is given to this notion.

Loyalty is defined as ‘a person’s devotion or sentiment of attachment to a particular ‘object’ or ‘entity’, which may be another person or group of persons, an ideal, a duty, or a cause’ (Powers, 2000: p5). For Rosanas & Velilla (2003), loyalty is related to ‘identification’, meaning an identification with a particular entity or entities. For Schrag (2001: p45) this identification generates loyalty, allowing employees to ‘sink roots’ and foster feelings of devotion and affection. This leads employees to put the interests of the ‘object’ of loyalty above their own welfare and sacrifice their own wellbeing.

Beyond these suggestions, other authors have moved to explore what are these different entities or reasons that trigger employees’ loyalties. They propose that employees’ loyalty or commitment may have multiple ‘bases’ meaning that for different employees there are various sources / motives stimulating attachment and different ‘foci’, meaning that there are different entities / objects to which employees are attached or devoted to.

Indications through the literature suggest that the underlying foundations or the sources that motivate employees’ loyalty and devotion may vary depending on the employee. Trying to explain these ‘multiple bases’, authors suggest that employees’ loyalty may take the form of ‘compliance’ which is based on transactional foundations; ‘identification’ which is a relational loyalty or ‘internalization’ which is a loyalty developed due to value congruence (see O'Reilly & Chatman, 1986, Caldwell et al., 1990, Becker, 1992, Becker et al., 1996, HR-Focus, 2000, Mele, 2001, Hart & Thompson, 2007) (see Appendix 5 for details about the various bases/ forms of loyalty).

Beyond the different bases or forms of employee’s loyalty, the different ‘entities’ or ‘objects’ employees may develop a devotion have also received attention. Through her work dedicated to organisational commitment, Reichers (1985, 1986) explains that before drawing any conclusions and correlations, it is important to first define the ‘multiple foci’ or objects of devotion and determine the influence that these may have on employees. Despite the fact that employees’ loyalty is mostly investigated in relation to the organisation, for different authors there are different foci or ‘multiple
commitments at work’, including ‘co-workers, superiors, subordinates, customers, and other groups and individuals that collectively comprise the organisation’ (Reichers, 1985: p472), or entities such as trade unions, the division within employees’ work and their work group (Meyer & Allen, 1997). What Schrag (2001: p43) states is that employees’ loyalty should not be reduced to a single entity since, ‘an employee might be simultaneously involved in a complex of loyalties within an organisation’.

The importance of multiple bases and foci has also been exemplified by Becker (1992) who suggests that for a better understanding of employees’ devotion and commitment, there is the need to account for these two important related concepts. As the author explains, such focus challenges the conventional views regarding these notions, based on which employees are attached with their organisation in a broad and undefined sense. The belief is that researchers focusing on bases and foci other than the organisation will be in a better position to explain any variance and draw correlations between employees’ levels of commitment and other variables.

‘…an individual’s attitudinal commitment to a workplace cannot be adequately explained by commitment to the organization alone because the coalitional nature of organisations leads employee commitment to be multidimensional’ (Becker, 1992: p234)

Summarising, Section 3.3 has concentrated on those at the ‘receiving-end’. By focusing on employees’ perceptions, it is feasible to understand the reasons why organisational rhetoric deviates from workplace reality. In essence, the aim was to expose how, most of the times, managerial intentions disagree with non-managerial employees’ experiences and perceptions. The brief reference to the notions of psychological contract and POS enables to gain a deeper insight about the way that employees’ perceptions are created. Beyond that, for gaining a complete understanding of this particular group, information has also been provided about the way that employees’ own views and understanding of HRM influence some of their most important attitudes, such as their job satisfaction, trust and loyalty.
3.4 HRM and Performance Link: The ‘Holy Grail’

It is argued that by implementing a coherent system of HRM will positively influence employees’ attitudes, behaviours and performance. However, are these claims true? Absolute verification of such causal links is difficult. Despite the endless studies to prove HRM’s positive outcomes, the question still remains about the extent to which HR practices have a clear, straightforward and actual impact on employee and organisation’s performance. For Gratton et al. (1999: p10), ‘this is in part reflected the difficulty of measuring organisational performance, which can be measured at different levels, at different times and using different indicators; the difficulty of measuring the success of the human resource intervention and the difficulties in measuring the impact of an intervention over time’.

The search for the link between HRM and organisational performance (widely known as the HRM ‘Holy Grail’ or ‘the Black-box’) has been a great source for debates over the last two decades. Many researchers try to reveal a positive association between HRM activities and different aspects of performance. For example, trying to associate HRM strategy with performance outcomes, Guest et al. (2000) adopted a comprehensive set of HR practices. Yet, the concern is that even in the case that an organisation maintains a wide range of HR practices, this does not necessarily implies that they have been effectively applied, or that they have an actual impact upon workers.

Another research examining this link is West et al. (2002). This study attempts to demonstrate a strong association between particular HR practices (i.e. training and development, team working and performance reviews/appraisals) and patient mortality in hospitals. Despite the fact that the authors themselves recognise the difficulty in measuring how HRM is related to performance in hospitals (West et al., 2002: p1300), they decide to neglect measurements such as waiting times, complaints or financial outcomes and proceed with the risky conclusion that ‘this research has demonstrated strong links between HR practices and patient mortality’ (West et al., 2002: p1309). While the idea that HRM can save a life is an exciting proposition, more research is required to examine the underlying mechanisms responsible for such associations and explore the way that HRM could be related to mortality in hospitals.

Another research done by Guest et al. (2003) creates further confusion by indicating that, despite the expected positive links between HRM and performance, their results
were mainly negative. Stating the authors own words, their study ‘fails to provide any convincing indication that greater application of HRM is likely to result in improved corporate performance’ (p311). Beyond that, even when a strong correlation is identified, it is difficult to explain why this happens. This relates to the direction of the supposed causality and the ‘black box’ of HRM and performance. As Purcell et al. (2009: p8) comment on this, ‘we have no evidence on the nature of any intermediary processes that need to occur to produce such relationships’.

‘If an unambiguous causal connection can be established between HRM practices and organisational performance then it will have significant and positive implications for the subject…Unfortunately, this state of nirvana remains a long way off’ (Purcell & Kinnie, 2008: p533)

In essence, trying to solve the riddle and understand this ‘Holy Grail’, some of the most influential researchers in this field have adopted different techniques, developed diverse models and offered several explanations over the years (e.g. Huselid et al., 1997, Appelbaum et al., 2000, Purcell et al., 2003, Kinnie et al., 2005, Purcell & Hutchinson, 2007, Purcell & Kinnie, 2008). Perhaps, the quality of any contribution to this debate can be benefited by carefully reviewing some of the most important criticisms regarding the different ways that researchers attempt to explore HRM-performance link.

3.4.1 Raising Questions about the HRM-Performance Link

As any other aspect within the area of HRM, studies claiming associations between HRM and performance have not escaped criticisms. For the purpose of this study, the following analysis provides some of the most important methodological concerns. After that, the last section is dedicated to the concerns and different critiques deriving through the literature regarding the general concept of HRM.

One of the most basic concerns relates to the sources of information and the way that researchers collect their data. It is a common practice for researchers to contact a single participant (usually a senior HR manager) for gathering information about what practices exist in the workplace; about their effectiveness; the degree to which these cover all staff etc. According to Purcell et al. (2009: p5), this type of approach is ‘frightening’ and has several methodological flaws. One of the most important is that researchers take for granted that intended HR practices are implemented and perceived
in the exact same manner. Yet, as Gerhart et al. (2000) explain, and as already seen in the previous chapters, in studies where the opinions of multiple participants, from different layers are examined, deviations and discrepancies come to the surface.

Related to data collection flaws, a common problem identified in the attempt to measure HRM and performance is the known ‘lag effect’. This means that researchers often fail to account for the period needed in order for HR practices to impact on performance, as a result to have a ‘post predictive’ approach since it measures HR practices after the performance (Wright et al., 2005: p412). For example, despite the value of West et al. (2002) paper, it can be used to illustrate this point. Having talked about the authors’ attempt to draw causality between HRM and mortality rates, a further criticism is the fact that ‘data were collected on the basis of what was available’ (West et al., 2002: p1308), thus raising questions about the accuracy and usefulness of the final outcomes. Even more important than that, the particular research suffers from the ‘post predictive’ flaw, given that data on performance were collected in 1998-1999, whereas the data related to HRM were collected in mid-1999 - end of 2000.

Marchington & Wilkinson (2008: p129) raise an additional issue by suggesting that even if researchers are able to secure information from HR-related database, difficulties still exist. This is because certain employees’ outcome measures may seem straightforward to quantify, but complexities appear when interpreting them. For example, regarding labour turnover, the surface belief would be that a low figure signifies an advantage for the organisation. Yet, looking behind the figure, this may not be a result of a premium workplace and employment conditions. Rather, it could be a signal that the work at the particular organisation is not so demanding, may be easy and pleasant, as a result employees are less willing to give up such an ‘opportunity’. Similarly, a low figure of absenteeism does not necessarily imply a workforce that would do anything to always be at the workplace. Perhaps, this may be due to employees’ fear of taking days off, or even because their excessive workload makes it impossible to be absent from work.

The complication is multifaceted since concerns also exist about the proxies used to measure performance. While the adoption of more objective techniques (i.e. evaluating profitability numbers, financial statements etc.) may be encouraging, Boselie et al. (2005: p75) are concerned that such indicators may be far too distal from HRM’s real
impact. Similarly, as Purcell & Kinnie (2008) summarise, these measures are not linked with and are not close to employees’ individual efforts. Even more important, these figures cannot adequately explain the ‘why’ or the ‘how’ HRM have an impact. Also, further dangers arise by accepting financial figures for explaining the HRM-performance link. This is because the assumption made is that profitability is the end-goal of HRM, taking for granted that organisations’ only aim is to structure their HRM systems in such a way so as to maximise financial outcomes (Purcell et al., 2009: p5).

A further concern relates to the lack of consistency about the various HR practices that are included in the bundle. There is little or no consensus regarding the ‘list’ of practices used to explore HRM and organisational performance. Actually, different authors (e.g. Patterson et al., 1997, Wood & De Menezes, 1998, Boselie et al., 2005, Hyde et al., 2006) introduce different HR practices as the ones that really matter. Even in the case of studies including a strong theoretical model underpinning their approach (e.g. the studies of Huselid, 1995, Patterson et al., 1997), still it is not clear why decisions are made to include or exclude particular practices. Similar to the variation that exist regarding the list of practices, confusion also exist to the proxies used to measure high commitment HRM since different studies assume different proxies for measurement.

Overall, as Wright & Gardner (2004: p312) summarise, concerns are apparent regarding this HRM-performance link since, despite the accumulated body of research and empirical evidence, ‘there is no consensus regarding which practices constitute a theoretically complete set of HR practices; how to conceptualise these practices; the relevance of business strategy; the appropriate level of analysis; or how HR-performance and firm performance are to be measured’.

### 3.4.2 Critical Perspectives on HRM

Before concluding the literature review part, this last section is dedicated to the most critical voices in this field. HRM is now commonly ‘recognised and practiced as a fundamental part of business and is the subject of a huge academic and practitioner research literature’ (Kaufman, 2008: p41). Yet, the evolution of this concept is not without criticisms. In general, concerns related to the idea of HRM are often expressed through statements such as ‘HRM promise more than it can deliver, thus being all ‘hype
and hope’, or that ‘it is a concept quite optimistic but ambiguous’ and that it is a ‘normative vision’ moving along the lines of rhetoric rather focusing on reality.

Beyond that however, there are more ‘harsh’ arguments against this concept. In particular, there are great disagreements as to what the real aims of HRM are. These uncertainties mainly derive from the ‘willing slaves’ element (Scott, 1994, Bunting, 2000) and the potential manipulative nature of HRM, ‘trying to shape and profile human behaviour at work’ (Storey, 2007: p5). What Willmott (1993) explains is that HRM appears to work as a form of ‘insidious control by compliance’. This is because, according to the author, it promotes the idea that organisations should do what it takes in order to develop a committed pool of employees that will be able to perform and accomplish organisations’ plans. For critics of HRM, this ultimately implies that HRM only seems to advocate mutuality, but in reality, the actual aim is to extract the maximum efforts from the workforce and exploit employees.

Some of these considerations are articulated by Winstanley and Woodall (2000: p279) who argue that there is a ‘contradictory position of capital and labour relations’. For the more ‘suspicious’ ones, this implies that the any empowerment of employees is just a form of deception. This issue is considered also by Keenoy (1990), who suggests that the efforts of the management to promote a soft approach may just be a ‘wolf in sheep’s clothing’. Thus, HRM may be just ‘an iron fist in a velvet glove’, seeking to manipulate employees, to encourage them to perform and carry out additional tasks and to manage the workforce adopting a ‘softer’, a more deceptive approach.

‘A criticism of HRM is that it is a form of deceit, promising one thing and delivering another, using subtle approaches to incorporate workers into an organisational way of thinking and in effect brainwashing them to become ‘willing slave’ (Guest, 2008: p141)

Similar to the above concerns, Waring and Lewer (2004) explain how management struggle to establish a balance between achieving organisation’s financial interests while treating/managing employees in a fair and ethical approach. For many authors (e.g. Crowther, 2004, Pinnington et al., 2007), this ‘magic balance’ is impossible to be achieved. Ultimately, the question here is whether organisations are ready and willing to embrace the well-being not only for their workforce, but also the interest of their wider environment and stakeholders at the expense of their own profitability figures.
Moreover, the idea of utilising employees through HR practices feed critics who value HRM as a way of exercising management control, planned to ‘entangle’ employees more deeply in their organisation without the appropriate rewards. Radicals suggest that HRM is associated with intensification of work, since one of the key aims of HRM is to improve levels of performance. For Green (2001), this improved performance can only be achieved if employees’ efforts are intensive and if workers are forced, by one way or another, to work harder and increase productivity. Related to this point, critics find support for such claims using the results of different studies which indicate an association between greater experience of high commitment HRM activities and employees’ burnout (see Kroon et al., 2009) or higher levels of work-related stress (see Ramsay et al., 2000, Guest & Conway, 2002a, Guest & Conway, 2004).

Summarising, beyond the many issues identified throughout the previous chapters about the causal links, Section 3.4 focused on the concerns that need to be carefully considered in the road for exploring the ‘Holy Grail’ of HRM. Adopting a more critical line, this section not only exemplified the problems and complexities surrounding the HRM-performance relationship, but also reviewed the wider notion of HRM from critics’ perspective. The belief is that, having in mind the arguments made in this section, researchers can take a more informed decision how to explore these essential issues and the way to avoid essential pitfalls and criticisms.

3.5 Summarising Literature Review

Following the same sequence as the research questions, literature review was divided into three broad areas. Initially the emphasis was on discovering the key ideas and definitions of HRM. Adopting the notion of Strategic HRM for investigating HRM from the ‘content’ perspective (research question 1), the initial aim was to explore the way that various HRM policies and practices can be merged together for producing the best possible outcomes. This can be achieved horizontally, emphasising the integration of HR practices into bundles (‘universal model’) or vertically, signifying the alignment of HRM strategies with business strategy (‘contingency approach’), as well as the effort to design and link HR practices in accordance to the unique characteristics of organisations’ workforce (‘HR architecture idea’).
After understanding the foundational HRM concepts related to this research, the subsequent focus area (research question 2) investigated HRM from the ‘processes’ perspective. The effort was to explore the way that HRM moves from managerial layers downwards to the shopfloor level. For this reason, the idea of Analytical HRM was considered. This notion was adopted due to the fact that it moves away from the declarations and theory and seeks to identify what happens in reality. In the course of evaluating HRM from the ‘processes’ angle and to see how intentions (policies) are converted into implementations (practices), an integral part was also the consideration of the significant role that line managers have and to review the opportunities and dangers that arise by evolving HRM to the line.

The third and final focus area (research question 3) concerned with HRM as ‘perceptions’ by employees. Referring to the idea of ‘psychological climate’ and suggesting that exploring HRM from employees’ standpoint offers an alternative approach for measuring what is really going on, the focus was on discovering the way that HRM is experienced and perceived by those at the ‘receiving end’.

Finally, moving away from positive comments, the last section of the literature review concentrated on some of the major concerns related to the attempts made by several researchers to establish a correlation between HRM and performance. The final part briefly examined the idea of HRM from the critics’ perspectives, thus providing some of the most powerful criticisms adopted against this notion.
PART THREE

RESEARCH METHODS / METHODOLOGICAL ARGUMENTS
4 Research Design and Methodology

4.1 Introduction

The following chapter aims to give the reader an overall understanding of the issues related to the design and methodology adopted throughout this research. The discussion begins with a brief reference to the study’s foundations regarding knowledge development. After that, information is provided about the procedures followed to achieve the overall project; as well as insights about the participants and way of sample selection. The chapter then moves to explain the methods implemented for data collection / analysis and ends with justifications for the most important decisions about methodology.

4.2 Theory Development and Knowledge Building: Between Deduction and Induction

The methodology to theory development in the research process, or as Cooper & Emory (1995: p26) refers to it, the ‘thought process and reasoning’, is one of the most basic issues to consider before entering into any methodological-related discussions. Traditionally, this ‘knowledge development’ process is considered to be either deductive or inductive (Bryman & Bell, 2007, Crowther & Lancaster, 2009, Ghauri & Grønhaug, 2010).

By deduction, conclusions are drawn based on ‘logical reasoning’, meaning that inferences necessarily follow from a specified set of premises / hypotheses. Researchers build-deduce these hypotheses from existing knowledge which will be empirically tested; with the ultimate purpose to be falsified or not (emphasis is on testing and verifying). Following this approach, theory and hypotheses come first and guide the rest of the research process. It is suggested that deduction most of the times requires and best utilises quantitative information / associated with quantitative paradigm (Ghauri & Grønhaug, 2010: p15). This is mainly because it is verification-oriented, based on a hypothetico-deductive approach which focuses on result and favors controlled measurement.
On the contrary, inductivism is believed to be ‘better suited to the use and interpretation of qualitative data’ (Crowther & Lancaster, 2009: p32). Based on this orientation, research initiates from observation, and then moves to theory building (findings) in order to incorporate these findings back to literature/knowledge. Ultimately, the aim is to provide improved explanations and advance existing theories. Basically, inductive research draws conclusions from empirical observations. For Cooper & Emory (1995: p27) ‘to induce is to draw a conclusion from one or more particular facts or pieces of evidences. The conclusion explains the facts, and the facts support the conclusion’.

‘To put it crudely, whereas deduction entails a process in which theory leads to observations/findings, with induction the connection is reversed and observations/findings lead to a theory’ (Bryman & Bell, 2007: p14).

This orientation is usually associated with the qualitative paradigm as it accepts a dynamic reality; allows more flexibility / uncontrolled observation and measurement in natural settings and does not demand the statement of any hypotheses. ‘On the contrary, we can build our theories based on our observations thereby allowing a problem or issue to be studied or approached in several possible ways with alternative explanations of what is going on’ (Crowther & Lancaster, 2009: p31).

However, distinguishing yourself as pure deductivist or inductivist is not so straightforward. The belief is that all pieces of work contain elements that derive from theory / prior knowledge; but at the same time seek to develop new ideas or advance existing ones. Consequently, just like in this thesis, it is not a simple ‘either or’ decision, since elements from both orientations are integrated. For example, while no detailed statistical-oriented hypotheses were stated for this project, expectations were present based on existing indications in the related literature. Similarly, the overall research process and methodology adopted was largely guided by prior research paradigms, building on their strengths and avoiding their shortcomings.

As seen later in this chapter, a qualitative case study methodology which incorporated various methods for gathering, analysing and disseminating information was implemented. Yet, while moving (for the most part) within the qualitative paradigm, this does not necessarily imply that the current study adopted what Silverman (2010) calls an ‘unfocused’; ‘simplistic inductivism’. On the contrary, the well-formulated research design and the strict procedures followed ensured that the researcher would not
just ‘hang out’; hoping that ‘the meaning would emerge by itself from the in-depth exposure to the field’ (Silverman, 2010: p84). Moreover, Silverman would argue that the initial comprehensive / broad focus of this research (that characterises inductivism) and the extensive coverage of the literature is vulnerable to what he calls the ‘kitchen sink’ approach. On the contrary, this breadth of information enabled to set and understand the theoretical framework and ‘zoom in’ to particular issues that have remained largely unexplored. Ultimately, by merging elements from the two ends of deduction and induction it was feasible to follow a prudent approach which was best suited to the needs of the particular project.

4.3 Research Design, Justification and Procedures Followed

Research design is about the ‘blueprint’ of research (Philiber et al., 1980) and should be seen as the plan that guides the researcher throughout the process of collecting, analysing and interpreting information (Nachmias & Nachmias, 1992). Yin (2009: p26) refers to this process as ‘the logical plan for getting from here to there, where here may be defined as the initial set of questions to be answered and there is some set of conclusions about these questions’. The fundamental aim of research design is to make sure that all the information collected is closely related to the initial research questions.

This project addressed its objectives through triangulations at all levels; incorporating multiple sources of information, involving participants from various levels and implementing mixed methodologies to data collection / analysis techniques. In brief, initially, the research moved within the qualitative paradigm through the use of semi-structured interviews. This was done in order to gain a deep understanding of ‘how’ and ‘why’ participants’ perspectives occur. Additionally, through the semi-structured interviews, rich information about the feelings of the respondents was secured. Thus, primarily the aim was to discover the meanings and develop ideas through induction from data by the use of relatively small samples and in-depth investigation.

After gaining a deep understanding of the ‘organisational setting’ regarding HRM, as well as comprehending the way by which intended HRM was implemented, the focus concentrated on non-managerial employees. For capturing their experiences and perceptions about HRM, beyond interviews, the aim was also to proceed with a more
‘structured’ orientation by allocating questionnaires to a large number of employees as a means to reinforce findings. Hence, at this point there was a ‘shift’ from qualitative to quantitative orientation, following a more structured methodology and by maintaining a more ‘distanced’ stance. In combination with the interviews, the fixed responses and larger sample allowed drawing some analytic conclusions.

Regarding the overall process of completing the research, Table 5 outlines all the phases followed prior, during and after the fieldwork. Before commencing fieldwork, the aim was to have a clear theoretical understanding of the related notions, as well as to secure well-defined research objectives, research design, data collection and data analysis techniques underpinned by theoretical knowledge. After building the fundamentals of the research, the next step was to negotiate access with the case study organisation, and to start gathering information regarding the issues under investigation. Fieldwork started with interviews at the managerial levels of the bank in order to explore the intentions of the senior HR managers, as well as to discover how these were implemented by line managers.

After that, the data collection moved to evaluate how non-managerial employees perceived HRM as a whole. In the attempt to reinforce findings in relation to employees’ perceptions (and prove or disprove information collected through the interviews), questionnaires were administered to a large number of employees. Subsequent to data collection phase, the method of qualitative data matrices was used to analyse the information gathered. The next phase of the research focused on providing discussion and justification about the key indications as a means to relate, compare and develop these in respect to the information and propositions found in the literature. The last stages were dedicated to elaborating the key conclusions, limitations, propositions for further research and contributions of the overall study.

Table 5: Study’s Action Plan – Procedures Followed

<table>
<thead>
<tr>
<th>Phase</th>
<th>Procedure</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>Reading literature and formulating objectives</td>
<td>To gain comprehensive knowledge on research-related skills – To prepare methodological approaches – research design</td>
</tr>
<tr>
<td>Phase 2</td>
<td>Negotiate access with case study organisation - Meet University’s ethical standards</td>
<td>To secure access with case study organisation for carrying out the necessary research activities</td>
</tr>
<tr>
<td>Phase</td>
<td>Activity</td>
<td>Objective</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Phase 3</td>
<td>Pre-meetings with ‘key contacts’, attendance to Cypriot HRM conferences, evaluation of information from Cypriot literature / Cypriot HRM-related professional bodies</td>
<td>To explore the basic related issues before entering the fieldwork and to gain a broad idea about HRM as it appears in the Cyprus context</td>
</tr>
<tr>
<td>Phase 4</td>
<td>Inspection and evaluation of secondary data before entering the fieldwork</td>
<td>To gain a synopsis of organisation’s basic HRM policies, practices and other HR-related schemes</td>
</tr>
<tr>
<td>Phase 5</td>
<td>Preparation of research tools and instruments</td>
<td>To produce interview guidelines and survey design that would allow rich and trustworthy data collection</td>
</tr>
</tbody>
</table>

**During-Fieldwork Procedures**

<table>
<thead>
<tr>
<th>Phase 6</th>
<th>Semi-structured qualitative interviews with senior HR managers (Sample Category 1)</th>
<th>To explore intended HRM policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 7</td>
<td>Semi-structured qualitative interviews with line managers (Sample Category 2)</td>
<td>To explore implemented HRM practices</td>
</tr>
<tr>
<td>Phase 8</td>
<td>Semi-structured qualitative interviews with non-managerial employees (Sample Category 3)</td>
<td>To explore perceived HRM practices</td>
</tr>
<tr>
<td>Phase 9</td>
<td>Questionnaire survey – questionnaire administration to non-managerial employees</td>
<td>To reinforce research findings in relation to employees’ perceptions</td>
</tr>
</tbody>
</table>

**Post-Fieldwork Procedures**

<table>
<thead>
<tr>
<th>Phase 10</th>
<th>Data analysis</th>
<th>To evaluate and analyse data collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 11</td>
<td>Discussion of findings, comparing and relating findings to academia and beyond</td>
<td>To extract the main findings and argue on the results drawn from data analysis</td>
</tr>
<tr>
<td>Phase 12</td>
<td>Writing of conclusions, recommendations, limitations, stressing the study’s contributions and providing future research propositions</td>
<td>To evaluate the research as a whole, to sum up the key results and highlight the study’s contributions and value</td>
</tr>
</tbody>
</table>

Source: Compiled by the author

### 4.4 Research Participants and Sampling Method Selection

Saunders et al. (2007: pp215-234) explain that there is a wide array of methods from which researchers may choose in order to recruit their participants, some of the most commonly used being the probability sampling techniques (i.e. simple random, systematic, stratified sample, cluster etc.) or non-probability sampling (i.e. quota sampling, purposive, convenience sampling etc.). The current study builds on the belief expressed by Stake (1995: p56), that ‘the people who happen to be there when we happen to be there are not likely to be the best sources of data’. Rather, the researcher should have a ‘connoisseur’s appetite’ for the best persons, places and occasions, ‘best’ meaning those that will support the researcher to understand the case and research issues of interest.
Following Patton’s (2002) suggestions, sample was mainly selected on the basis of the research objectives, thus being able to provide credible information for each research question. Therefore, three sample categories were carefully selected to serve the specific purpose of the project. The first category included the 2 senior HR managers of the bank (one male and one female; achieving a 100% participation rate) and was comprised with the ultimate purpose to explore the intentions regarding HRM policies and practices (research question 1). This was achieved through semi-structured interviews which each lasted for approximately 45 minutes.

The second group included 11 line managers from different departments (reaching approximately the 1/3 of the overall population of line managers) and was comprised in order to explore their own reality and opinions. This group helped to understand line managers’ importance in the process of converting HRM policies into practices, to explore how they were actually implementing HR practices; to draw the barriers they face and overall to specify their role as mediators between managerial members and employees (research question 2). In this category there were 6 males and 5 females whose interviews varied from 35 to 70 minutes (with an average time of 50 minutes).

The third and final group was comprised by non-managerial employees. In particular, 26 (11 males and 15 females) participated in interviews (which lasted from 35 to 90 minutes, with an average time of approximately 50 minutes) and 76 (21 males and 55 females) responded to the questionnaire (which was distributed to 250 employees). This group was comprised in order to explore how employees perceived the different aspects of the bank’s HRM (research question 3).

For a better understanding of the informants and for comprehending some important arguments made at a later stage of the thesis, a detailed table is provided. In particular, Table 6 below describes some of the most important interviewee characteristics such as their occupational status, gender, age group and job tenure.
Table 6: Important Interviewee Demographic Characteristics

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Occupation</th>
<th>Gender</th>
<th>Age Group</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Senior HR Manager</td>
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<td>40 - 49</td>
<td>More than 15</td>
</tr>
<tr>
<td>2</td>
<td>Senior HR Manager</td>
<td>Female</td>
<td>50 - 59</td>
<td>More than 15</td>
</tr>
<tr>
<td>3</td>
<td>Line Manager</td>
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<td>30 - 39</td>
<td>11 - 15</td>
</tr>
<tr>
<td>4</td>
<td>Line Manager</td>
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<td>40 - 49</td>
<td>11 - 15</td>
</tr>
<tr>
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<td>11 - 15</td>
</tr>
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</tr>
<tr>
<td>7</td>
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</tr>
<tr>
<td>8</td>
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<td>50 - 59</td>
<td>More than 15</td>
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<tr>
<td>9</td>
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<td>30 - 39</td>
<td>6 - 10</td>
</tr>
<tr>
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<td>30 - 39</td>
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<td>40 - 49</td>
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</tr>
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<td>2 - 5</td>
</tr>
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<td>20 - 29</td>
<td>2 - 5</td>
</tr>
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<td>6 - 10</td>
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<td>Female</td>
<td>50 - 59</td>
<td>More than 15</td>
</tr>
</tbody>
</table>

Source: Compiled by the author
Beyond demographics, it is also important, when choosing a sample, to think about how this relates to the claims the researcher aims to make about the data. In this research, for the qualitative part, the number of participants involved in the interviews was smaller as compared to those involved in the questionnaire approach. Yet, this was rational as the relatively small samples provided the detail and richness of the context through the qualitative interviews. For the quantitative part, the aim was to be able to collect data reinforcing analytic generalisability, as well as allowing to draw conclusions for the particular case study (thus it was also important to reach a larger sample via questionnaires).

The research design and objectives dictated an approach adopting the non-probability sampling technique. The method of ‘purposive’ sampling (known also as ‘critical case’ sampling) was followed, whereby participants were recruited for a specific purpose (for details see Denzin & Lincoln, 1994, Silverman, 2006). One reason for adopting this method was that it covered all key constituencies and helped to secure diversity within each key area (Ritchie & Lewis, 2006). Using Saunders et al. (2007: p232) terminology, by adopting the critical case sampling, participants were selected ‘on the basis that they can make a point dramatically or because they are important…The focus of data collection is to understand what is happening in each critical case so that logical generalisations can be made’. This method of ‘judgemental’ sampling focuses on who would be best for answering the research questions. According to Neuman (2000), this approach is highly desired when dealing with comparatively small numbers, such as in a case study research and also when the aim of the researcher is to select cases that are particularly informative. Yet, recruiting participants via this method, researchers should always consider the important trade-cost that relates to generalisation concerns (few, information-rich cases against large samples being statistically representative).

Understanding how a ‘purposive’ approach was implemented in the actual study is important. It should be highlighted that the purpose was not to select particular individuals (i.e. a specific employee), but to ensure that these individuals were coming from the desired group. Thus, the judgement factor or the ‘influence’ of the researcher was limited on specifying the three groups through which participants were drawn. Also, the way that individuals from the group of line managers and non-managerial employees were selected also needs to be clarified.
Regarding line managers, initially, the sampling technique adopted was based on the fundamentals of random sampling, since from a catalogue including the line managers of the bank, some individuals were contacted to participate in the research. However, due to the unavailability (or unwillingness) of many of the selected participants, there was the need to conduct more line managers in order to reach the sample of 11. After that, the decision about the employees to be included in the research was mostly determined by the sample of line managers. Again, the recruitment of employees was determined by their availability and willingness to participate in the research. Regarding the way that questionnaire was administered, a request to fill out the questionnaire was sent to the whole population of employees (approximately 250); with 76 of them returning back the completed forms.

4.5 Introduction to Methods Used

The following discussion justifies and elaborates on the selected research methods for data collection. Considering the fact that ‘both qualitative and quantitative methods may be used appropriately with any research paradigm’ (Guba & Lincoln, 1994: p105), and evaluating Patton’s (1990: p188) suggestions that ‘studies that use only one method are more vulnerable to errors linked to that particular method than studies that use multiple methods’, the current research adopted a triangulated framework. This framework included a case study with the combination of qualitative semi-structured interviews and questionnaires administration.

Authors concerned with research methods (e.g. Punch, 1998, Cassell & Symon, 2004, Silverman, 2010) argue that there is no one best technique and in certain situations all methods are of equal value. The most important is to be able to adopt a method that will be consistent with the overall research design and to ensure that it will be followed in a systematic way. Thus, in order for each of the existing data collection approaches to yield the best possible outcomes, it should take into consideration several factors. Some of these are the research design, the type of problems to be addressed, the sort of data to be collected, the different epistemological assumptions, the ethical issues involved, the access to related resources etc. Yet, even more important in deciding what method to adopt is to understand the research purpose / objectives, to comprehend what techniques are most appropriate for tackling these objectives and to establish the unit of analysis.
4.5.1 The Case Study Method

The current research adopted the case study methodology, thus having the opportunity to involve hybrid strategies by triangulating various data collection techniques and by covering multiple sources of evidence (Bryman & Bell, 2003, Anderson, 2004). One of the core objectives by following this method was to gather such information that would make feasible to test for the applicability of existing theories and to advance knowledge within the related literature (Bryman, 1989).

Yin (2009) explains that case studies are predominantly used for dealing with situations involving many variables of interest. This method is defined as ‘an empirical enquiry that investigates a contemporary phenomenon in depth and within its real life context’ (Yin, 2009: p18). Similarly, Stake (1995: p1) suggests that following this particular method, the researcher ‘enters the scene with a sincere interest in learning how actors function in their ordinary pursuits and milieus’.

‘The more that your questions seek to explain some present circumstance such as ‘how’ or why’ some social phenomenon works, the more that the case study method will be relevant’ (Yin, 2009: p4)

The Nature of the Case Study / Rationale

At this point, and prior to anything else, it would be wise to explain the role that theory development had for this particular research. The case study approach was adopted since this methodology is best suited for challenging, clarifying and expanding prior theories and existing knowledge. The purpose was to evaluate whether current theory propositions are correct or not, to examine if alternative explanations would be more relevant and to conclude if a new, ‘fresh’ perspective would make greater sense and would be of better use for the academic community.

Even more important than the points above, theory development has also been used as the basis for ‘analytic generalisation’. Understanding the difference between analytic as opposed to statistical generalisation is important. Statistical generalisations aim at making inferences about a population based on the data collected from a satisfactory sample from the given population (Fowler, 1988). This mode of generalisation is mainly adopted by researchers having access to vast amount of quantitative data, with the purpose to use predetermined formulas and to specify the degree of confidence with
which generalisations can be made. However, when doing a case study, statistical generalisations are not appropriate to generalise the results derived from the research. In contrast, the mode of generalisation that this research aimed was oriented towards an ‘analytic generalisation’. Based on that, formerly formulated and developed theories were used as the basis for comparing the empirical results of the study. Overall, the point to highlight here is that the use of case study method in this project was not seen as a sampling research and the rationale for selecting a case was not for understanding other cases, but to be able to generalise a set of results to a broader theory.

Before concluding with this section, justifications about the way that the particular case study was selected and the researchers’ experience should be provided. First of all, the case of Cyprus appeared to be an interesting and challenging one as only few attempts have been made to explore HRM notions within the Cypriot market. There are several reasons for the limited research activities within the particular country.

The lack of resources, the deficiency of related databases (books-journals have limited or no focus in Cyprus), the absence of motivating mechanisms encouraging research practices and the difficulties arising from the fact that HRM is a relatively new and upcoming concept in the Cyprus market are just some of them. One would suggest that the above comprise the perfect package to ‘expel’ researchers from being involved in such setting. However, if this setting is seen from an alternative perspective, then there is an opportunity to advance the way that research practices are currently utilised. This challenge offered the chance to overcome related obstacles, break the society’s and organisations’ conservative frameworks and demonstrate how research activities make possible to develop new knowledge and gain deeper understanding of particular issues.

Also, given the researcher’s background empirical knowledge from previous research, the decision was to focus on the banking sector of Cyprus. Having argued that HRM notions are at a preliminary stage in Cyprus, it could be suggested that the banking industry is at the forefront in implementing HR schemes. This opportunity was utilised in order to examine how these actually appear and how HRM impacts on the overall work within the particular context.

One of the main reasons for selecting the bank is that it is among the leaders in HRM. The bank is believed to set the example in the industry in terms of having in place
various HR practices and achieving strong levels of alignments and integrations. Ultimately, this makes it a potential high commitment organisation. Beyond that, the satisfactory number of the workforce and the high knowledge personnel, combined with the fact that organisational members were all working in the same building were encouraging. The latter factor was seen as a positive not in terms of convenience, but from the perspective that they were all under the same environment and affected by the same contextual (internal and external) particularities. Moreover, the revelatory nature of the case was another reason for choosing the particular organisation. What this means is that the researcher had the opportunity to investigate a phenomenon previously inaccessible to social inquiry and to uncover core issues and phenomena that were previously inaccessible to social scientists in Cyprus.

Equally important to the positive aspects of the decision to study the particular organisation are also the obstacles and difficulties faced. One of the most important was the strict restrictions placed upon the researcher. Throughout the lengthy and exhausting negotiation process for gaining access, the case study organisation approved the research proposal only after the confirmations about anonymity and confidentiality of information. This point is important to be highlighted. This is because while at the beginning it was not seen as a significant barrier, it turned out to be an inhibitor for providing detailed information about the organisation (in order to protect the identity both of the organisation and the people who participated in the research).

Overall, it could be suggested that the underestimated and underdeveloped notion of research in the Cyprus context, the unfamiliarity and conservativism of local organisations and their employees are important factors that Cypriot researchers need to consider. Perhaps, by only considering the fact that for 2009, Cyprus, according to Eurostat, was the lowest country of EU in terms of expenditures in research and development activities (with only 0.45% of the GDP), one can realise the value allocated to these activities. For the particular study, this conservative stance was an issue to overcome from the initial stage of gaining access all the way to recruiting participants and collecting information. More about the researcher’s experience and issues faced during the fieldwork and how these were combated are provided throughout the subsequent sections.
Triangulation: Rationale for Using Multiple Sources of Evidence

It is now becoming a common practice to merge different methods within a single case since mixed methods research is positioned as the natural complement to traditional qualitative and quantitative research practices. This was also this study’s plan which was adopted in order to gather a richer array of evidence that could ever be accomplished by any single method alone. This approach is seen as more powerful rather than following a single method since it forces the different methods to accommodate the same set of key research objectives, demands to gather complementary information and presses researchers to carry out counterpart analyses.

‘A key feature of mixed methods research is its methodological pluralism or eclecticism, which frequently results in superior research compared to monomethod research’ (Johnson & Onwuegbuzie, 2004: p14).

One of the reasons for adopting triangulation is the development of converging lines of enquiry, since in this way more persuasive conclusions are produced. This is because the examination of research questions is done from multiple angles, something that for many researchers increases the possibilities to attain more precise and credible final outcomes (Denzin, 1978, Gill & Johnson, 2002, Timming, 2009, Ghauri & Grønhaug, 2010, Silverman, 2010). Thus, by following this orientation, concerns regarding construct validity are minimised as various sources of data in essence provide manifold measures of the same phenomenon.

‘A strategy using both qualitative and quantitative data can yield appreciable benefits…If these data are subjected to statistical analyses at the same time that qualitative data nevertheless remain central to the case study, you will have successfully followed a strong analytic strategy’ (Yin, 2009: p132)

For achieving high standards regarding reliability: ‘the degree to which the findings of a study are independent of accidental circumstances of their production’ (Kirk & Miller, 1986: p20) and validity: ‘the extent to which an account accurately represents the social phenomena to which it refers’ (Hammersley, 1990: p57); a triangulated approach was implemented. This enabled to nullify extraneous influences, to enhance the accuracy of the results, to reduce any chance of invalidity of final conclusions and to minimise misinterpretation and misunderstanding, two issues that are greatly used as a source for
criticism. Thus, triangulation was appreciated as the way to implant greater confidence, to gain the desired confirmation and to enhance the interpretations’ credence.

‘Triangulation can produce a more complete, holistic and contextual portrait of the object under study. In the case study method this is particularly important as you need to check and validate the information you receive from various sources’ (Ghauri & Grønhaug, 2010: p212)

Moreover, beyond methodological triangulation, different sources of information provided the researcher with diverse data that made feasible to understand the case study and the overall picture in relation to its HRM. Additional to interviews and questionnaires, other resources were also used to gather information. Some of these were the secondary data resulted from the organisation’s web site, information from HR academics and HR professionals/practitioners within the banking and other industries in Cyprus, information from conferences and presentations regarding HRM in Cyprus, information from related books, journals and periodicals etc. All these were used for the best understanding of HRM in general, as well as the nature of HRM within the context of Cyprus and the banking sector.

Concluding, it should be stated that for ensuring a high degree of reliability and validity of the results, information collected through the different methods was also subjected to a ‘blind comparison’, examining if the researcher’s interpretations were inline (or not) with the interpretations as expressed by the study’s supervisors. The common approach to the research findings and the similar conclusions produced by the parties involved created further confidence for proceeding with a detailed analysis of the data.

**Concerns Regarding Case Study Approach**

Case studies as a research endeavour have received much criticism. This is mainly because this specific approach lacks rigor and precision when compared with other methods. Criticisms mainly derive since occasionally investigators do not follow systematic procedures or because their approach is vulnerable to equivocal evidence or biased views. Yet, one possible explanation for this lack of rigour is the fact that there are relatively limited methodological books/sources illustrating the desired and approved procedures and guiding researchers towards the ‘right’ research paths. To overcome this issue and to build a valid case study, this project has absorbed information from the most relevant and up-to-date sources dedicated to this particular
method. Also, the examination of previous case studies paradigms, the undertaking of specific seminars regarding case study methodology and the consultation from experienced researchers and academic peers were all used to enhance the quality of this research.

Moreover, one of the biggest criticisms is that case studies offer a weak basis for scientific generalisations, a point that is directly related to the concerns regarding external validity. Yet, as articulated, the current research was not seeking to provide statistical generalisations, but explain and expand the existing knowledge and theories.

Also, critics of case study concern about researchers’ subjective interpretations, suggesting that these may pose problems for the quality and accuracy of findings. Indeed, qualitative case researchers constantly try to maintain vigorous interpretation throughout the data collection (Erickson, 1986, Stake, 1995). Following this research path, the aim of this study was not only to understand how actors evaluated things and become acquainted with their beliefs and ideas, but also to preserve the multiple realities, the different and even contradictory views. Concerns about this sense-making / ‘interpretation’ approach (i.e. criticised for lack of agreed-upon, specified processes) were combated by devising a strategic research design plan and by implementing systematic measures and procedures throughout the research. For Wolcott (2009: pp29-30), this represents a ‘balanced-approach’; an approach that enabled to ‘best’ (most appropriately) examine the issues under investigation.

4.5.2 Using Qualitative Semi-Structured Interviews in Case Study

Interviews are among the most important sources for gathering information when carrying out a case study. ‘Qualitative researchers take pride in discovering and portraying the multiple views of the case…the interview is the main road to multiple realities’ (Stake, 1995: p64). Using qualitative semi-structured interviews, the aim was to arrive in the fieldwork with a list of issue-oriented questions; allowing a degree of flexibility so interviews to take the form of guided conversations. Thus, the focus during interviews was not on acquiring a simple yes or no response, but to capture the experiences of participants and to explore their descriptions and explanations.
Rationale for Adopting Interviews Approach

Having as an ultimate purpose to ‘describe and understand the meaning of central themes in the descriptions of the life-world of the interviewee’ (Kvale, 1983: p175), the method of qualitative research interviews was adopted. Both Ackroyd & Hughes (1992) and King (2004), as well as other authors (e.g. Bryman, 1989, Oppenheim, 2000, Saunders et al., 2007) refer to this method as having many qualities and as being one of the most commonly used tools for collecting information. This is due to its polymorphic and flexible nature, since it may take the form of telephone; group; internet interview etc. and can vary from highly structured to semi-structured or unstructured.

For this study, adopting a face-to-face semi-structured approach, interviews helped to explore the meanings that the three different layers within the organisation attached to HRM. In essence, interviews allowed to investigate the research objectives from the interviewees’ standpoint and helped to deeply understand ‘what’ their opinions were; ‘how’ and ‘why’ these occurred.

Just as Bryman & Bell (2007: p474) advocate, there was the ‘interview guide’, and the topics to be covered were decided in advance. Thus, while a degree of structure was involved, there was the opportunity to be more flexible, probe on participants’ answers and pursue relevant issues that were of particular interest to interviewees.

‘The semi-structured individual interview is designed to be focused in terms of topics covered and yet flexible in that it is possible and often desirable to steer questions into areas that appear promising from the point of view of providing rich data / and or additional insights’ (Crowther & Lancaster, 2009: p147)

The preparation and formulation of this ‘interview guide’ and the anticipation of probes that evoked responses allowed to extract and build a wealthy bank of information. Implementing Brand & Slater’s (2003) ideas, having the research purpose in mind, participants had the opportunity to elaborate on their views and beliefs. Thus, despite the list of particular questions to be asked, the order, the focus and flow of conversation was tailored according to each case.

Beyond the above attributes, one of the major reasons for adopting interviews was the familiarity and high level of acceptance by the participants and the case study
organisation. This simple and yet important factor enabled participants to contribute to
the research by freely expressing their suggestions and comments. Also, another benefit
as it was revealed during face-to-face interaction was the ability to audio-record many
of the interviews. After gaining the permission by the participants, audio recording
offered the opportunity to solely focus on any non-verbal behaviour and to entirely
concentrate on the interviewees’ responses. As different authors explain (Bryman, 1989,
Hall & Rist, 1999, Silverman, 2010), a major opportunity arises when using audio
recording, since, it also allows for a replay of the conversation, transcription and a
detailed analysis of the information derived during the course of the interview.

Moving within this qualitative paradigm, the basic epistemological assumption was that
immense differences exist in conducting research among people rather than objects. For
this reason, the objective was to appreciate the differences that exist in peoples’ roles as
social actors. What this means is that ‘as humans we play a part on the stage of human
life’, meaning that people interpret their social roles in accordance with the meaning
they attach to these roles (Saunders et al., 2007: p106). Assuming this philosophy, the
effort was to gain a comprehensive understanding of participants’ beliefs and actual
feelings. Thus, it would be impossible to suggest that a researcher, following this
orientation, would ask every participant precisely the same questions in an absolute
same approach and interpret every response with a computer–like consistency.

Here, the objective was not solely on securing large data sets and achieving quantifiable
results. Rather, the aim was to achieve an in-depth understanding and concentrate on the
reasoning of social actors, elements that are considered by Anderson (2004) as core
when trying to understand and explain essential HRM issues. The main belief adopted
at this stage of the research was that detailed insights could not be achieved if such
complexity was only to be reduced totally to a series of law-like generalisations. The
orientation was towards adopting an ‘empathetic’ stance, to enter the social world of the
participants and to evaluate this world from their own spectacles.

**Conducting Interviews: Barriers in the Fieldwork**

In relation to the ‘background’ work of interviews guidelines, it is essential to state that
efforts were made to develop a comprehensive script that would be used for exploring
the research questions. Therefore, one of the most important considerations was related
to the quality of the data, including issues of reliability, validity and interviewer or
response bias, since social events were studied in their natural context (Brewerton & Millward, 2001). These concerns were mainly combated by following Saunders et al. (2007: p320) five P’s dictum ‘prior planning prevents poor performance’. Prior to the actual data collection phase, interview guidelines were carefully designed, defined and redefined in order to include questions and issues directly related to the research objectives. Intensive meetings and discussions with supervisors, thorough reviewing of related studies, peers’ views and expertises’ opinions were all employed to produce interviews guidelines that allowed the collection of high quality information.

Moreover, the fact that the interviews were held using the first language of the respondents implied extra caution in order to prepare in advance the wording of the questions and probes. Despite the high levels of employees’ familiarity with English, the use of Greek language was seen as the best option to follow in order to allow organisational members to feel more comfortable and express their opinions using their own expressive words. Ultimately, despite the additional work required for the translation process, this made feasible to collect more vivid quotes and realistic / representative qualitative information.

Also, one important consideration was to prepare the guidelines and include all the necessary questions in a format that would allow the interview to be completed within reasonable time frame. Having participants that were constantly ‘busy’, it was vital to ensure that within the given time it would be possible to cover all focus areas. This was achieved by ‘pilot testing’ the actual interview with volunteer participants in order to measure the time necessary for the interview to be completed and to confirm that all questions were rationally asked, made sense and were easily understood.

Beyond the ‘background’ considerations, barriers were also identified through the course of the actual interviews. An expected difficulty was that some participants seemed to be in an awkward position, thus being ‘hesitant’ to freely express their ideas. Perhaps this was due to the face-to-face interaction, or because they were recorded or, as Taylor & Bogdan (1998: p98) suggest, due to the fact that ‘much of human experience cannot be put easily into words’. To overcome this issue, it was necessary to gain the trust and build the confidence of participants. This was achieved through the provision of extra information about the nature/purpose of the research, by clarifying the guarantees of anonymity/confidentiality and by explaining how results could benefit
both the participants and their organisation. Moreover, by asking questions and probing for meanings encouraged participants to elaborate on their thoughts.

Similar to the above, as King (2004) also identifies, efforts were required to overcome the ‘difficult’ interviews, such as the uncommunicative or over-communicative participants. The few cases that involved non-communicative participants, due to the fact that they yielded no significant information, they were considered as insufficient, and extra interviews were re-arranged in order to fill the gap. For the few cases of over-communicative participants, interviews lasted far more than the average-expected time. During these interviews participants repeatedly referred to particular issues and were driving the discussion around these. Here, the effort was to maintain the interview’s sequence by ‘pushing’ employees to answer the aspects under investigation.

Another version of these difficult interviews was the few cases of employees mainly possessing some strong qualifications such as MBA’s, MSc’s, ACCA etc. Few of these participants were constantly trying to illustrate their high knowledge by questioning and challenging almost every aspect and question expressed during the course of the interview. Mainly, these individuals were adopting a more dominating stance, constantly trying to take over the control of the interview. Clear-cut responses, justifications and straightforward answers while maintaining a professional stance were used to successfully complete these interviews.

One of the most important considerations in the process of interviews was the fact that in many cases the researcher had to deal with knowledge workers and managers who were experts on the related issues under investigation. This was seen as a ‘two-sided coin’. Positively, this enabled the researcher to gather valuable and accurate information. On the negative side, this expertise and high level of related knowledge implied the need to be well prepared, aware and ready for any potential issue that could come up during the discussion. To combat this issue and to overcome the ‘fear’ of being exposed to the eyes of participants, extensive background information was used as supportive ammunition.

Related to the above point, a great issue was also the fact that in certain cases, participants were highly knowledgeable and responsible for carrying out research activities within their organisation, as well as doing research on behalf of the
organisation, both in the Cyprus market and internationally. This implied the need to be extra cautious as participants were paying attention to every detail; such as explanation of the participants’ information sheet, issues of confidentiality, way of publishing results etc. Thorough, beforehand preparation and ability to justify every aspect of the research was ‘key’ in order to gain interviewees’ respect as a researcher. By achieving this, participants were more comfortable and confident to argue on the different questions, since they felt that they were dealing with a qualified, experienced and competent scientist. This was very important since only by gaining their respect and trust these individuals would offer their honest comments.

**Brief Information about Data Analysis Technique**

For exploring qualitative data collected from interviews, the method of data matrices was adopted. Having in mind the wide range of available techniques for analysing qualitative data (i.e. content analysis, discourse analysis, template analysis etc.), the research followed the method of data matrices. According to Nadin & Cassell (2004: p272), this method aims at understanding and investigating ‘why specific things happens as they do, with the matrix enabling the display of explanations which seem relevant to a particular question’. In simple words, belonging in the data display and analysis approaches, ‘matrices essentially involve the crossing of two or more main dimensions or variables to see how they interact’ (Miles & Huberman, 1994: p239) and are seen as ‘a way of displaying qualitative data in a format where they are readily accessible for the process of interpretation’ (Nadin & Cassell, 2004: p271).

The key reason for adopting the particular method is because through the process of analysing the matrix, the researcher tries to identify any patterns. These patterns may be points of contrast or similarity. Considering these attributes, the effort to identify the extent to which senior HR managers’ intentions, line managers’ implementations and non-managerial employees’ perceptions coincided or differed was strengthen. While being aware of the criticisms for adopting this particular approach (i.e. being time consuming, over reductionism, the relatively weak theoretical background and the difficulties in presenting findings in a single page), data matrices were adopted mainly due to their ability to generate a well-structured set of qualitative information that could be used for a straightforward comparison among the three organisational layers.
Moreover, the flexibility that this method offers and the fact that data matrices are not accompanied with heavy baggage of prescriptions or strict procedures were also important. This is because it made feasible to tailor the matrices’ design and come up with a format based on the issue to be explored. This allowed proceeding with an innovative approach for revealing the key indications. Ultimately, this particular analytic framework was selected since it was judged to be consistent with the study’s main objectives, methodology and overall design.

4.5.3 Adopting Questionnaire Approach

Despite the fact that case study approach is mainly recognised as being among the spectrum of qualitative research choices (Creswell, 2007), it is possible for case study research to shift from the ordinary patterns and blend both qualitative and quantitative methodologies and evidences. Also, this approach may be used for both a descriptive / explanatory research (identifying and describing the variability of different phenomena – concerning with the ‘what’), or may be used when following an exploratory orientation (concerning with the ‘why’ and ‘how’).

Justification for Using Questionnaires

Having gathered comprehensive information about the views of all sample participants through interviews, the method of questionnaire was then adopted in order to reinforce the study’s findings. This method enabled the researcher to collect primary data by asking all the participants the exact same questions in the exact predetermined sequence (De Vaus, 2002). The importance of gathering quantitative data was seen in the fact that they were essential for uncovering the events that the case study aimed to elucidate. Also, such data were critical in further testing and providing possible explanations for the study’s key objectives.

Considering a wide range of factors such as the purpose of the research, the nature/characteristics and availability of respondents, time/cost constrains as well as the resources available to the researcher, an online-format questionnaire approach was adopted for administering the survey. One of the main reasons for deciding to use this approach was mainly the factors of anonymity and confidentiality which were essential for allowing participants to provide their honest opinions through a written approach.
Furthermore, as explained, the administration of questionnaires enabled the researcher to reach a larger number of participants in a relatively fast and minimum-cost approach.

The short nature of the questionnaire enabled respondents to complete the answers in a quick and almost effortless approach. Also, a major methodological advantage was the opportunity to pre-code the responses so to be able to analyse them using statistical packages that helped to automatically reproduce statistical charts and summaries. This helped to save considerable amount of effort and time. This type of analysis was used to reinforce the findings of the study through a statistical approach, something that made even more obvious employees’ beliefs and perceptions about different HRM aspects.

Focusing on the measurement and quantification of data, the epistemology of the research at this stage moved closer to a positivist stance. As Saunders et al. (2007: pp103-104) explain, within this strand researchers adopt the philosophical position of the natural scientist, based on the core principle that ‘only phenomena that can be observed will lead to the production of credible data’. Additionally, Remenyi et al. (1998: p32) suggest that by following such epistemological assumptions, researchers decide to work with an ‘observable social reality and that the end product of such research can be law-like generalisations’. Similarly, Gill & Johnson (2002) put forward that this philosophical stance seeks for a highly structured methodology focusing on quantifiable observations that offer the opportunity for statistical analyses.

One of the most important implications when following this positivistic stance is that the researcher is seen as external to the process of data collection and the idea is that ‘the researcher is independent of and neither affects nor is affected by the subject of the research’ (Remenyi et al., 1998: p33). Thus, the major claim is that the study is conducted in a value–free approach, with the researcher maintaining a more detached standpoint. This is seen by positivists as a plausible stance, and this is the major deviation compared with the ‘feeling’ philosophy, which value the researcher as part of the data collection process. Nonetheless, it should be stated that even in the case of a strict positivistic orientation, it is not possible to suggest that researchers are completely free and independent from their own values. Choices, beliefs and preferences will always exist even in the most basic issues, such as what topic to investigate, what research questions to seek for and what data analysis methods to adopt.
Comprising and Administering Questionnaires: A Road Full of Obstacles

As Herbelein & Baumgarter (1978) long ago clearly identified, one of the most important concerns when adopting questionnaires is the low response rate that may be observed due to several reasons. Being aware of the difficulties for making employees to participate in the survey, a very simple, yet effective approach was adopted. While the participation rate was not the expected one, responses were relatively satisfactory. This was mainly due to fact that participants only had to dedicate few minutes of their time in order to fill and submit their responses.

Through the process of designing the questionnaire’s structure, it was important to eliminate any phraseology issues (i.e. the ability to identify whether or not the way by which questions are phrased are understandable), since this aspect is seen by Payne (1980) as critical when preparing the questionnaire. Additionally, attention was given on aspects such as the preparation of individual questions and the number of questions that were included, the inclusion of a cover letter and the explanation of the questionnaire purpose, all seen by Ghauri & Grønhaug (2005) as essential factors for the successful implementation of the questionnaire approach.

A further concern relates to ensuring high levels of validity and reliability, issues that are traditionally seen by many authors (e.g. Summers, 1970, Moser & Kalton, 1971) as among the most important threats when adopting this method. To combat these issues, the ‘tool’ of pilot testing was adopted. This distinct methodological element provided essential information and supported the researcher to produce, reproduce and improve the questions and format in order to reach an acceptable final draft.

Pilot testing was implemented in two different ways. Beyond the organisational level, the questionnaire was piloted on the study’s supervisors, as well as academic peers and some other individuals active in the area of HRM (i.e. practitioners within the Cyprus context, both from the banking industry and beyond) who belong to the researcher’s social network. The feedback received at this stage was useful since it helped to improve the overall standard and quality of the questionnaire, as well as the validity of the questions included in that. For example, few double-barrelled questions’ – i.e. one item asking two questions in a single statement (Babbie, 2008) were identified and modified accordingly in order to eliminate any confusion and complexities.
At an organisational level, some non-managerial employees also acted as a pilot group. The ultimate purpose was to receive feedback about the questionnaire’s comprehensibility, the questions’ clarity and relevance. This proved to be a very supportive practice as it helped to identify issues of phraseology, thus refining some of the questions included and using a more ‘common-simple’ language that would be understandable by all participants. Similarly, after the recommendations of the participants and for avoiding problems of misinterpretation, caution was given to ensure a logical sequence of the questions that would make sense to the readers.

Moreover, during pilot testing, non-managerial employees also provided their opinions about the questions’ accuracy, which led to the reconsideration of some aspects of the questionnaire, as a result to discard some irrelevant for the case study organisation questions (i.e. aspects related to PRP). Concluding, it should be highlighted that pilot testing at this level was very important since participants’ contribution was significant in terms of producing questions that were closer to the organisational setting and workplace reality.

4.6 Justifying Researcher’s Decisions

Looking in more detail into the content of the questionnaire and the questions themselves (Appendix 6), criticisms may arise. For the current research, questionnaires included close-ended questions that were easy and quick to be answered. Different ranking scales were used in order to better capture the degree of participants’ satisfaction and agreement with several aspects of HRM.

First and most important it should be clarified that the basis for developing the content of the questionnaire was the indications derived from the interviews, in association with the guidelines from the literature (e.g. Delery & Doty, 1996, Chang, 2005, Khilji & Wang, 2006). While criticism may arise due to the limited number of facets/questions included for examining each of the variables (see Question 5), it should be remembered that the primary concern was to keep the overall questionnaire simple in order to reach a satisfactory response rate. Having secured a rich and comprehensive database of information through the interviews, the effort was to come up with a questionnaire that would be at the same time accurate, short, adequate (in terms of collecting valuable information) and with high standards in relation to reliability and validity. Following the
steps of more experienced researchers, this was mainly achieved by merging together information both from the fieldwork and the related literature.

Also, it should be stated that questions related to employees’ perceptions of their managers (i.e. Question 6), some of its sub-questions were taken from WERS 2004. Beyond the importance of exploring this particular aspect, one major reason for incorporating this question in the survey was the organisation’s interest to examine the degree to which employees felt satisfied by their managers’ competencies and actions in the workplace. The deviation from the WERS model is justified by the contextual differences (Cypriot banking sector rather than UK context in general), by the different approach that the research adopted (single case study as opposed to large national survey), as well as by the bank’s request to add some alternative aspects for exploration. Similarly, questions measuring employees’ job satisfaction and loyalty (i.e. Questions 7 & 8) are based on WERS 2004, whereas Question 9 was comprised by the researcher, asking participants to rank HRM practices in terms of their perceived importance.

A limitation that was acknowledged at the outset was the format that the questionnaire followed. It is recognised that the attempt to measure employees’ perceptions regarding HRM cannot be achieved through few and simple sentences. Yet, as already seen through literature review, even with the use of extensive and numerous questions for each and every HRM area, still it is impossible to achieve a consensus about the questions that accurately and absolutely measure the different HR practices.

It should be remembered that the rationale for using the questionnaire method was to support the findings derived from the interviews. More specifically, the motive to integrate this method was to reinforce the indications derived regarding employees’ perceptions. The effort was to capture in a ‘snapshot’ the beliefs of employees by exploring some of the most important dimensions of the banks’ HRM system and not the entire system as such. The basic dilemma at this stage was whether the research should have relied only on one method (i.e. qualitative interviews), or whether to incorporate questionnaires as a complementary research tool for collecting data. It is believed that, despite the low degree of sophistication, this approach proved to be revealing, since it further enhanced the results and allowed significant indications to come to the surface.
Beyond the above concerns related to the content of the questionnaire, a potential source of criticism for studies following this orientation relates with the approach adopted in order to carry out the research and collect the desired data. Basically, concerns arise with the way that researchers examine the HR-related practices within organisations. The current study was in-between three different frameworks. The first option was to follow a fixed or ‘constrained’ approach through which the list of HR practices under examination would be predetermined. The second option was to follow a semi-constrained or ‘medium’ approach, whereby the researcher would set a framework and give the choice to respondents to select among the predetermined HR practices (i.e. use of nine HR cards for participants to choose from), an approach adopted by Boaden et al. (2008). The third option was to follow an ‘unconstrained’ approach, whereby the researcher would enter the fieldwork ‘blank’, first examining the managerial levels and asking about what management does in relation to HRM and after that, developing the questionnaires for the employees – a methodology adopted by Khilji & Wang (2006).

Integrating elements from all the three options, a semi-constrained methodology was followed, as it was judged to be most suitable. Mainly, the fact that within the bank research activities regarding HRM issues was something new, the fact that the majority of participants were being involved in an interview for the first time and participants’ relatively low degree of knowledge regarding the issues under investigation imposed the need to set up a particular framework consisting of different pre-specified elements (i.e. the cards of nine practices). This approach made feasible to provide an array of HR-related activities, to explain what each aspect was about and then allow participants to freely express their comments in relation to their importance, their effectiveness and overall appearance. Basically, this approach increased validity and reliability of the information gathered, as well as the researcher’s understanding of the issues at hand.

Last, it should be also stated that the initial design of this research was to also accommodate the ‘outcomes’ aspect. This is because, as also seen from the previous literature review chapters, this would enable to follow the links all the way from the stage of intentions to outcomes. However, ultimately, in order not to jeopardise the quality of the thesis’ final results, the decision was to focus solely on the way which HRM in the bank is intended, implemented and perceived. This is because a number of factors inhibited this endeavor. Mainly, some problems with the design of the research tools, the low response rate and problems with representativeness of the sample.
constrained the attempt to proceed with any statistical analyses or correlations. Nonetheless, this should not be considered as a totally wasted exercise. To achieve an understanding of employees’ work-related outcomes, this implied extensive and thorough examination of the related literature. The knowledge gained throughout the overall process is significant as it broadened and enhanced the way of conceptualising related issues, something that will be useful for subsequent research activities.

4.7 Conclusion

The focus / key objectives of this study implied the need to devise a research design and methodology based on multiple triangulations at different levels. Implementing a ‘purposive’ sample selection technique, participants from various levels enabled to investigate HRM from multiple perspectives. Within the organisation, senior HR managers, line managers and non-managerial employees helped to answer related questions about the way that HRM is intended-implemented and perceived. Valuable information was also gathered from a variety of sources beyond the organisation. The evaluation of secondary data from various Cypriot HRM-related authorities; the meetings with HR academics and professionals and the participation in Cypriot HRM conferences all helped to gain a holistic picture of HRM in Cyprus and to understand the particular context within which this study was achieved.

Following a case study approach, the methods of interviews and questionnaires were adopted as the main means for collecting data. Theoretical assumptions and guidelines about these methods are important and should not be underestimated. However, of equal importance is the reality of the fieldwork. As illustrated throughout this chapter, many were the barriers occurred and combated mainly due to researcher’s thorough preparation and background knowledge.

Before concluding, it should be highlighted that the research methods chapter cannot be seen in isolation. Thorough literature review, examination of a range of papers and their various research methods guided the methodology of this project. Ultimately, having undertaken the overall pre-during-post fieldwork activities for the particular thesis, it made feasible to better understand how to successfully achieve a piece of research and the way to overcome some of the shortcomings that this project encountered.
PART FOUR

RESEARCH FINDINGS
5 Human Resource Management in Cyprus

5.1 Introduction

To gain a clear picture of HRM in the context of Cyprus, information is presented in a hierarchical approach. Initially, background information is presented regarding HRM in Southern European countries, as well as brief information about the way that HRM in Cyprus is compared with the rest of the European countries. After that, the discussion exclusively focuses on the context of Cyprus, analysing from different perspectives the way that HRM-related aspects appears in the island. Evidence and data are presented regarding the population’s educational level, the island’s economy, the type of relationship between social partners, the role of union and the island’s cultural particularities. Beyond that, information is also provided about the particular industry within the case study organisation operates.

5.2 Southern European HRM: A Brief Examination

Many studies examine HRM within European countries (e.g. Tyson et al., 1993, Kirkbride, 1994, Sparrow & Hiltrop, 1994, Bohm & Scholz, 2008). A common approach for exploring this particular EU context is its separation into northern countries such as the United Kingdom, Germany, Spain, Sweden, Norway etc. and southern European countries such as Italy, Greece, Cyprus, Bulgaria, Slovenia etc. Looking into the papers of Apospori et al. (2008) and Panayotopoulou et al. (2010); and focusing on the context of the latter cluster, useful indications are surfaced.

Very briefly, institutional forces (i.e. regulatory agencies, national educational systems, labour market; IR systems) are of major importance in this southern EU cluster since they highly shape important employment relations issues. Taking the example of Italy, these pressures result in providing employees with very high employment security. In Greece however, the complex nature of labour legislation, alongside with the argumentative employer-employee relations, have resulted in mistrust and high levels of job insecurity. This does not seem to be the case for Cyprus, since the corporatist environment and ‘tripartism’ which involves negotiations among all the social partners has played an important role to peaceful industrial relations. Moreover, the economic reforms that produced high unemployment levels and the weak role of trade unions are
among the most important issues that Bulgaria has to combat. On the contrary, the strong trade unions, the well-developed social welfare system and the stable institutional framework are what characterise the employment system in Slovenia (for details see Kritsantonis, 1998, Alas & Svetlik, 2004, Koubek & Vatchkova, 2004, Papalexandris & Stavrou, 2004).

Moreover, business structures (i.e. size of organisations, state of ownership) are also forces that influence the development of particular HRM patterns, especially in the southern part of EU. This is because differences are observed in the size of public and service sectors, as well as in the number of small, medium or large organisations between the southern EU countries. For example, the public sector employs 16% of the total workforce in Slovenia, 51% in Bulgaria, 32% in Italy, 35% in Greece and 18% in Cyprus. Beyond the public sector however, the percentage that service sector occupies in the southern EU countries appears to be at very high levels. For example, the lowest percentage is in Bulgaria, where the public sector comprises the 47% of total employment and the higher is in Cyprus with a percentage of more than 75%.

Regarding the size and state of ownership of organisations, beyond the presence of some large multinationals, in Cyprus and Greece, small and family-owned businesses dominate the economy (with approximately 90% employing less than 10 employees). In Bulgaria the economy is mostly comprised by small and medium enterprises, but also there is a high presence of large companies employing more than 200 employees. In Italy there is a mixture of both large companies and multinationals, and small, traditional companies, whereas in Slovenia there is a relatively high percentage (33%) of large organisations employing more than 500 employees (www.eurofound.europa.eu/eiro/2006/06/articles/cy0606019i.htm, www.stat.si/eng/tema_demografsko.asp, Beleva & Tzanov, 2001, Tajnikar, 2001, Papalexandris & Stavrou, 2004, Kritikidis, 2007).

While studying this southern EU group of countries is useful, evaluating the situation from the angle of Cyprus can offer greater insights. Few researchers have shown interest in identifying the way that HRM appears in Cyprus. Stavrou (2002) is one of them. Not only has she assessed the degree of HRM sophistication in Cypriot organisations, but she also matched her findings with those of other EU countries (i.e. UK, France, Germany, Spain, Greece, Italy etc.). As seen in the Table 7 below, Stavrou’s study is
useful since it enables us to capture an overall picture of how key HRM functions appear in the island as compared with the rest of Europe. Ultimately, what the author concludes is that despite the any declarations by Cypriot organisations, and despite the fact that different HRM policies may be present on paper or in principle, HRM in Cyprus is still far behind its strategic role since it is not effectively integrated into the organisational strategy and planning (Stavrou, 2002: p265).

Table 7: HRM in Cyprus as Compared to Europe

<table>
<thead>
<tr>
<th>HRM Practice</th>
<th>Organisations Operating in Cyprus</th>
<th>Organisations Operating in European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A Sample of 52 Small Organisations (less than 200 employees)</td>
<td>A Sample of 39 Large Organisations (at least 200 employees)</td>
</tr>
<tr>
<td>Have a written HRM strategy</td>
<td>23.9%</td>
<td>44.4%</td>
</tr>
<tr>
<td>Have an unwritten HRM strategy</td>
<td>50%</td>
<td>36.1%</td>
</tr>
<tr>
<td>HRM involvement in the developing organisational strategy</td>
<td>62.5%</td>
<td>56.2%</td>
</tr>
<tr>
<td>HRM function or department in place</td>
<td>46.15%</td>
<td>74.35%</td>
</tr>
<tr>
<td>Presence of director of HRM on the board of directors</td>
<td>13.46%</td>
<td>25.64%</td>
</tr>
<tr>
<td>Have a written policy for training and development</td>
<td>41%</td>
<td>68.42%</td>
</tr>
<tr>
<td>Have a written policy for flexible working</td>
<td>68.18%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Have a written policy for management development</td>
<td>15.2%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Analyze employees’ training needs</td>
<td>67.3%</td>
<td>74.4%</td>
</tr>
<tr>
<td>Monitor training effectiveness</td>
<td>73.1%</td>
<td>79.5%</td>
</tr>
<tr>
<td>Use of formal career plans</td>
<td>13.5%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Use of assessment centers for employee development</td>
<td>7.7%</td>
<td>10.3%</td>
</tr>
<tr>
<td>High flyer schemes</td>
<td>36.5%</td>
<td>30.8%</td>
</tr>
<tr>
<td>Succession plans</td>
<td>29%</td>
<td>23%</td>
</tr>
<tr>
<td>Flexible work arrangements: Annual hour contracts</td>
<td>24%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Flexible work arrangements: Job sharing</td>
<td>19.5%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Flexible work arrangements: Teleworking</td>
<td>5%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

Source: Compiled by the author / Information drawn from Stavrou (2002)
Moreover, carrying out research in Spain, Italy, Greece, Portugal and Cyprus, Stavrou (2005: p121) identified that training and development, flexibility and employee relations are among the most important emerging challenges. Based on her findings, she explains that the older countries of Southern EU may face serious problems in relation to their productivity and effectiveness due to the relatively ‘outdated’ approach they adopt regarding these practices. Particularly for Cyprus, Stavrou suggests that the marginal importance allocated to HRM and the fact that organisations have not made significant changes for improving their systems is a further problem.

‘…if larger businesses have only marginally realised the importance of addressing key human resource management challenges towards organisational effectiveness, what can be inferred about the smaller ones, which also form the backbone of these economies?’ (Stavrou, 2005: p125)

As Pattouras (1998) highlights, and as seen at a later stage, while Cypriot organisations possess a highly literate pool of employees, HRM in Cyprus, compared with other EU countries, is still at its embryonic stages of strategic transformation. In Cyprus, HRM has adopted a more strategic role in the large organisations, but ‘medium and small-sized organisations have not yet fully realised the importance of their people and the need to invest proactively in HRM’ (Yiakoumetti & Sophocleous, 2003: p5).

Information about HRM in the southern EU, as well as a general comparative discussion examining basic HRM parameters between Cyprus and EU is useful, but not satisfactory. This is because the distinctive nature of Cyprus and the various contextual forces in the island create a unique framework of HRM. As seen in the subsequent sections, this framework is different even from its closest adjoining countries.

### 5.3 Focusing on Cyprus

Before proceeding with a detailed examination of HRM in the case study organisation, there are particular aspects in the Cyprus system which are critically important to understand. The subsequent discussion provides detailed information that helps the reader to conceptualise how employees in the bank fit within Cyprus’ broader context. Key themes discussed include the high educational level of the Cypriot population and government’s efforts to provide lifelong training opportunities, the key related features of Cyprus economy, the role of government and the nature of the industrial relations in
the island, the role of the trade union and information about some strong elements of Cyprus’ culture. The last sections of this chapter provide empirical information about HRM practices as these appear in the banking sector as well as some key points derived through the interview of one of the leading Cypriot authors regarding HRM in Cyprus.

Located in the eastern Mediterranean, Cyprus is the Mediterranean’s third largest island with an area of 3.572 square miles. It became an independent republic in 1960 and was accepted as a full member in the European Union at May 1, 2004. The most important period in the history of Cyprus was 1974, whereby Turkey invaded and occupied the northern part of the island, resulting in the dislocation of thousands of Cypriots and the establishment of a separate illegal Turkish-Cypriot political entity in the north. Therefore, since 1974, the island has de facto divided into two areas; the area controlled by the Republic of Cyprus (which accounts for 59% of the island) and the Turkish-occupied area in the north (which accounts for 37% of the island) (the remaining 4% is the buffer zone dividing the two regions). Regarding the island’s demographics, according to statistical service of the Republic of Cyprus (Republic-of-Cyprus, 2008a), the population at the end of 2008 was estimated to be 885,600.

In relation to the labour force in Cyprus, the Labour Force Survey (Republic-of-Cyprus, 2008b) indicated that the number of people at working age was approximately 400,000 (of which 55% were males and 45% females). Particularly, regarding the employed individuals, these were approximately 385,000 in total (56% males and 44% females). These individuals have very high educational background, since 37% were tertiary-level graduates, 40% were upper secondary level graduates and 23% were individuals with education under the upper secondary level. From the survey of 2008, it was revealed that unemployment levels were low at a rate of 4%. Interestingly, the rate is higher among young people and lower among those with tertiary level education. However, comparing these figures with the latest results of the statistical service, during 2009 and 2010, noteworthy differences are observed regarding the unemployment which increased to 5.3% and 7.2% accordingly.

5.3.1 The Education System

Spending more than 17% of the government’s budget and 7.1% of the Gross Domestic Product (Republic-of-Cyprus, 2007/2008), education is an important aspect for Cyprus.
The public educational system in Cyprus is well centralised, with all of its pylons controlled exclusively by government’s special committee under the Ministry of Education and Culture. Tertiary education is mainly provided in two levels - the university and non-university level through public and private educational establishments. The educational system maintains several institutions and programmes that are mostly designed to accommodate the needs of individuals occupying managerial positions at every sector/organisation. These programmes aim to offer knowledge for improving both their general and managerial competencies. Apart from the official programmes (i.e. part-time M.B.A.’s, MSc’s) offered by public and private tertiary institutions, this tailored-level of education is mainly provided through public, non-formal and part-time education.

The Republic of Cyprus is oriented towards developing more advanced and strategic methods for educating and training its labour force (Kyriakou, 2004). The state’s approach and resources invested for training and development practices indicate that human capital is highly valued. This has as a result to maintain a competent workforce from which organisations can draw, without the need to rely on overseas professionals.

One of the most important institutions offering such training schemes is the Human Resource Development Authority (HRDA), which organises accelerated vocational training and re-training courses. As stated in the authority’s official web-site (www.hrdauth.org.cy), ‘the activities of initial and continuing training promoted by the HRDA are designed to meet the needs of the economy, business and human resources…This training strengthens and supports the enhancement of available infrastructure’. Thus, by developing a highly proficient workforce, the authority supports Cypriot organisations in order to upgrade their activities, to improve their quality of goods and services and to advance their ability to adapt to the constantly changing and competitive EU environment.

Training is also reinforced by the Cyprus Productivity Center which, in the effort to upgrade the competencies of managerial/supervisory employees, provides a range of training programmes and upgrading courses. This center aims at familiarising employees with the most recent advancements in their field. After Cyprus’ membership in the EU, the center concentrates on supporting individual employees, organisations and social partners to adjust their activities according to this new environment. As
articulated in their official documents, its aim is ‘the continuous improvement, the introduction of innovation and the provision of new services, programs and activities based on the needs of organisations and their employees, thus contributing to the enhancement of their competitiveness and supporting them so that they are able to face successfully the challenges of the 21st century’ (www.mlsi.gov.cy/kepa).

Related to Cyprus Productivity Center is also Cyprus Academy of Public Administration which has as a primary concern to train and enhance the capability of the civil servants in managerial skills. To achieve this, this authority offers a range of training activities aiming at developing employees’ learning capacities and improving their personal and interpersonal skills, educating human resources on EU issues, introducing newcomers in the public services, training them on technological advancements and guiding them on specialised issues according to their field of work.

5.3.2 The Cypriot Economy

Moving away from the educational system, it is also important to consider the key characteristics of the Cypriot economy. By following all the necessary procedures for harmonising its economic and monetary policies, Cyprus has managed to join the Economic and Monetary Union (EMU). The Cypriot economy has some features which are important when examining HRM. According to the Press and Information Office of the Republic of Cyprus, the island has a relatively small domestic market. Combined with that, Cypriot economy is dominated by small local enterprises (employing less than 10 employees). Looking into the Registration of Establishments, these ‘micro-enterprises’ constitute approximately the 95% of the total number of Cypriot organisations. It could be suggested that the small-size organisations and their limited workforce hold back the utilisation of economies of scale and inhibit the introduction of advanced technologies. On the other hand however, this allows organisations to be more flexible, agile and adaptable to the constant changing business environment.

Also, the significance of the service sector should be highlighted. The recent history of the economy of Cyprus indicates that it is steadily restructuring from an exporter of mineral/agricultural products (during 60s and early 70s) and manufactured goods (during late 70s and early 80s) into an international tourist, business and services center
during the 1980s and 1990s. The service sector has experienced a nonstop expanding share of 55% of GDP in 1980, 66% in 1990, 76.7% in 2005 and 79.3% in 2008.

Beyond the above, it should also be stated that there are several advantages for the economy originating from the island’s strategic geographical position and the various encouraging business conditions. Some of these conditions are the favourable tax regime, the highly educated labour force, the advanced level of infrastructure, the good living and working conditions and the strong economic/political relationships that Cyprus has developed with its adjoining countries. All these, combined with the strong foundations and the internal / external macroeconomic stability are some of the characteristics given to the island’s economy by several evaluation committees such as the European Commission and the International Monetary Fund.

5.3.3 The Role of Government and the Cypriot Industrial Relations Code

The Ministry of Labour and Social Insurance in Cyprus, and more particularly the Department of Labour Relations, is responsible for the implementation of the government’s policy regarding industrial relations issues. The department’s role is ‘safeguarding and maintaining industrial peace and healthy conditions in the area of industrial relations, with a view to achieving social cohesion, productivity in work, the establishment of democratic practices and the achievement of socio-economic progress’ (www.mlsi.gov.cy). In very brief terms, the legislation mainly specifies and safeguards the minimum terms and conditions of employment, while at the same time lays out the rights and obligations for both employers and employees (for detailed legislation visit Department’s website at www.mlsi.gov.cy).

Through its different activities, the Department seeks to prevent and settle any industrial disputes, thus supporting organisations to develop effective mechanisms for facilitating collective bargaining, for reaching mutual agreements and for dealing with employees’ complaints. Furthermore, the Department, being the representative of the government, safeguards trade-unionism freedom and promotes collective bargaining as the means for determining the terms and conditions of employment. Through the enforcement and monitoring of the application of the labour legislation, the Department endorses principles of equal treatment between all employees at all organisations.
The IR system in Cyprus is based on the democratic principles of ‘tripartite synchronisation’. This implies a constructive coordination between all social partners (i.e. the employer, the employee, the government). The coordinated and semi-voluntary IR system in Cyprus means that, at a great extent, the terms and conditions of employment are decided through collective bargaining between employers and employees. Yet, despite the ‘non-interventionist’ stance, in order to protect the employees with ‘weak’ bargaining power, the government specifies the minimum employment standards. Consequently, Cypriot law slightly influence the way that organisations deal with employment issues, but does not highly interfere in the way that business activities are carried out. In simple terms, the government / legislations set the field that organisations play and will not interfere within their ‘game’ unless they go beyond this field / minimum specified standards.

Collective agreements are not legally enforceable documents, and for this reason any dispute arising from their breach is not referred to the Labour Disputes Court. Rather, employment and labour disputes are settled according to the provisions stated in the Industrial Relations Code; ‘a voluntary agreement that remains until today the ‘heart’ of the industrial relations in Cyprus’ (www.mlsi.gov.cy). In brief, this Code is an agreement signed by the Social Partners in 1977 and provides in detail the procedures to be followed for conflicts resolution in labour disputes (for the Code see Appendix 7). Even though this is a voluntary agreement, it is highly respected by the social partners who very rarely fail to adhere to its requirements. The success of this system and the preservation of the industrial peace are principally due to the efforts by all parties for adhering to the provisions of the Code.

Thus, one of the major characteristics of the Cypriot economy and its voluntarist IR system is the tripartite coordination, something that is mainly achieved through the ‘social dialogue’. Within the Ministry of Labour there are a number of tripartite bodies that mostly deal with employment and social issues. Despite the advisory role of these ‘tripartite social dialogue bodies’, they have significant responsibilities / authorities. This is because issues related to labour law and employment policies are discussed and resolved during the meetings of these bodies. As seen in the Figure 7 below, these committees are comprised both by the representatives of trade unions and the employers’ associations and are chaired by the Labour Relations Department.
During the meetings, drafts of legislations are discussed and all the involved parties make proposals for amendments. On the basis of conflicting interests that are expressed by the social partners, discussions most of the times end up being a form of bargaining, with the participating parties seeking to secure to the best effect its members’ interests. Through this dialogue, potential disagreements are prevented, thus preserving social cohesion and a peaceful economic development. In essence, this process is a democratic form of conversation about employment issues that ultimately has a direct impact on the Cypriot population.

Figure 7: The Tripartite IR System

Source: Compiled by the author

Through this cooperation, in many cases, social partners have reached to settlements that significantly improved terms and conditions of employment and upgraded various labour relations practices. Examples of these voluntary agreements are the signing of IR Code in 1977, the agreement on the gradual reduction of working hours signed in 1992, the signing of the National Plan for Productivity and Health and Safety signed in 1995, all of them being critical points in the history of industrial relations in Cyprus (www.mlsi.gov.cy). Also, as seen in the Table 8 below, by simply considering the fact that industrial actions or strikes is not a common phenomenon for the island indicates that indeed, this genuine social dialogue and tripartite coordination have a positive impact on the IR systems and the Cypriot society in general.
Table 8: Strikes by Sector of Economic Activity

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total</th>
<th>Agriculture etc.</th>
<th>Mining and Quarries</th>
<th>Processing</th>
<th>Electronics etc.</th>
<th>Building</th>
<th>Trade /Hotels</th>
<th>Transportations/Communication</th>
<th>Finance Org.</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>18</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>2004</td>
<td>13</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>2005</td>
<td>25</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>2006</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>2007</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: Statistical Service of the Republic of Cyprus (2010)

This industrial peace is also confirmed by Papalexandris & Stavrou (2004) and Panayotopoulou et al. (2010) who, beyond praising the responsible stance of labour unions and employers’ organisations, credit the industrial piece to the government’s policy which a) seek the active participation of workers and employers in the formulation and implementation of social and economic policy through tripartite bodies; b) stay removed from disputes and promoting the idea that labour-management relations are first and foremost the business of the parties themselves and c) produce procedural agreements for the settlement of disputes’ (Papalexandris & Stavrou, 2004: p204).

5.3.4 The Union’s Role

Trade unions have an important role in Cyprus. Established and legally registered since 1955 and having more than 10,000 members that account for the 99.5% of the Cypriot banks personnel, ETYK (union of employees working in Cypriot banks) is one of the most influential bodies operating in Cyprus. The power of the union mainly flows from the fact that, without any external political influences, the participation rate for any industrial action reaches 100%, something that makes its presence extremely strong and influential (www.etyk.org.cy/taytothta/taytothta.htm).

Its mission is to monitor and adjust employment relations between employers and employees. For this reason, it focuses on improving the working conditions and on protecting the rights of its members mainly through collective agreements. Among its main objectives, the union is mainly concerned with developing the employment skills of its members and fostering the employment and personal relationships among the employees and employers of the Cypriot banks. For achieving these goals, ETYK develops partnerships with related authorities; maintains an active membership with
other Cypriot-European-International associations; raises different funds and also, when necessary, follows legal procedures to ensure the benefits of its members.

ETYK’s presence is prominent across Cyprus, with regional offices operated by provincial committees. In order to act more effectively, the union has also established within each bank a sectoral committee acting as the channel for communicating related issues of each bank to the district committees. After that, the district committees report to the higher governing body of the union which is the governing council. The supreme authority and the executive body of the union is the presiding board (www.etyk.org.cy/taytothta/taytothta.htm).

The benefits enjoyed today by banking employees are considered among the strongest within the Cypriot market. The comparatively high salaries, the exceptional working time arrangements, the training provisions, the excellent working environment, the guaranteed job security are some of the benefits that they enjoy. Also, banking employees are entitled to utilise the wide range of services and benefits resulting from the different sub-associations of the union. Some of the most important are the TE-TYK (Bank Employees Welfare Fund: supporting activities that are designed to promote the welfare of the union’s members and their families / supports members’ well-being and work-life balance); TY-ETYK (Health Fund of Union Employees: providing superior health care to its union’s members) and INE (Institute of Employment: offering training services and lifelong learning and development to banking employees).

‘The unity, consistency, prudence and agreement of the members, alongside with the skills and capabilities of the union’s managerial staff have developed an enviable class of workers which compares favourably even with banking employees from more developed nations’ (www.etyk.org.cy/taytothta/taytothta.htm)

Concluding this section, it should be stated that technological advancements, mergers, acquisitions and reformations have an impact on the way that ETYK operates. For accommodating these challenges and to be able to proactively act, the union fosters strong relationships with other related European and International bodies (see Appendix 8 for details). This cooperation with overseas associations strengthens the union’s capacity to adapt to new circumstances and to follow strategic options that inevitably influence the structure of the industrial developments in the island.
5.3.5 The National Culture

The focus now turns to how the ‘cultural’ factor influences the way that HRM appears within the Cyprus context. The aim is to identify what Brewster (2008: p10) names as the ‘Cypriot style’ of HRM. Having as a background the ideas offered by Hofstede, Topaca & Nikolaidou (2005: p8) suggest that the overall picture in Cyprus is one of organisations with lengthy and formal hierarchies, with high levels of centralisation of management power at the higher layers and with limited employees’ participation in decision making process. According to the authors, a key characteristic of the majority of the Cypriot organisations is the absence of a ‘democratic’ environment, meaning that practices of transparent information sharing, actual communication and genuine employees’ participation are limited. On the contrary, indications show that the level of status differentials between managerial staff and employees are very high and apparent.

Moreover, the Cypriot culture is characterised by its extreme efforts to avoid by any means the ‘uncertain’ factor. What this implies is that organisations, to deal and correspond to unknown and ambiguous situations, they proceed with building a rigid management approach through highly formalised systems and hierarchies. Seeking to minimise this future uncertainty, organisations establish clear policies, practices and systems. In turn, employees prefer to hold on and refer to this system in cases that they face ambiguous situations. In simple terms, as Topaca & Nikolaidou (2005: p9) explain, ‘Cypriot employees do not feel attracted to flexible, ad-hoc structures, which leave much room for improvisation and negotiation’.

Additionally, the culture of Cyprus is argued to be relatively individualistic, meaning that Cypriot employees prefer to pursue the ‘individual’ orientation, are more self-contained and less attracted by collective and group activities. Individualism within Cypriot organisations appears in the form of independence and self-reliance and the desire for individual rewards. It could be suggested that Cypriot employees value their identity from a more personal / private angle instead of having a more communal / group identity in line with the organisation’s identity to which they belong.

Moreover, Cyprus still maintains traditional masculinity cultural elements, whereby employees seek to progress their careers through exceptional performance and by achieving high status and greater recognition within their workplace. A key characteristic signifying the masculine character of Cypriot culture is the fact that still,
there is the general perception that some occupations are, or should be, exclusively occupied by males, while some other occupations are more suitable for Cypriot women. There is a clear role differentiation between males and females, with the former being characterised by assertiveness, toughness and oriented towards material achievements.

5.4 HRM Practices in the Banking Sector of Cyprus: Empirical Data

The subsequent discussion is based on previous empirical research within the banking sector of Cyprus (Pavlou, 2007). In combination with that, after reviewing the information of the different HRM activities that various banks maintain (mainly through their websites, directives and publicised documents), the following information has derived. This is a general reference to the different HR practices and it should be noted that various banks may adopt dissimilar practices and implement them in different way. Thus, the following discussion should be seen as an attempt to sketch the general situation related to HRM in the banking sector of Cyprus.

Within this particular context, employment security and ILM are widely recognised among the most important. Due to the high levels of employment security, both the banks and employees are willing to invest in each other given the presumption of lifetime employment (e.g. banks spend on employees’ personal and professional development and employees reciprocate through loyalty, dedication and high performance). Regarding ILM, recruitment mainly focuses on internal promotions, but when multiple job positions will be filled, or in cases that particular qualifications are required (i.e. ACCA, CFA), banks proceed with recruiting external employees. Yet, for the majority of new positions, given that banks already maintain a competent workforce, do not proceed with external recruitments.

This orientation is based on several justifications. Some of these are that promoted employees and their capabilities are known to the management; or that employees moving on to advanced positions are already aware of ‘how things work’ and are acquainted with the organisational culture. Also, recruiting ‘externals’ while existing employees wait for years for a promotion to a higher position causes feelings of dissatisfaction and demotivation to the workforce. Within Cyprus, these practices are further reinforced by the strong role of ETYK and by the collective agreements that the
union has achieved. The key point is that, combined with the ILM opportunities and the prospect for a prosperous career development, the strong sense of security is among the reasons why the majority of Cypriots aim at getting a job in this sector.

Recruitment and selection practices are maintained at high standards and quality. For all the Cypriot banks, these practices are subjected to lengthy and comprehensive procedures integrating written/oral examinations, interviews, case studies, role playing etc. However, it should be recognised that factors such as the island’s small population, the culture, norms and customs seem to affect such practices. It is a common secret that despite the efforts to adopt transparent procedures and to universally apply the rules and regulations, extraneous factors also exercise influence to the decision making process.

Training, learning and development practices are considered as among the most important. Such activities are believed to be an on-going, never-ending process. Training takes a variety of forms (i.e. formal/informal, on/off the job, specific/general training), but the norm is to see a combination of different approaches. Among the main types of training, in-house practice is a key element and is achieved by having senior managers guiding more junior employees in order to learn how tasks are performed in practice. This enables employees to depart from the theoretical models and prescriptions and gain a real understanding of the situation. Training programmes are designed and implemented according to many factors, some of the most important summarised under the needs of the organisation, of the particular department and of the employee.

EIP, information sharing and worker voice are considered to be key to organisational success. ‘Hearing’ employees has become a necessary initiative that all Cypriot banks now start considering. These practices are mainly achieved through intranet networks, the constant distribution of updated encyclicals regarding employees’ issues, the informal day-to-day information sharing/communication and the formal informative meetings/presentations. A common practice for banks is to ensure, via different techniques, that employees always have the opportunity to directly communicate with the management and freely express (anonymously or not) their concerns, problems or suggestions. Also, these schemes are achieved through seminars and presentations that are designed to discuss general and specific issues within the bank. The belief is that by maintaining high levels of EIP and worker voice, the management actually comes closer to the reality of the workplace, as employees are those who first receive and transfer
customers’ demands and needs. For this reasons, quality communication practices are believed to yield mutual benefits both for the banks and their employees.

Banks in Cyprus do not really promote formal practices of teamworking. Yet, in certain occasions, teams may be comprised in order to carry out a common task or a project assigned by the management. Such practices are seen as strengthening employees’ professional and personal relationships, creating a mutual supportive environment. Depending on the department and the nature of responsibilities, teamworking may be present or not. Yet, even in the case of no formal policies and practices, for employees at the frontline, teamworking is an ‘informal’ way of carrying out everyday tasks.

Moreover, salary and compensation depend on employees’ specific job position, years of experience and academic background. PRP does not exist in the particular sector, but it may be expressed in the form of promotions in higher job positions. As seen from previous empirical research, ‘banks currently seek to find a balance…there is the need to find a way to reward the individuals that are really hard workers, but also provide the incentives for the others (low performers) to catch up’. Employees’ opinions towards such schemes are not positive, since there is a trend for preferring guaranteed, pre-specified pay. Beyond the preference towards more ‘secured’ settlements, concerns about objectivity, potential favouritism or misgiving of rewards are also other reasons inhibiting the effective implementation of any PRP scheme.

Banks maintain strong formal performance reviews on a semester or annual basis. These are mainly used to examine employees’ performance, to identify their weak areas, to detect training gaps and design appropriate training programmes. It appears that these practices are bundled with training and development schemes. Depending on appraisals’ outcome, the nature and intensity of training is decided by the management. In order for appraisals to be successful and have a real impact, banks ensure that the criteria, the score system, the procedures and the expectations are pre-determined and agreed by all the involved parties. Also, through specialised training, the involved members (i.e. the appraisers) are able to realise the importance / purpose of such activities and to comprehend the way by which evaluation should be carried out.

Additionally, it is common for the banks to try to reduce any gaps that may exist between managerial members and employees. Without ignoring the value of senior
managers (who are by nature entitled to certain benefits, such as individual office room, secretary etc.), Cypriot banks do not construct barriers or divisions among managerial and shopfloor levels. Yet, while efforts are done, the strict hierarchies and the way that banks’ system is comprised allow senior or line managers great freedom to promote, or not, such practices. Thus, a common perception is that reduction of status differentials are highly subjected to managers, who, through their own distinct management style, decide the way that they will interact with employees.

Practices supporting work-life balance are also strong in the banking industry of Cyprus. The respect towards employees’ personal needs and interests is mainly expressed through different organisational provisions, which, on majority, are still based on a conventional basis (e.g. the classical maternity / paternity leaves and traditional provisions regarding days off / sick leaves). Cypriot banks claim to influence employees’ life in a positive way, aiming at reinforcing a supportive climate, breaking the pure ‘professional’ conduct. This is mainly achieved through social interactions and many off-the job activities such as meetings for coffee, dinners, expeditions etc. Additionally, banks not only focus on the personal needs of their employees, but they also emphasise on the interests of their different stakeholders within the wider community. In Cyprus, there is a general consensus that banking organisations lead the way for supporting and implementing at the greatest extent the notions of corporate social responsibility and business ethics by making sure that a large portion of their profits are returned to the community. This is accomplished through different activities organised and funded by the banks for promoting and supporting good causes.

5.5 Information from the Experts

Helpful information was derived from Dr. Stavrou-Costea, the leading HRM author in Cyprus. She explained that Cypriot culture and the Cypriot style of managing employees is distinct and involving ‘extraordinary’ characteristics. Throughout her extensive research and experience, Stavrou made clear that Cyprus culture is mainly about what the family has to offer and the important role that family has, meaning that individuals are depended mostly on the family rather than on other parties. As articulated, ‘on the whole, Cypriot culture is focused and highly influenced by tradition, by peoples’ beliefs, perceptions and personal opinions’.
These comments are reconfirmed through the different studies done by Stavrou (e.g. Stavrou, 1997, Stavrou & Ierodiakonou, 2011), who explains how Cyprus society is based on patriarchal premises, ‘where state policies nurture traditional gender roles and preserve family as a fundamental institution for socio-economic cohesion’ (Stavrou & Ierodiakonou, 2011: p152). As other writers also explain (e.g. Martin, 1997, Trifiletti, 1999, Andreotti et al., 2001), this situation is similar to many other Southern EU countries, whereby women are in a way ‘forced’ to accept such traditional employment regimes. Mainly due to that, as Stavrou exemplifies in her most recent paper, as mothers and wives, Cypriot women ‘have been significantly constrained, if not by their personal value system, certainly by their society’s norms…’ (Stavrou & Ierodiakonou, 2011: p152). In details, the authors (p154) explain that:

‘In traditional societies, like Cyprus, where women are socially assigned with family caring roles, their work arrangements would influence, and be influenced by, the beliefs and roles of members of their extended family [...] Therefore, these women may feel that their families would only approve their working under employee-driven arrangements that would not intervene with their roles as ‘proper’ wives and mothers…’

According to Stavrou, the majority of Cypriot organisations establish a system whereby relationships are based mostly on social networks and family-related employees. In relation to this, she suggested that ‘we maintain a culture that does not favor uncertainty…instead we do everything to have certainty and assurance…we are not risky at all and we prefer to maintain a situation that suits our needs’. This trend and the way that employees and employers think and behave is also seen in the fact that the majority of Cypriots have the ‘dream’ of becoming employees within the banking or governmental/public sector. Despite the fact that government occupations do not offer exceptional career with advancements, flexibility or opportunities for progress, they are highly desirable due to the guaranteed employment security that they provide for life.

Also, it is important to bear in mind that Cyprus is a very traditional country. The main belief is that the Cypriot woman is still valued firstly as a mother or wife and then as an employed individual. Yet, what is the extraordinary fact is that women assimilate to this perception and as such, Cypriot women do not have among their priorities to ‘hunt’ for a successful career. Rather, their aim is to find an occupation that would allow her to satisfy all their roles in the Cypriot society. Basing her arguments on her experience and related research activities (e.g. Stavrou, 1997, Stavrou & Ierodiakonou, 2011), Stavrou
suggested that regarding the role of women in the Cypriot environment there is a
discrimination, but also that the same women absorb this culture, thus enhancing the
prejudice against them. Concluding, Stavrou argued that culture is one of the most
important ingredients for understanding how and why HRM appears in the specific
manner within the Cyprus context.

Beyond the interview with Stavrou, during the 18th annual general meeting of the
Cyprus Human Resource Management Association (CyHRMA), a senior manager
employed in one of the leading Cypriot banks provided information about the situation
of HRM specifically within the banking sector. Just like Stavrou (2005) who discussed
the most important emerging HRM-related challenges for Cypriot organisations in
general, the manager elaborated on the challenges and opportunities arising from the
current financial crisis, suggesting that the new role of HRM within the banking sector
will be based on the ‘business partner model’.

The senior manager explained that one of the most important emerging challenges for
Cypriot banks is to shift the role of HRM from an administrative to a strategic one,
meaning that it is necessary for HRM to work in line with other functions of the
organisations. One of the most important points referred by the manager was that the
success or failure of this new approach will be highly depended on the line managers’
efforts. This is because, alongside their other responsibilities, they will be accountable
for enhancing the employment relations both between and within employees and
managerial staff. Furthermore, according to the senior manager, now more than ever,
there is the need to link HRM to business results. This is seen as a great challenge since
it implies a new, innovative and coherent approach to key HR-related practices.

‘Through the current financial crisis HRM will need to prove its value…It is
now that HRM can break free from administrative responsibilities and
reclaim its strategic role within Cypriot organisations’

Senior HR Manager from the CYHRMA Annual Meeting

Another challenge as suggested by the bank’s manager is for the Cypriot banks to find
the ‘formula’ that will allow fostering a mutual beneficial relationship among the
organisation and its workforce. For the senior manager, on the one hand, there is the
necessity to accommodate the continuous changing employees’ needs (i.e. employees
now demand greater work-life balance, deeper participation/information sharing, more
flexibility, quality in training, personal/professional development etc.). On the other hand however, it is also essential to secure banks’ own interests (i.e. to achieve economic progress and profitability, to advance businesses, to overcome competition by providing superior services etc.). As clarified, both parties’ needs grow; Cypriot employees become more knowledgeable and demanding; whereas banks experience intensified competition, financial constraints and pressures. Ultimately, the challenge will be to accommodate all these under a new and upgraded model of HRM.

5.6 Conclusion

Drawing information from a wide range of sources, this chapter analysed the major factors which shape HRM and IR in Southern EU, in Cyprus and in the Cypriot banking sector. Compared to the rest EU countries, HRM in Cyprus appears to be at an ‘embryonic’ stage. This implies that greater efforts are needed for the strategic development of this discipline in the island.

Beyond this indication however, there are few key points to remember from the preceding chapter. One of these is the well-organised education system, which, alongside with the various institutions providing continuous training and development programmes, produce a labour force with high educational level. Noticeable is also the favorable conditions characterising the Cypriot economy - an economy mostly built around the service sector. Moreover, the IR peace preserved in the island due to the ‘tripartite synchronisation’ between all the social partners; the strong presence of ETYK; and the nature of the various HR practices within the banking sector are important elements to consider when examining HRM in Cyprus. Concluding, Cypriot cultural particularities (i.e. individualistic with traditional masculinity elements; favouring centralisation of authority; avoiding ‘uncertainty’) are among the most important features influencing the operation of HRM in Cyprus.

The main reason for providing the preceding information is to enable the reader to gain a clear understanding of the wider context that surrounds the case study organisation and its employees. However, while offering great insights, these are not enough. Moving deeper into the analysis, the real essence and the ‘core’ of information is found in the way that the bank’s HRM system operates.
6  The ‘Content’ of HRM: Discovering ‘What’ the Bank Does and ‘Why’

6.1  Introduction

Data collected from the case study organisation is analysed following the same sequence as the research questions. Firstly the ‘content’ of HRM in the bank is scrutinised. After that, having as a background this information (i.e. what the organisation does in relation to HRM and why), the analysis proceeds to examine how the overall HRM system is operationalised and understood by the different members of the bank (i.e. senior HR managers, line managers, non-managerial employees).

Focusing on the ‘content’ part of the HRM system, information is provided regarding the different policies/practices that exist in the organisation, as well as about the key contingent forces and how these influence the HRM in the bank. Beyond that, in the final section there is an attempt to sketch the organisation’s approach/model of HRM.

6.2  Key HRM Policies and Practices

Exploring the bank’s HRM policies/practices, extensive information was gathered for the majority of the aspects under investigation. In particular, as seen in Table 9, six out of the nine appear to dominate the bank’s HRM system. Before moving on, it is important to note that the following information about the bank’s core HRM policies and practices is based on the researcher’s initial assessment of the overall situation (i.e. based on bank’s terms of services, directives, some of the senior HRM managers’ indications and other primary/secondary information). Consequently, at this stage, the benefit of the researcher’s analysis and interpretation should be taken into account.

Table 9: Bank’s Core HRM Policies and Practices

<table>
<thead>
<tr>
<th>Six Key HRM Practices in the Bank:</th>
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<tbody>
<tr>
<td>1. Employment security and ILM</td>
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<tr>
<td>2. Recruitment and selection</td>
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<tr>
<td>3. Training, learning and development</td>
</tr>
<tr>
<td>4. EIP / information sharing / worker voice</td>
</tr>
<tr>
<td>5. Performance reviews / appraisals / career development</td>
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<tr>
<td>6. Work-life balance</td>
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Source: Compiled by the author
1. Employment security and internal labour markets is a key ingredient in the bank’s HRM-related schemes. The bank is among those employers in Cyprus offering a 100% employment security. This is mostly due to the statutory laws and its directives; something that is confirmed through the bank’s records related to dismissals or redundancies, as well as by the extensive seniority (in terms of years of employment) that exists. Schemes safeguarding employees’ employment are further reinforced by the ILM that the bank has developed. Despite the predetermined career development plans, the organisation offers various opportunities for employees, through internal movements, to be transferred from one department to another. In this way, and through these provisions/related policies for internal transfers, the bank tries to bend its rigidity by offering greater flexibility for its employees.

2. Great emphasis is given to recruitment and selection activities which appear to be highly formalised, strict and confidential. Depending on the needs of the various departments; and in order to be able to sustain their operations, new job positions are created. The job description / specification of duties and minimum qualifications required for the new job are jointly decided between the HRM department and the particular department. After that, the recruitment and selection procedures start. The required qualifications and duties are determined by the service plans of the available positions. Job vacancies are advertised through the public media and are fulfilled through a predetermined procedure. This procedure is multidimensional and may vary depending on the job to be filled. On average, candidates are expected to successfully pass written and oral exams (specialised and related to the job’s responsibilities), interviews, real-case study simulation, assessment centers, group exercises, fact finding exercises etc. The bank is able to apply strict recruitment and selection procedures since for each available position it receives on average 300 applications. Ultimately, the aim is to maintain professional standards and a top-quality level of screening. This is because by bringing in the most suitable employees (with the potential to remain in the bank until their retirement); the bank then sets the foundations to initiate a life-long learning, training and development process.

3. This training process (also facilitated by the strong employment and ILM) enables employees, through steady and incremental steps, to achieve such competencies that would allow them to support the organisation to meet its objectives and long-term goals. The way of delivering training varies from highly formalised seminars to informal
presentations, including both on-the-job training by the guidance of more experienced employees or off-the-job through the use of teaching material and by the support of external expertise. Particularly, in the bank there are two budgets of training: one budget for the technical training of employees (i.e. ‘job role’ oriented training - related to the employees’ immediate responsibilities) and one budget for general skills training (i.e. training aiming at the development of employees’ soft skills). These budgets are decided at the beginning of each year through the discussion and consultation between the members of the board and other related parties / committees.

4. Employee involvement and participation, communication and worker voice are all reinforced by a wide range of schemes. At a direct-personal level, the voice and participation of employees is ensured through the ‘open’ communication that the management maintains, allowing employees to express any ideas or concerns at any time to their immediate supervisor. In cases where employees are not satisfied, they can make a complaint to their department’s director. Also, when employees have complaints or suggestions, they are able, through an anonymous system, to use the ‘suggestions box’ that the bank maintains. For strengthening information sharing, the bank has also recently presented advanced intranet services and is in the process of introducing the ‘employees’ magazine’ whereby general information about the bank (i.e. its activities, schemes, future plans etc.) will be available to employees. These are seen as tools for the benefit of employees, enabling them to communicate freely both horizontally and vertically and to receive comprehensive organisational information in an accurate and timely manner.

At a collective level, employees’ participation and ‘voice’ is achieved due to the fact that the bank is a highly unionised environment, since more than 95% of the employees are members of ETYK. Within the bank there is the sectoral committee which is comprised by employees of the bank (elected by the rest of the workforce). This committee acts as employees’ representatives and plays the role of a ‘mediator’; employees transfer their messages to this committee and the committee transfers and discusses these issues with the management. When employment issues arise, the first contact point is the particular committee. After that, the committee, following the necessary procedures, consults and negotiates with the related authorities in order to reach a solution to the problems. Basically, this committee allows employees’ voice to be heard in the table of negotiations.
5. For ensuring the desired development of the workforce, the bank maintains well-designed performance reviews. These take place every six months (for employees on probation) or once per year (for permanent employees). The process for evaluating employees’ overall performance involves three individuals (the appraising committee) consisting of the line manager of the employee, the senior manager and the director of the department. The line manager is responsible for preparing a preliminary evaluation which is discussed both with the employee and the evaluation team. This team is chaired by the most senior member and decisions are taken based on the majority of ‘votes’. Assessing the employees’ overall performance against the predetermined objectives, appraisals are believed to be among the most important aspects regarding human resources. This is mainly because these schemes are closely connected both with employees’ career development and their promotions to higher positions.

6. Concluding, work-life balance of employees is ensured to some extent by the bank’s formal polices / directives and terms of employment. The bank operates different provisions, some of the most important being holiday entitlement (approximately 30 days per year), as well as the ‘ideal’ working time schedule (on average 35 hours per week) associated with a small degree of flexibility in start and finish times (employees are allowed to arrive in the bank in between 7:30-8:00 and leave between 2:30-3:00). Also, there are some benefits for employees pursuing additional qualifications (i.e. extra days-off, sabbatical leaves, loans for education, money returned for tuition fees), as well as schemes accommodating maternity/paternity leaves (up to sixteen consecutive weeks) and sick leaves (up to 40 days off per year). Likewise, under the spectrum of work-life balance, there are other provisions offered by the bank such as a variety of low interest rate loans and other types of allowances.

6.3 Forces Influencing HRM

Having outlined the bank’s core HRM policies and practices, the purpose of this section is to answer ‘why’ these appear as they do. The focus shifts to examine the influential forces and how these affect HRM in the particular setting. The most dominant forces affecting HRM in the bank appear to be the union’s strong presence, the bank’s size and demographics. Also, the strong cultural elements and the regulations resulting both from the Cypriot industrial relations Code and EU directives are important factors influencing
the operation of HRM within the bank. All these are articulated throughout the following analysis.

The first and most important influential force is the strong presence of the union. ETYK is responsible for negotiating terms and conditions of employment as well as ensuring that the provisions stated by the collective agreements are realised at the workplace. Collective agreements are decided on a three-year basis, specifying how employment relations will work within the bank. Overall, these agreements, as an official document, lay out fundamental provisions securing employees’ welfare.

‘Having the union in here is a win – win situation…Through collective agreements the employees secure a wide range of benefits while the bank wins an ‘allied link’ that can approach to negotiate and discuss any terms of employment’

Union Representative

In the bank, there is the sectoral committee that deals with the HR-related problems that arise. As the union’s official explained, this committee intervenes when employees’ rights are affected. Using his own words, ‘the committee acts as the advocate for the employees…It protects their rights and interests by all means’. It was apparent that the degree of union influence and intervention varies (see Table 10).

For example, the union has very little influence as far as recruitment and selection of employees is concerned. Yet, there are areas for which the union has influence to some degree, such as training and development, as well as securing work-life balance provisions for employees. For the former, the union offers independently several training programmes through a range of associated institutions. Also, it seeks, mainly through the collective agreements, to gain for the employees different training privileges. For the latter, beyond the funds that the union preserves for strengthening employees’ work-life balance (i.e. health fund, welfare fund), it also maintains different out-of-workplace activities such as chess, basketball/football, shooting teams etc.

Beyond that, there are particular HR areas where the union plays an important role. For example, regarding appraisals, given that this is among the most critical aspects within the bank, conflicts and constant disputes arise between the management and employees. As the representative explained, ‘it is here where the union intervene in order to support both parties to reach to an agreement in order to avoid further complications’.
‘The role of the union is to ensure the rights of the employees as these are stated through the collective agreements…Our aim is to protect our members from any issues that may negatively affect them’

Union Representative

Also, employment security is among the most important considerations for the union. By evaluating the union’s objectives, it is obvious that providing a secure employment to their members was, is and will always be among its highest priorities. Finally, the aspect within which the union rests falls in the spectrum of EIP and worker voice, and this is because all of its activities and the presence of ETYK aim at ensuring that the voice of employees is actually heard, respected and acted upon by the bank.

Table 10: Union’s Degree of Involvement

<table>
<thead>
<tr>
<th>HRM Policies &amp; Practices</th>
<th>Degree of Involvement</th>
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<tbody>
<tr>
<td>Employment security and ILM</td>
<td>Low</td>
</tr>
<tr>
<td>Recruitment and selection</td>
<td>Medium</td>
</tr>
<tr>
<td>Training, learning and development</td>
<td>Strong</td>
</tr>
<tr>
<td>EIP / information sharing / worker voice</td>
<td></td>
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<tr>
<td>Performance reviews / appraisals / career development</td>
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<tr>
<td>Work-life balance</td>
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</table>

Source: Compiled by the author

*See above information for the nature of the union’s involvement

Another factor influencing the way that HRM-related activities are carried out is the relatively small size of the organisation (approximately 330 employees). This factor can be examined from two different lenses, consisting both positive and negative aspects. Positively, the small number of employees facilitates the design and implementation of schemes enhancing communication/information sharing. Senior managers, supervisors and employees have the opportunity to communicate everyday horizontally and vertically. For example, the small numbers in each department allows employees to know each other personally and to maintain strong professional / interpersonal relationships. Moreover, small numbers allow line managers to have an everyday, face-to-face conduct with their employees. Negatively, despite the benefits that may arise from close interaction, sometimes relationships may go beyond the normal as a result
issues of bias to occur. This inhibits the ability of line managers or managers to be objective when practicing particular HR-related activities (i.e. appraisals, the provision of career development opportunities etc.). Also, the small number of employees means that ‘news travel fast’, as a result issues to be hard to remain private. Thus, aspects of confidentiality and privacy are often bypassed, making employees worry about expressing personal issues or communicating sensitive information.

Demographics are also important to consider. This is because over time, the strong employment security and the zero turnover figures have produced a workforce with long period of service; most at more than 15 years in the bank. Unavoidably, this seniority is accompanied by a high level of age since the majority of employees are within the 30-39 age groups. This seniority inevitably influence the way that the bank designs and implements the different HRM schemes. Rationally enough, elder employees (in the context of Cypriot culture) are accustomed to the relatively ‘old-fashion’ approach, based on which things are done following a ‘manager commands and employees comply’ pattern. The fact that many of the senior employees occupy key positions in the bank, in association with their favouritism towards a pure ‘results oriented’ and ‘get things done’ approach raises several concerns for the bank. This ‘traditional’ view that the majority of senior members adopt is a strong influential factor for the management when designing its HR-related activities.

Similar to the above argument, two cultural elements of the Cypriot culture; the long-term orientation and the efforts to avoid ‘uncertain’ factors highly influence the nature of HRM practices in the bank. Adjusting its activities to the dominant culture; the bank implements schemes that favour a long-term orientation. This means that different HR policies are operationalised and experienced by employees over long period of time. For example, pay and rewards are provided on a fixed basis and salary increases come incrementally (i.e. steady increase in salaries year after year), mainly through years of experience and seniority. Also, career development is long-term oriented. Based on the bank’s terms of employment, employees’ promotions and advancements to higher positions are subjected to the fulfilment of certain years of employment (i.e. employees need to complete 3-5 years of employment in order to be eligible for a first promotion and after that another 5-7 years for a second promotion). Moreover, training provisions are provided based on a long-term orientation since employees have to accumulate a
particular number of training hours over the year, and are expected to incrementally attend different levels of training throughout their career.

The bank reinforces feelings of employment stability. Internally, in the effort to reduce employee hesitation regarding the unknown situations, the bank has built clear and predetermined career development; has in place precise regulations and directives; and maintains an employment system characterised by close supervision. Externally, seeking to eliminate the risks of future instability or ‘uncertainty’ that exist in the banking sector, the organisation maintains a concise and stable portfolio of businesses. In cases of implementing new strategies or schemes, or when proceeding with new activities, the bank moves on cautiously with extensive research and by a ‘step-by-step’ approach for examining all possible scenarios and outcomes of their decisions. Trying to minimise unpredictable results, the bank involves different parties such as internal and external specialists, subcontracting consultants, statistical services etc.

Moreover, the organisation maintains its own regulatory framework which specifies how operations should be carried out. Yet, beyond the bank’s directives, there are also laws resulting both from Cyprus Republic and EU that enforce the bank to comply with certain protocols and procedures. For example, recent updates in the data protection law has largely affected the HRM department and the way that it deals with personal issues and matters that are subjected to more ‘sensitive’ treatment. Furthermore, due to the nature of the organisation, recruitment and selection procedures, disciplinary issues, termination of employment, minimum wage provision and other related aspects are highly affected by the Cypriot laws and European directives. Also, given that employees’ complaints are not resolved internally (by the support and negotiations of the union), disputes resolution is highly determined by the Cypriot IR Code. As already explained, any disputes or employees’ complaints resulting from the application of the bank’s directives are settled in accordance to the provisions of the Code as enforced by the Ministry of Labour and Social Security.

It is important to clarify that the different HRM practices of the bank are simultaneously influenced by different forces. For example, the strong policies regarding employment security have resulted due to the pressures exercised both by the banking trade union and through the bargaining / close co-ordination that exist between the social partners. Also, forces such as organisational directives, the state’s related legal provisions and the
demands for transparency and objectivity coming from the different works councils set the foundations for the highly sophisticated and professional nature of recruitment and selection procedures.

Similarly, beyond the ‘long-term’ orientation adopted by the bank, the resources allocated, the way that educational regime is built and the various establishments providing lifelong education to the Cypriot labour force are also important when examining training, learning and development practices in the case study organisation. These forces create a highly literate pool of candidates, allowing the organisation to further extend their knowledge by implementing specialise training tailored to the reality of the particular sector. Also, regarding the policies and practices of communication and EIP, appraisals and work-life balance, the provisions as stated in the Cypriot IR Code, the collective agreements and the strong role of ETYK mainly determine the way that these operate in the bank and the wider banking industry. Moreover, in a more generic sense, as also seen in the next section, the bank’s HRM is highly shaped by the strong ILM system that the organisation has created over the years.

Also, it is important to explain that cultural forces not only affect the presence of some HRM practices, but also are to a large degree responsible for the absence of some others. For example, while the adoption of PRP may be common and desired in other settings, in the current study this is not the case. This can be explained by looking at the distinct characteristics of the Cypriot culture. A reference has already been made about Cypriot’s tendency to avoid uncertain situations and their preference for more stable and guaranteed outcomes. The fact that pay systems contingent on performance have not yet been embraced in the banking industry of Cyprus can be attributed to this cultural particularity. This is because employees in general feel more secure with their wage settlements and by knowing that their agreed salary will be delivered, no matter what, at the end of each month. Moreover, accepting that many contingent factors may intervene in the effective operation of related schemes, concerns also exist regarding their objective and fair implementation. In addition, the systematic and pre-determined pay system is also seen as a means for reducing grievances and complaints regarding pay. Consequently, this job-based pay approach implies that PRP is less important in the particular context.
Likewise, the absence of PRP practices is further explained by another aspect of Cypriot culture. This is the preference towards ‘traditional-based’ employment conditions. As argued, this traditionalism is reinforced in the settings of the bank by the ‘demographics’ aspect. The system of the bank (due to its strong employment security and ILM) produces a relatively ‘elder’ workforce. In the context of Cyprus, these individuals favour a more traditional approach to management. The point made here is that these ‘tradition-oriented’ senior members (in terms of age and status) influence the nature and the implementation (or not) of different schemes. Occupying key positions in the bank, they are conservative to innovative ideas and schemes, thus constraining the implementation of contemporary schemes and flexible working arrangements.

This favoritism towards a more traditional approach to management, merged with the relatively high ‘power distance’ that is an integral aspect of Cypriot culture also justifies the absence of any policy promoting harmonisation / reduction of status differences. The fact that the bank is characterised by extended hierarchy, whereby authorities and decision making is centralised at the highest managerial layers are the main reasons why there is little interest in minimising status differentials.

Teamworking is another area that does not exist in the bank as a formal or written policy. This is mainly because Cypriot culture tends to be more individualistic (for details see Ch.5). Very briefly, at a personal level, Cypriot employees are expected to look after themselves and their immediate family, preferring to act as individuals instead of members of groups. In organisations, Cypriot employees are less interested in collective activities and prefer to follow the ‘individual competition’ orientation, thus being more self-contained. Individualism within Cypriot organisations appears in the form of independence and self-reliance; seeking for individual rewards and tasks based on distinct responsibility.

A rational concern arising at this point is why, given individualist character of the Cypriot society, there is such extensive collective bargaining and representation in the bank. In Cyprus, the norm is that individuals behave in their life relatively individualistic and have as first priority their immediate-personal benefit. However, in the bank, there is one main factor that alter this situation and make employees to behave in a more collectivist way. The strong and influential role of the union is one of them. Employees know in advance that their interests are much more protected by their union
membership and are aware that collectively can gain much more than pursuing the individual route. This may also suggest that they favor collectivism as a means to secure their own benefits, something that reveals their highly transactional-based orientation (an issue peaked up at a later stage).

Before concluding this section, one important point should be highlighted. As revealed through the overall data findings, beyond the above forces, influences also derive from various internal particularities. For example, the dedication shown by the management and the degree of flexibility they have in implementing different policies; the nature and character of these policies; the occupational nature of the workforce as well as the requirements of the organisation and the distinct needs of its various departments should all be considered when examining the operation of HRM in the bank. These forces and their influence become more apparent throughout the subsequent data analysis and discussion chapters.

Table 11: Forces Influencing the Operation and Existence of HRM Content in the Bank

<table>
<thead>
<tr>
<th>Influential Forces</th>
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</thead>
<tbody>
<tr>
<td><strong>1. Country / Cultural Effects</strong></td>
</tr>
<tr>
<td>- Social regime / Educational regime</td>
</tr>
<tr>
<td>- Labour force characteristics / Educational background</td>
</tr>
<tr>
<td>- Cyprus’ cultural elements</td>
</tr>
<tr>
<td><strong>2. Legislation</strong></td>
</tr>
<tr>
<td>- Industrial relations Code</td>
</tr>
<tr>
<td>- Cyprus governmental laws</td>
</tr>
<tr>
<td>- EU directives</td>
</tr>
<tr>
<td><strong>3. Sectoral Characteristics</strong></td>
</tr>
<tr>
<td>- Strong trade union role</td>
</tr>
<tr>
<td>- ILM philosophy &amp; Long-term orientation</td>
</tr>
<tr>
<td>- Criticality of improving services’ quality</td>
</tr>
<tr>
<td><strong>4. Organisational Characteristics (sectoral characteristics plus: )</strong></td>
</tr>
<tr>
<td>- Workforce’s demographics</td>
</tr>
<tr>
<td>- Organisation’s regulatory framework / Directives</td>
</tr>
<tr>
<td>- Organisational hierarchy / Structure / Size</td>
</tr>
<tr>
<td><strong>5. Organisational Policy / Character (i.e. Clear? Vague? Rigid? Dedication by management?)</strong></td>
</tr>
<tr>
<td><strong>6. Occupational Nature of Workforce (i.e. Departmental variation, age, length of service, marital status)</strong></td>
</tr>
</tbody>
</table>

Source: Compiled by the author
6.4 Bank’s Approach to HRM: Enhancing Quality through Strong ILM

Whilst there was no evidence of a concrete or stated formal HR strategy, the fieldwork demonstrated how the bank uses its ILM to manage its employees and constantly improve the quality of its operations. Aiming to give the exemplar to the organisations operating in the industry, the main priority of the bank is to ensure that its workforce is capable and competent enough to offer the best quality services. This is achieved by maintaining a variety of HRM schemes ensuring employees’ proficiency. Shaped by a range of forces analysed in the previous section, these schemes are designed and implemented in such a way so as to be accommodated and reinforced by the strong ILM system that the bank has developed over the years. This system characterises a stable organisation whereby employees are interested in long-term careers and to deferred rewards and training being incremental and spread over long periods.

Through its HRM policies and practices, the bank ensures that this internal focus is eventually converted into superiority of the services that it provides to its stakeholders and wider community. The professional and highly sophisticated recruitment and selection practices, the different EIP, information sharing and communication mechanisms both at a personal, as well as collective level, the vast resources for securing training and development of the workforce, the systematic performance reviews and the various work-life balance provisions are important elements that enable the organisation to follow this orientation. These activities all initiate form the HRM department that operates in the organisation. Maintaining a representative in the board of directors and employing more than 5 individuals with HRM-related academic background, professional qualifications and extensive practical experience, the department has achieved to be established as an integral unit of the bank.

Thus, the different HRM policies and practices that enable the bank to adopt this orientation are facilitated and reinforced by one important contributor; the strong internal labour market system. The way that the employment system is set up, a system which emphasises a long-term commitment, is a key ingredient helping the bank to achieve its objectives. As seen, within the bank’s model, employment is guaranteed for workers and as such there is the opportunity for designing long-term, steady and incremental career paths. For this reason, employees expect to maintain and prolong their employment through internal transfers and opportunities for internal promotions. This presumption of lifetime employment of its employees provides a strong
justification for the bank to invest in its human capital. In turn, employees are interested and willing to be involved in activities for improving their existing skills or to acquire new ones given the fact that they have a strong lifetime stake in the firm and its success.

Moreover, building on skills and knowledge that employees have acquired previously through full-time education, the bank fosters such skills that are mostly internal and tailored to its needs. Therefore, in the heart of the bank’s ILM is training and development practices which appear to be ‘employer-led’. This means that the management decides about the type of training and designs the nature and the provision of training which is specific to the particular requirements of the bank. Overall, the organisation has built an institutionalised system of passing on knowledge and expertise within the firm. The fact that this training, learning and development is tailored to the bank’s demands is also an explanation why the organisation is willing to spend great resources for achieving high quality of such practices.

Another important aspect of the bank’s ILM system is the fact that it has established a ‘seniority pay’ approach. Compensation schemes are hierarchy-based, so that as employees get older and become more senior, they also move up the ‘ladder’. Accordingly, as employees are moving upwards, they also move up in terms of status, respect and recognition. Overall, the bank has managed to establish a strong internal labour market that minimises employees’ turnover, and consequently the potential costs that may derive by the any replacement of employees (and thus the need to recover the knowledge, skills and abilities they possess).

### 6.5 Conclusion

This chapter adopted a triple focus; firstly it identified the core HR policies and practices and their key characteristics; secondly investigated what are the contextual forces and how these influence the operation of these practices; and thirdly, based on these findings, sketched the bank’s approach / model of HRM.

Thus, searching to discover the ‘content’ of HRM, the six practices of employment security and ILM; recruitment and selection; training, learning and development; EIP / information sharing / worker voice; performance reviews / appraisals / career
development; and work-life balance were identified. On the contrary, practices related to PRP; reduction of status differences; and teamworking were not present at a policy level. It was discovered that the presence and/or absence of HR related practices is affected by a wide range of forces, some of the most important being the country/cultural features; legislation; sectoral/organisational characteristics; the union’s presence and the nature of workforce employed by the bank (for details of the forces see Table 11). Accommodating the pressures originating from these forces, the bank has created a model which is focused on enhancing the quality of its services. Data findings show that the foundation of this model is the strong employment security / ILM that the organisation has created over the years. Essentially, having this as the ‘core’, the bank designs all its HR practices to fit this particular framework.

While the information provided in this chapter is essential for our understanding, it is not sufficient. Indeed, data presented offer great insights about ‘what’ the organisation does and ‘why’. Yet, this information remains at the ‘surface’ level since it only concerns with the quantity and the different features of HRM policies and practices. However, the question to ask is ‘how’ and ‘how well’ these policies pass through the different organisational layers as originally intended. The following chapters address this question.
7 HRM ‘Processes’ and ‘Perceptions’: Discovering the ‘How’ and ‘How Well’

7.1 Introduction

Having explored the content of the bank’s HRM, the following chapter concentrates on the ‘processes’ and ‘perceptions’ elements. This is achieved by looking into the way that various features of the bank’s HRM system are understood and experienced by the members of the bank. For maintaining the thesis’ consistency, the analysis of information follows a hierarchical approach. Therefore, for each aspect under investigation, firstly senior HR managers’ ideas are presented; then line managers’ opinions and last non-managerial employees’ perceptions.

The information provided in this chapter is divided into two main sections. By adopting the dictum intention-implementation-perception, both sections follow the same orientation, but with different focus. While the first section concentrates on the aspects associated with the bank’s HRM ‘content’; the second evaluates those aspects related to the bank’s HRM ‘processes’.

For analysing and presenting the information derived through the interviews, this study constructs two matrices illustrating the deviations or alignments (or both) between the three layers regarding the different HRM aspects. These matrices effectively utilise the excessive qualitative data resulted from the interviews, by allowing to arrange the data into a simple, yet very practical ‘table’ format. This method helped to avoid having information displayed and dispersed over numerous pages in an unstructured format. Rather, the aim was to have a matrix display that make the most important information easily accessible, meaningful and easy for the reader to understand. As argued earlier (see methodology – Ch.4), one of the main features of this approach is that is offers the advantage to the reader, as well as to the researcher, to straightforwardly absorb a relatively large volume of information and ‘capture’ the similarities and the points of contrast, something that was one of the initial key aims of this project.

Each matrix is placed at the end of its corresponding section. The matrix dedicated to the way that HRM as ‘content’ is intended-implemented-perceived is found at the end of section 7.2 (pp171-172) and the matrix dedicated HRM as ‘processes’ is found at the end of section 7.3 (pp191-192).
7.2 Exploring the Content of HRM: Intention-Implementation-Perception

**Employment Security and Internal Labour Markets**

Quotes like ‘employees have a job for life…we are among the best, if not the best organisation in relation to job security’ or that ‘there is a 100% employment security in here’ provided by the senior HR managers illustrate their strong and positive beliefs regarding this aspect. For them, the high employment security has both positives and negatives. On the positive side, employees are aware that they will most probably spend their career in the bank. This means that they are more likely to seek to participate in the various developmental (and not only) activities, as these, in the long run, will enhance the prospects for a flourishing career progress. On the negative side, senior HR managers expressed some of their concerns. Given the fact that dismissals are not an option, extra caution must be given when new employees are recruited. This implies that the bank has no other choice but to guarantee, through recruitment of employees, to bring in only those with the necessary competencies and the potentials for further development. This will ensure that new employees will be an ‘asset’ and not a liability, effectively supporting the bank to carry out its responsibilities throughout the years.

Similar opinions were expressed also by line managers who appreciated the employment security and the well-established internal labour system of the bank. One argument illustrating this strong belief was that ‘even in the worst case scenario employees are protected by the provisions that the bank offers’. For the majority of line managers, these provisions are a source of motivation for employees. This is because employees are aware that they will spend their professional life in the bank; and as one stated, ‘it is not just come, try, and go’ (i.e. employees from their first day can see their guaranteed future within the organisation). Beyond the positives however, few line managers also stressed the dangers related to this ‘extreme employment security’. Problems may arise when employees, due to different reasons, are de-motivated and they decide not to perform their best in the bank. As clarified, these strong schemes may turn against the organisation since ‘there is little that the bank can do to prevent employees to go down this road’.

Non-managerial employees’ perception was that employment security is among the strongest and most beneficial aspects offered by the bank. Overall, for employees, this employment security is one of the main factors that place the bank among the top
desired organisations to work for. Illustrating this perception, one stated ‘I wish all aspects were as strong as this one’ (non-managerial; female; 30-39; over 15 years service) whereas another suggested that ‘it is commonly accepted that all enjoy the secured employment in here’ (non-managerial; male; 30-39; 6 to 10 years service).

Yet, beyond recognising all the positives regarding job security, few employees with considerable years of experience brought to the surface some negative aspects related to the internal labours aspect. Concerns were expressed about the degree to which employees’ career within the bank is flexible, by suggesting that procedures in relation to internal transfers, rotation or bilateral movements are slow and not so effective. This caused problems, since in many cases employees’ requests to be moved to another department (due to a justifiable reason) are pending for a long period, even for years. ‘A situation like this is alarming’ (non-managerial; male; 50-59; over 15 years service) it was suggested, since it is not possible for employees to effectively perform within a department or in a position that they are not satisfied with.

Similarly, another employee who spent his entire career in the bank referred to a particular example making this point even more important. As he explained, ‘while there is a written policy for internal transfers, which is supposed to offer greater flexibility to employees, we see a selective approach to transfers’ (non-managerial; male; 50-59; over 15 years service). Probing for further clarification, it was suggested that while there are formal provisions for internal transfers, there is also a part specifying that, at any given time, the management is allowed to proceed (or not) with internal transfers. As articulated, it is possible for certain employees the request to be immediately acted upon, whereas for others to take months or even years to be completed. For employees, this is seen as a ‘hole’ in the system permitting these policies to be implemented selectively.

Looking into employees’ responses in the questionnaire, the degree to which they believe that they are secure in their jobs was by far the highest in terms of agreement, with a mean score of 1.51 (1 translated as strongly agree or very satisfied and 5 as strongly disagree or very dissatisfied). The 59% who responded that they strongly agree and the 33% that they agree with the statement that ‘employees are secured in their jobs at this organisation’ is a strong indication. These percentages support the qualitative findings about the universal belief that the bank has managed to build such a system that
provides great employment security to its workforce. By looking into employees’ years of experience, this indication is further reinforced, since half of the respondents have worked for the bank for 15 years or more.

Graph 1: ‘Employees are secured in their job at this organisation’

However, as also identified through the interviews, responses indicated that while there may be strong sense of job security, employees’ perceptions about the bank’s internal labour market system were not so positive. Looking at the questions related to career development and opportunities for internal promotions (i.e. Q. 5.2, Q. 5.11, Q. 5.16), employees’ responses were mainly towards the negative side, since the average of their mean scores is 3.46. In particular, responding to the statement ‘the career development of employees is taken seriously by managers’, approximately 37% of the employees disagreed and 30% neither disagreed nor agreed, with the overall mean score being 3.42. Employees had even more negative perceptions regarding the degree to which the bank ensures that they have opportunities for internal promotions, with almost half to disagree and 1/3 to be in the middle category – neither agree nor disagree (with a mean score of 3.59). Moreover, employees’ responses to the statement that they have ‘clear career paths within the organisation’, about 40% disagreed and 30% neither agreed nor disagreed, with the mean of the responses to be 3.39. As seen in the graphs below, these data testify that while employees’ perceptions about the employment security offered by the bank are more than positive, this does not happen for the ILM aspect.

Graph 3: ‘The career development of employees is taken seriously by managers’

Graph 4: ‘The organisation ensures that employees have opportunities for internal promotions’
Selective Hiring and Sophisticated Selection

Seniors’ belief about selective hiring and sophisticated selection is that ‘the bank scores high’ and that it has successfully developed a professional system through which the most suitable candidates are employed. As explained, with the leading role of the HRM department in this area, combined with the presence of the related officials coming from the department for which candidates are predestined, the possibilities for ‘errors’ (in terms of selecting inappropriate employees) are minimised. For senior HR managers, the ‘aim is to guarantee that these practices are carried out following transparent procedures’, since in the opposite case many consequences may derive. Apart from the fact that the organisation’s high status will be damaged, other problems will also occur internally. This is because existing employees will be dissatisfied and will develop feelings of distrust against the management. Even more critical, offering so important services, ‘quality in recruitment and selection is a must’. As articulated, the fact that the bank’s role and responsibilities are of fundamental importance not only for the banking sector but also for the wider economy of Cyprus put further pressures to try and be the best in this aspect. Apart from that, senior HR managers stressed the prominence of related practices by stating that the ‘journey of a thousand miles begins from this single step’. By ensuring that this step is of highest quality, then the odds that employees’ journey in the bank will be productive are significantly increased.

Convinced that the bank is capable of bringing in the most suitable employees, the majority of line managers appeared confident that the work done in relation to recruitment and selection of candidates minimises potential dangers in the long run (as far as employees’ contribution and performance is concerned). Overall, line managers suggested that the bank sets the example in the industry regarding these practices. Illustrating this, as one stated, ‘due to the high demand to work in here and the countless applications, the bank has the opportunity to constantly revise and improve the way that
it deals with such issues’. Proceeding with various alterations over the years, the belief is that ‘the organisation has managed to develop a highly professional and transparent procedure for the benefit of all the parties involved’. As one line manager clarified, the fact that publications for available job positions are focused in a specific field and require that candidates possess particular background increases the suitability of applicants. Consequently, with a highly suitable pool of candidates to select, the likelihood to employ competent individuals with high potentials also increases.

Employees confirmed the exhausting and multidimensional stages that they had to overcome in order to be considered eligible for the job. While comments were mostly positive, few also expressed their concerns about the degree to which these procedures apply for all employees at all levels. This is because, in case of deviations, no one would know apart from the related managerial members. As one stated, ‘well…you can say that they are fair and objective…Yet, we wouldn’t know if this was the opposite right?’ (non-managerial; female; 30-39; over 15 years service). Beyond that, as explained by few, the many laws and regulations that surround the organisation; the strict controls and the dangers related to a potential exposure of misconduct are some of the factors that force the bank to maintain high standards. As one specified regarding this matter, ‘the nature of the organisation and the strong regulations do not allow much space for malpractice’ (non-managerial; male; 30-39; 11 to 15 years service).

Looking into questionnaires, responses were mostly concentrated in the ‘agree’ and the ‘neither-nor’ categories, suggesting that employees consider that the bank maintains, to a certain degree, transparent and fair procedures. Specifically, for the question regarding the extent to which the bank maintains transparent recruitment activities (Q. 5.13), 35% of the respondents agreed and 32% neither agreed nor disagreed (with the mean score of all the responses being 2.75). Moreover, about the degree to which employees perceived selection procedures to be fair (Q. 5.22), 37% agreed and 28% were in the middle category (with the mean score being 3.05). These findings are in line with the indications derived through the interviews, given that the majority of employees recognised the bank’s ability to maintain professional and high-quality procedures. Also, within these percentages, it is possible that the perceptions of those who were more conservative are included.
Extensive Training, Learning and Development

For senior HR managers, after recruitment and selection, ‘the provision of quality training allows the workforce to be developed both at a personal and professional level’. As one stated, ‘the importance given to training is mostly seen in the vast resources allocated each year’. Through the ‘two-dimensional’ approach (i.e. specialised and general training), the organisation is able to design and provide targeted training to employees. By constantly spending on new training schemes for enhancing employees’ skills, the bank ensures that they are capable to deal with their demanding tasks and combat the challenges of the constant changing banking environment. As suggested, the bank’s approach is based on the philosophy that the long-term return on investment is much more significant than the monetary costs related to training activities. This is mainly because the benefits deriving from related practices vary, ranking from employees’ personal satisfaction and self-esteem to improved organisational performance. As one of the senior HR managers stated:

‘The bank invests great resources in order to have quality training practices…Through training employees will be able to remain competent enough to support the bank to achieve its goals’

Senior HR manager

Similarly, line managers’ opinion was that related schemes are becoming better due to the resources expended, as well as due to the importance allocated by the management to these activities. Additionally, they noted that the bank is among the top organisations in Cyprus providing such schemes. However, while they all recognised the resources invested for the development of the workforce, few also argued that the bank is not so effective in promoting and making these schemes appealing to the workforce. One of the most powerful criticisms was based on the degree to which the bank offers incentives for employees to participate in training programmes. For line managers, the
only ‘forcing’ mechanism is the written policies specifying the hours of training that employees are supposed to complete every year. Yet, given that this is rarely applied, and since no particular positive reinforcement exists for employees to attend training activities, great problems arise. As one line manager stated, ‘yes, training programmes are there...but that’s it’, meaning that it is up to the employee to ask to participate in these, since no one (rein)forces them to do it or not. Supplementing these quotes, another line manager explained that ‘the bank needs to work harder on this aspect…For the time being it fails to promote training practices in a proper way’.

Turning on employees’ perceptions, responses can be divided into two broad categories; those who were mostly satisfied with training and those who highlighted some negative aspects about these schemes. Actually, the vast majority of employees followed the same direction with senior and line managers, applauding the efforts done and the dedication of the management in delivering high quality practices for developing employees’ competencies. Remarkably, employees from particular departments suggested that the commitment of their managers to these schemes, in association with the close coordination that department maintain with related authorities allow them to enjoy training activities that are very beneficial and supportive.

However, without questioning the value that lies within training practices, a minority of employees concentrated on some negative aspects. Few criticised that sometimes training seminars are theoretical-based, with one suggesting that ‘what we learn and hear in seminars is like a fairy-tale compared to our reality’ (non-managerial; male; 30-39; 6 to 10 years service). Another criticism was that occasionally training programmes/seminars become boring, since their content is not intellectually challenging or related to employees’ interests. Also, discussing on the way that training is delivered, one employee suggested that for training to have a real impact, ‘it must be offered at the time is needed in the way is needed, something that does not happen in the bank’ (non-managerial; female; 20-29; 2 to 5 years service). As described, the needs of the bank and needs of its departments rapidly change, whereas training is provided in a static, slow manner.

Interestingly enough, some employees proposed that no matter if training is provided in an efficient way and is effective, up-to-date, accurate or not, the real problems occur after the stage of training. For them, the real question to ask is ‘what happens next’.
According to employees, despite the any new things that may learn in these seminars, the workplace reality does not allow them to adopt these. Different factors such as the department within they work, their line managers’ dedication, pressures to meet deadlines and ad-hoc issues determine whether or not they will be able to implement their newly earned skills (*this issue is articulated in the discussion chapter).

‘It is important to be given the chance to use the new things you learned in what you do...Some managers may not be in favour of adopting a new way of doing things since they are against any change, even the slightest one…Even on a pilot stage…’

Non-managerial; male; 30-39; 6 to 10 years service

Evaluating questionnaires’ responses, these were mostly concentrated on the ‘agree’ and on the ‘neither-nor’ response categories. Regarding the degree to which the bank provides adequate opportunities to participate in training activities (Q. 5.7), approximately 1/3 of the respondents agreed and 1/3 were in the middle category, with the average score to be 2.79. Likewise, 40% agreed and 32% were in the middle category regarding the extent to which employees perceived training programmes to correspond to their needs-Q. 5.15 (with a mean of 2.71). Even more positive were employees’ perceptions about the extent to which training programmes support them to do their job better at the workplace (Q. 5.20), with approximately half of the respondents to be in the ‘agree’ category. Interestingly, from all the questions exploring employees’ perceptions, the mean score of this particular question is the second highest (i.e. most positive-2.51), coming after the mean score related to employees’ perceptions about employment security. Indeed, the large percentages of positive responses illustrate that the organisation’s resources spent in this spectrum of activities and the way that these are delivered have the desired impact on the majority of the workforce.
EIP, Information Sharing and Worker Voice

For senior HR managers, one way for strengthening employment relationships within the organisation is through the strong communication schemes that exist. The belief expressed is that such activities work at the highest degree possible. As described, the wide range of schemes that operate both at a collective and at an individual level ensure that employees ‘have a say’ within the bank. For one of the senior HR managers, ‘communication and transparent exchange of information is vital’. This belief was based on the fact that through these practices employees become aware of what the bank does in general, they know what the management demands from them and they can also appreciate what their role is and how they can support the bank. ‘By this way we ensure that all organisational members uniformly work towards the same orientation’, one of the seniors explained. Moreover, as argued, by consulting and allowing the participation of related parties, this facilitates acceptance and better results when changes are implemented. Signifying the general belief of senior HR managers, one stated:

‘These are very important and are ensured by various means in the bank, both at a personal and at a collective level…We maintain all sorts of mechanisms for allowing our employees to be heard’

Senior HR manager

By contrast, most line managers’ opinions were negative. Firstly, it should be stated that line managers recognised the strong and significant role of the union in representing employees’ voice and safeguarding their interests. Yet, as it was made clear, this is something that is accredited not to the organisation, but to the overall work that the union has done over the years to be established as one of the most powerful bodies within the Cypriot market and in the banking sector. Beyond this however, line mangers appeared very cynical about the degree that EIP and information sharing schemes have an actual impact. It was explained that while channels of communication may be
present, these seem to be ineffective, without adding any real value in the way the employees communicate within the organisation.

For example, while there may be direct negotiations or ‘open dialogue’ between employees and managerial members for a particular issue, the norm is that the final outcome is completely out of touch with the preceding discussions. For line managers, this happens even to such an extent that fosters the belief that decisions were pre-determined. Using line manager’s own words, ‘their aim during a dialogue is not to inform or consult…Rather it is about convincing employees that they are wrong to have an alternative opinion’. As emphasised, this is justified by the fact that decisions hardly ever differentiate from their initial form, leaving the impression that any consultation is just for the eyes of the workforce.

‘Let me assure you that our employees constantly shout…But none of the above actually hears’

Line manager

Line managers also referred to the way that the bank deals with the different complaints or issues raised by employees. While there was an obvious ignorance whether or not the ‘suggestion box’ was still operating, they were concerned about the value of this scheme and had doubts whether this is actually utilised by the management. The belief was that even if employees communicate their suggestions or complaints following this route, it is rare to find any response. Making this point clear, one line manager stated ‘for the eyes of employees they try…At some time, somewhere, they implemented a suggestions box…And so what? Did this have any real effect to the workforce?’

Perhaps, as clarified, this is due to the fact that there is no formal procedure, or a particular authority in the bank for investigating or dealing with these issues. What is worse, as one line manager stated, ‘even if such authority exists, no one knows about it’. Also, commenting on the various electronic means of communication, while line managers appraised the efforts to design and establish a well-formulated intranet, they criticised the fact that information provided is too general, and many times already known by the workforce. Similarly, regarding e-communication, they recognised the positives of being able to send and receive information instantly through emails. However, a problem stressed was that the situation has reached the other extreme, causing problems of information overload.
While maintaining a negative stance, just like line managers, employees also appraised the significant role of ETYK. They recognised that indeed the bank maintains strong communication with the union committee, which in turn works closely together with employees. These positive comments were mostly based on the fact that the close collaboration between the union and the organisation yields many benefits for the workforce, as these are secured through the collective agreements.

One important finding was that many employees differentiated the way that communication / EIP exists in the departments from how it appears in the organisation in general. Employees suggested that, depending on the manager and supervisor, related activities may add, or not, real value within the departments (*this issue is articulated in the discussion chapter). However, a general perception was that these practices are limited further up the hierarchy and that senior managers are becoming more and more distanced. Thus, whatever the situation is within departments, at a broader level, the majority of employees suggested that these schemes are not so helpful. These negative perceptions were based on different justifications. Some explained that no actual effort is made by the higher managerial members to respond to employees’ needs. This becomes even more obvious given that employees, in cases that they place a complaint or request, they almost never receive a feedback or answer about their issue.

‘I feel like we are hardly ever heard by the management…Suggestions, complaints, requests all fall into the blank’
Non-managerial; female; 30-39; over 15 years service

Another interesting suggestion was that the focus and intensity of related schemes decline as employees’ years of employment pass. Few employees who were moving away from the first years of their employment (i.e. those who had 2 to 5 years of experience) felt that at the very early stages of their careers were receiving much more opportunities to participate in organisation’s activities and discuss their experiences / provide feedback than they do now. As one specified, ‘year after year we feel that eventually we are left on our own’ (non-managerial; male; 20-29; 2 to 5 years service). However, other more senior employees (in terms of age and tenure) also highlighted that having this kind of human interaction and communication (and not just communication via emails, intranets) throughout their career is important. This is because many times the unresponsiveness and ‘apathy’ from the management’s side,
combined with the excessive workload and routine may lead to negative situations, some of the most common being the isolation and feelings of disappointment.

‘As we go along the voice is lost and employees become more and more silent…No one hears, no one asks, no one cares’

Non-managerial; male; 30-39; 6 to 10 years service

Some more ‘hard-core’ employees used particular examples to express their negative perceptions. One of the most widely referred concerned the ‘suggestion box’ which was implemented by the management for facilitating the communication of any complaints or suggestions. Comments like ‘Does it still exist? Do they really consider the complaints made by employees? Do they even see employees’ suggestions?’ indicated the extent to which this scheme was perceived as being a useful mechanism. Similar to these comments were also employees’ negative perceptions regarding a proposed scheme named as ‘breakfast meetings’. Based on this, random employees every week participated in a breakfast alongside with the president of the board of directors.

This arrangement was introduced as a means to reinforce the communication between employees and managerial members. This is because employees would have the opportunity to directly express their opinions or problems to the highest authority in the bank. However, employees’ perceptions were completely different. Initially, breakfasts were seen as a positive movement from the management to come closer to the workforce. However, it eventually ended up being a form of strict briefing meetings, whereby the president or other members of the board were just informing employees about plans and decisions that had already been taken. As explained, during these meetings, employees had no actual chance to articulate any of their concerns, and even if they did, these would be heard but bypassed with no actual response. All these criticisms can be summarised in the quotes of one employee who said that:

‘I am sure you heard different things about this…Did they also refer to breakfast meetings? Did they praise the suggestions box? Well, all these are just *****’

Non-managerial; male; 50-59; over 15 years service

These negative perceptions are also mirrored in employees’ responses through the questionnaire. Almost half of the respondents disagreed both to the statements that managers communicate openly with employees (Q. 5.8) and that are routinely consulted by their managers about decisions for improving working conditions (Q. 5.12).
Specifically, the mean scores of 3.34 and 3.54 respectively of employees’ responses come to reinforce the identified problem regarding employees’ participation and communication practices. Without being absolute, justifications derived through the interviews such as the lack of efforts and response from the management, the distanced approach and ‘apathy’ that HRM department maintains, the deficiencies related to ‘suggestion box’ / ‘breakfast meetings’ can be used to explain employees’ negative responses for these schemes.

Graph 11: ‘Managers here communicate openly with employees’

Graph 12: ‘Employees are routinely consulted by their managers about decisions for improving working conditions’

**Performance Review, Appraisal and Career Development**

Senior HR managers stated that because appraisals are one of the most important practices within the bank, they are ‘designed and implemented based on the foundations of fairness, transparency and objectivity’. For them, the operation of an accurate appraising system is of fundamental importance. Appraising practices are seen as particularly beneficial for measuring employees’ performance (thus largely determining employees’ eligibility for a promotion), learning about employees’ particular strengths and weaknesses, about their training needs and in general, about the level of employees’ competencies. Consequently, according to senior managers, appraisals is the tool adopted to monitor and improve the workforce’s level of proficiency and productivity.

As highlighted, these practices have diverse benefits. Through appraisals employees have an opportunity to consult their supervisors and discuss about their performance; to learn what their managers think about them and be informed about management’s plans for their future career development. All these enable employees to become better and more knowledgeable through this process, something that facilitates their personal and professional development. Moreover, senior HR managers believed that appraisals are of fundamental importance since the communication and the relationship between managers-supervisors-employees is enhanced. As one articulated, ‘great focus is given
at this aspect…Appraisals are done very systematically in here…They are the main tool for the development of our employees…It is all about appraising the level which an employee is currently at and then planning where you want to take this employee’.

By contrast, the vast majority of line managers believed that appraisals are surrounded by many negative and problematic issues, both regarding their design and implementation. As explained, the ‘real’ purpose of appraisals, above all, is to be used for the promotion of employees to higher job positions. Ultimately, this can cause significant problems. One negative aspect is that once employees receive a positive appraisal result, then it is rare to see a negative turn - a lower scoring. Rather, as described, the system of appraisals comes down to the sum of the years of employment in the bank. This is because this system is based on the orientation that the more senior employees are, the better the outcomes of appraisals will be (i.e. in fields where junior employees have C’s, the next years some of this fields will become B’s and so on). Thus, it is almost impossible for junior employees to start their appraisals with high scores.

‘The common perception is that this scheme is out-dated and problematic when it comes to its implementation’

Line manager

The situation regarding appraising schemes became even more negative with a recent alteration, were the management decided to add one more extra ranking scale (i.e. particularly excellent). One of the first problems identified by line managers about this was that the particular change was implemented at the end of the year and was used for the year that passed instead of the forthcoming one. For line managers, this was seen as an ad-hoc and tactless approach. Even more important, while the management’s efforts was to present this as an extra motivation for employees to try hard in order to achieve this ‘honourable title’, it was obvious that this was a solution implemented only to resolve the problem of having too many employees waiting for a promotion. The disappointment from this alteration is represented in the quotes of one of the line managers who stated that ‘the last years they tried to make some adjustments for improving the situation but they totally failed’.

Given that appraisals are now regarded as the main means for achieving a promotion, further problems arise with the way that they are operated. As explained, when promotions are available, all employees from all departments are evaluated. Yet, given
that appraisals work in a highly subjective basis, it is possible that in one department, a strict manager ranks the high performers as B, while in another department, a more ‘generous’ manager ranks them as A. Further inconsistencies arise when it comes to measuring the degree of workload, nature of the work performed and efforts that each employee puts in each department. Such factors are nullified, as a result, as one line manager suggested, ‘the overall system of appraising employees is a complete mess’. Supplementing this opinion, very critically, one stated that ‘the current scheme needs to be thrown away and start from the scratch in order to build a new, more objective system for appraising employees’.

Not surprisingly, the vast majority of employees appeared to have negative perceptions of the appraisals process. Overall, indications showed that employees do not perceive appraisals either as supportive or as having any real value due to the way that they are currently practised. As already seen, appraisal schemes are highly determined by employees’ years of employment, with employees’ perception being that juniors’ efforts are judged differently from the input of employees with extensive years of employment. Making this point clear, one employee, talking from a personal experience, explained that during the first years of her employment she had to accept further responsibilities (i.e. due to a long-term absence of one of her colleagues). While she managed to achieve the additional responsibilities and meet all the deadlines, at the end of the year she received an average-to-low appraising score simply because she was a ‘junior’.

‘The process of appraisals should be all about adding value and not about pretending…To help us to be improved and not to crash our esteem and underestimate our efforts…To be something to look forward and not something you wish to avoid’

Non-managerial; female; 20-29; 2 to 5 years service

Many employees also suggested that instead of being a supportive process, appraisals are seen as a time-wasting activity without having anything positive to offer. As one stated, ‘appraisals are implemented for the sake of regulations’ (non-managerial; male; 50-59; over 15 years service), meaning that they have no actual impact. Trying to explain the situation, another expressed the belief that ‘it is just a process of ticking the boxes with the outcome to be already known both by employees and managers’ (non-managerial; male; 30-39; 2 to 5 years service). For some, appraisals cause mostly negative outcomes. One of the most obvious is the fact that many employees, despite fulfilling the criteria for promotion to a higher position, are ‘on the wait and still
‘Let’s be realists... Do they really believe that we don’t understand what is going on? Appraisals have nothing to do either with improving our competencies or with facilitating our development’

Non-managerial; male; 30-39; 6 to 10 years service

Moreover, subjectivity was one of the major concerns also raised by employees. As articulated already, beyond personal preferences and own sense of judgement of the appraisers, other unrelated (to employees’ performance) factors also play an important role as far as promotions are concerned. Among the many referred, ‘personal sympathies’, ‘chemistry between appraiser and the appraisee’, ‘interpersonal relationships’, ‘the compliance by the good boys’ illustrated the inconsistencies that exist towards these schemes. As articulated, many times employees felt that they would be in a much better position if they agree and obey to management. This led to a situation where instead of trying to become better in terms of performance, employees’ are bound to always consent with management, hoping for a better treatment and future.

Employees’ responses in the questionnaire reinforce and confirm that related activities are not so effective and do not have the expected support from employees. Answers to the questions related to appraisals communicate two different but remarkable indications. Reviewing Q. 5.14, responses are rather positive, since almost half of the respondents agreed that managers at the bank are committed in delivering systematic appraisals (with a mean score of 2.71). However, looking in the question about the degree to which employees believe that appraisals are an effective means of developing their competencies (Q. 5.18), the situation is substantially different, since 35% and 26% disagreed and strongly disagreed accordingly (with a mean score of 3.63).
These findings should not come as a surprise. Drawing conclusions from qualitative information, appraisals, underpinned by strong theoretical provisions are in fact carried out in a very systematic approach and no employee argued on this. However, the real problem rests in the effectiveness of these practices and in the way that appraisals and career development system is built up. The remarkable ‘gap’ among the mean scores of the two questions is a perfect example highlighting the difference between having a systematic approach towards appraisals with having appraisals schemes that are truly effective and supportive to the workforce. Given that the mean score of the question related to appraisals’ effectiveness is among the most negatives, this testifies all the ‘flaws’ / negative issues revealed through the interviews. In essence, this point clearly shows that it is one thing to examine the intensity and ‘surface’ appearance of a given HR practice and quite another to search for its perceived quality and pragmatic value.

Work-Life Balance

Considering work-life balance, senior HR managers suggested that by default the bank is among the few organisations in Cyprus that guarantee for its employees a balance between work and personal life. As it was made clear, despite the fact that employees are required to work hard, their efforts are compensated through the different benefits offered by the bank. Moreover, via informal means, managers are expected to respect and appreciate employees’ personal needs. Their belief is represented in the words of one of the senior HR managers who suggested that ‘we preserve a good balance between professional and personal life…I could even say that sometimes, through the different provisions and terms of services, these two may positively interact’.

Yet, examining line managers’ opinions, views were split with some firmly in favour and others very much against. Those in favour based their arguments on the fact that the organisation is among those employers that maintains many work-life provisions. Overall, line managers suggested that the related provisions, which cover almost all the aspects / personal needs of employees, in association with the exceptional working time arrangements are more than enough to maintain a healthy balance between professional and personal life. However, those who were more critical felt that the everyday workload of employees is disproportionate. The main argument was that it is not the amount of working hours that specify what employees do, but how much they do during this time that really counts. According to line managers, employees battle constantly with excessive responsibilities and deadlines. In turn, this impact on their personal life
since, as one line manager explained, ‘sometimes they leave work with stress and anxiety about the deadlines to be met, about projects to start and other to finish’.

Employees’ perceptions also varied. Almost half recognised that the provisions offered by the bank are comparatively better from organisations operating in other industries. Compared with their previous job experiences, they were more satisfied, mostly applauding the working time regulations, the days off and the various leave schemes and allowances that are provided by the bank. However, one important indication was that all these are not extraordinary within the particular industry and the suggestion was that the bank just follows the existing norms and standards. Beyond that however, just like some line managers, there were employees who questioned the value of these provisions, since comments like ‘excessive workload stands as a barrier for realising the benefits resulting from these schemes’ (non-managerial; female; 30-39; 6 to 10 years service) were frequently expressed. Illustrating how disproportionate workload impedes WLB, one employee stated that ‘there are many provisions…but the extent to which we are actually able to utilise them is another matter’ (non-managerial; male; 30-39; 6 to 10 years service). Also, for these employees, given that they are the only ones knowledgeable to perform their responsibilities restricts them for utilising their days off or even taking the advantage of any sick leaves in cases that this is needed.

Also, many explained that despite the significant increase of their workload over the past years (and especially after Cyprus’ entrance in the Eurozone), the bank seems to be reluctant to alleviate some of their responsibilities. Ultimately, the volume of businesses is interpreted by employees as having to deal with excessive and sometimes excruciating workload. Using the quotes of one of the employees who appeared more cynical, he suggested that ‘the situation is more like work-work balance’ (non-managerial; male; 50-59; over 15 years service), meaning that the constant workload do not allow employees to be satisfied with this aspect.

Responses to the questions regarding work-life balance (Q. 5.5, Q. 5.10) have a joint mean score of 3.26. In particular, employees’ beliefs about the degree to which the organisation operates WLB schemes were mostly negative, with 43% indicating that they disagree and 32% to be within the ‘neither-nor’ category (with a mean score of 3.58). Also, regarding the degree to which managers understand about employees having to meet responsibilities outside work, 46% of the employees were in the middle
category, whereas 26% agreed (with a mean score of 2.95). It is suggested that these ‘average towards negative’ perceptions occur due to the fact that employees are convinced that the bank can do much more to improve this ‘work-life’ balance both at a policy and practice level. Also, as exemplified through the interviews, given that the bank does not go beyond the normal/expected traditional provisions, and since employees ‘suffer’ from the excessive workload / many duties that they have to deal with every day, there is no wonder why they hold these perceptions.

Graph 15: ‘The organisation operates schemes for employees to have a healthy balance between work and personal life’

Graph 16: ‘Managers understand about employees having to meet responsibilities outside work’

**Importance of HRM Practices**

Concluding the exploration of HRM practices, senior managers expressed the strong belief that all practices are equally important, and even more critical blending them together so to produce a strong HRM cycle. As stated, ‘the key is to develop a system of having reinforcing practices from A to Z’. Yet, one of the senior HR managers also explained that, given the situation in the bank, it is fundamentally important to keep employees constantly motivated in all the stages of their career. As exemplified, ‘given that you have recruited the right employee, for me it is employees’ development and the efforts to maintain their motivation. It is vital to be able to apply such management practices so as to have your workforce motivated at all time of their career’.

In assessing the importance of HRM practices, line managers also recognised that the ‘key’ is for the bank to be able to come up with a strategic design that would allow a proactive and coherent management of the workforce. Line managers highlighted the significance of having a ‘package’ of practices, with the belief that it is the way practices are linked together what really matters. Beyond that however, many also stressed the necessity for altering the schemes related to performance reviews and employees’ development to make it more supportive to employees. Explaining this point, one line manager stated that ‘having problematic appraising system is one of the main reasons why some very negative issues arise’.
For line managers, having supervisors appraising employees for their achievements, but also, through a constructive approach, stressing their weaknesses and proposing ways for improvement, this would be very valuable both for employees but also for the bank as a whole. Even more important than that, it was suggested that appraisers should be also ‘free’ from any constrains to provide honest feedback and justify why they proceed with the corresponding ranking in an unbiased approach. For line managers, the value of improving appraisals-related schemes lies in the fact that it will make feasible to develop a fair process through which suspiciousness will be eliminated.

By contrast, employees’ opinions were more diverse. Trying to identify which aspects are perceived to be central for employees, it was obvious that the provisions securing their employment were ranked as top among their list. After that, schemes for maintaining work-life balance and training / development activities were appreciated by the majority as among the most important aspects of the bank’s HRM system.

Having guaranteed employment is central for the majority of employees. As explained, while this may be taken for granted in the bank, because of the present financial crisis which has affected the entire Cypriot market, employees realise the value of feeling employment protection. For them, living in a world of uncertainty, knowing that they have a secured job for life makes them feel very comfortable and confident since they are able to plan ahead and plan their future.

‘We hear so many things and we see what happens around us…Our friends and relatives are losing their positions and our kids struggle to find a job…All these make us realise the value of job security we enjoy in here’
Non-managerial; female; 30-39/; over 15 years service

Beyond employment security, employees also felt it is important to maintain a balance between their private and professional life. While achieving WLB was a concern for many; middle-aged women seemed to have a stronger desire for realising this balance. The main conclusion was that for them these two are reciprocally interactive, influencing one another either in a constructive or adverse manner. As one explained, given that there is a ‘fine line between these two’ (non-managerial; female; 20-29; 2 to 5 years service), if there is no harmony, then problems emerge since positive or negative feelings may be transferred from work to home or vice versa. Another employee from this particular group advised that while this work-life balance is of major importance for
them, it should also concern the bank since in cases of ‘work-life unbalanced’ the consequences can be devastating for both.

‘While it is important to be productive as a professional in the bank, it is equally important to be successful as a parent or partner in your family’
Non-managerial; female; 30-39; 2 to 5 years service

Moreover, employees suggested that training and development practices are very important. They can be beneficial because through different schemes they have the opportunity to gain new skills and develop their competencies. This in turn allows them to successfully carry out their job role. Also, considering the significance of the services that are provided to the bank’s stakeholders and the importance of providing these in the best possible way make employees to believe that training practices are principal.

Also, the constant and rapid changes that occur in the banking sector (something that has an impact on employees’ job responsibilities), is one factor making these practices really valuable for employees. This is because through different training programmes employees can remain capable and ‘up-to-date’ with the new realities (i.e. constant changes in technologies, laws and regulations etc.). Moreover, the fact that the bank invests on their development is an indication of trust and recognition. In turn, these actions enhance their esteem since they feel that they have a value for the organisation.

‘We work in a dynamic environment…Organisational needs constantly change and you need to keep up…Training is the ammunition to keep us ahead of the forthcoming challenges’
Non-managerial; male; 30-39; 6 to 10 years service

Summarising, the exploration of the bank’s HRM content from the ‘intention-implementation-perception’ angle provides great insights. One of the important points surfaced is the positive stance/beliefs that both senior HR managers maintain for almost all HR practices. The same cannot be said for line managers and non-managerial employees. Also, another noteworthy indication is that, while for particular aspects all members seem to share similar beliefs (i.e. about employment security, recruitment/selection and training/development practices), for some others there are remarkable divergences (i.e. about EIP/communication, appraisals, work-life balance and the importance of HR practices). The main points surfaced in this chapter are best captured in the comprehensive matrix-Table 12 which compares senior HR managers’-line managers’-non-managerial employees’ perspectives about the content of HRM.
Table 12: Comparing Senior HR Managers’-Line Managers’-Non-Managerial Employees’ Perspectives about Content of HRM

<table>
<thead>
<tr>
<th>Content of HRM</th>
<th>Senior HR Managers</th>
<th>Line Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Security and Internal Labour Markets</td>
<td>It was suggested that employees have a job for life. The bank is considered to be among the best organisations regarding job security. This is mainly due to the regulatory framework that safeguards workers’ employment security.</td>
<td>Employment security is appreciated by line managers as one of the most important elements that differentiate the bank from other organisations. The dominant perception was that job security is guaranteed by the nature of the organisation.</td>
</tr>
<tr>
<td>Selective Hiring and Sophisticated Selection</td>
<td>The belief was that this aspect is highly formalised and surrounded by strict, confidential and anonymity rules. Related procedures are seen as transparent and professional, resulting to a very high quality level of recruitment and selection.</td>
<td>Strong opinions were expressed by line managers. They believed that in this area the bank maintains high standards. The suggestion was that these practices have been advanced over the years and now they have reached a very high quality level.</td>
</tr>
<tr>
<td>Extensive Training, Learning and Development</td>
<td>The success of these activities is ensured by the vast resources allocated to training / development and by the constant efforts of the HRM department to maintain accurate and supportive programmes.</td>
<td>It was recognised that the bank is generous and does a very good job in this area, thus providing quality training opportunities to the workforce. Yet, one common argument was that the bank could do much more for stimulating employees to participate in these training activities.</td>
</tr>
<tr>
<td>EIP, Information Sharing and Worker Voice</td>
<td>Recognising the importance of these schemes, the suggestion was that these are ensured both at a collective and individual level via different formal and informal mechanisms.</td>
<td>Beyond applauding the important role of the union, negative perceptions dominated. It was articulated that while there may be some mechanisms regarding these practices, these are ineffective and have no significant impact.</td>
</tr>
<tr>
<td>Performance Review, Appraisal and Career Development</td>
<td>Appraisals were considered as central for developing employees and enhancing their competencies. It is believed that through the process of appraisals the bank identifies employees’ weak points and derives with appropriate plans for the future.</td>
<td>Maintaining a negative stance, the dominant suggestion was that the overall appraisals system must be altered and become more objective, fair and supportive to the employees.</td>
</tr>
<tr>
<td>Work-Life Balance</td>
<td>Strong and positive views that by default, and through terms of employment this work-life balance is ensured. It was suggested that apart from the different provisions, the bank’s working time regulations allow employees to maintain this balance.</td>
<td>Line managers’ views were split in two. Those in favour praised the many provisions offered by the bank. Those against explained that employees’ excessive responsibilities / pressures pose barriers for establishing this balance.</td>
</tr>
<tr>
<td>Importance of HRM Practices</td>
<td>The significance of having a ‘complete HRM cycle’ was highlighted. All HR practices are considered equally important.</td>
<td>Beyond recognising the value of having strong linkages between different practices, the majority believed that it is important to have effective performance review practices.</td>
</tr>
</tbody>
</table>
For employees this is one of the aspects that attract so many candidates. There was a consensus that employment security is a very strong element in the bank’s HRM system. Beyond that however, some kept their doubts for the degree to which there is a strong internal system for the majority of the workforce.

Talking from personal experiences, the majority expressed the belief that recruitment and selection procedures operate at very high-quality levels and that are objective. Few concerned however about the degree to which objectivity and transparency is applied universally.

For the majority, training schemes were perceived as beneficial, helping employees to be improved and become better in their work. Beyond that, there were also some concerns, one of the most important being that many times employees, for different reasons, do not get the chance to implement their newly earned skills.

Negative perceptions dominated. Yet, important was the fact that for few employees, the situation within their departments in relation to these schemes is much better than as it appears at a general / broad level.

The disappointment was obvious, with the vast majority of employees believing that performance reviews have several flaws and that ultimately, these schemes produce more negatives rather than positives.

Perceptions were divided. Almost half were satisfied with the provisions that the bank maintains (they were mostly comparing this aspect with their previous jobs). The majority however were more critical and suggested that the bank does nothing more than the expected / norm within the industry. Other argument against related to the extent to which they are actually able to utilise WLB provisions. The belief was that their excessive workload and mountain of tasks do not allow them to take into advantage these provisions or to ‘feel’ this balance.

Different perceptions were identified. Almost all placed as most important the employment security provisions. Beyond that, for various reasons, different employees ranked the importance of particular practices (i.e. work-life balance, training and development) differently.

Source: Compiled by the author
7.3 Exploring the Processes of HRM: Intention-Implementation-Perception

Visibility and Understandability of HRM Function

Senior HR managers suggested that visibility and the degree to which HR-related activities are salient and observable is very high. Yet, as it was explained, while there is information sharing regarding HRM-related issues, this occurs following a hierarchical approach. This means that the level and amount of information given to employees is different from that provided to the line managers, and the amount of information received by the line managers is different from that received by senior managers. As clarified, by this way, members of the bank know and understand those things that they are supposed to be aware of. Also, asking about the degree to which seniors believed that employees perceive in a similar way the different HR practices, senior HR managers acknowledged that workforce’s perceptions about HRM are highly influenced by a range of factors such as the position they occupy, their level in the hierarchy, their department, their supervisor and their own personal experiences and beliefs.

‘What procedures are followed and how they are followed for each and every aspect of HRM is straightforward…Employees know what each practice is about and what the expectation is from the management’
Senior HR manager

Moreover, in their efforts to produce ‘a simple but effective model of management’, senior HR managers expressed the belief that they have succeeded in improving substantially the level of employees’ understanding of HRM. In the process of bringing HRM in the forefront and for making employees to better understand managerial initiatives and expectations, senior managers elucidated how they try to provide the information stated in the directives in a simpler and straightforward form. Moreover, by providing information through the intranet, informative documents and presentations, the suggestion was that the management seeks to increase both visibility and comprehension of the way that HRM works in the bank.

In contrast, the majority of line managers were less convinced that this has been successful. While it was acknowledged that for some of the practices there are clear policies and written provisions (i.e. training, appraisals, WLB), line managers mostly referred to the lack of actual information sharing and the ‘distant’ stance of HRM department from the rest of the workforce. The belief was that more efforts are required
to inform and explain to employees the different HR schemes. This is seen in the words of one line manager who stated that ‘things could be better if the bank tried to explain to all employees how HR practices work, why they are present and what their aim is’.

Moreover, mainly due to lack of substantial communication, as one line manager explained, there is a vague understanding of HRM in the bank in general, and rationally enough employees perceive HRM practices in their own distinctive way. As exemplified, the ‘absence’ of HRM officials from the workplace and employees’ ignorance of the different HR policies creates a complex situation where different employees perceive and understand differently the various schemes.

Also, regarding the degree to which there is ease of comprehension of HRM in the bank, many line managers identified the need for further improvement, while few where more critical to point out the reasons why employees lack understanding of the related practices. Although they identified the available tools for allowing the workforce to gain a better understanding of the various HR-activities (i.e. directives, encyclicals, instruction reflects, electronic information), they also pointed out several barriers.

First and most important, as line managers highlighted, information about different schemes many times appear in a highly formalised form, something that inhibits employees’ understanding or their willingness to read and comprehend the long texts. Also, while some general information may be communicated within the bank, one of the most important barriers is the fact that information about things that really concern employees is mostly kept at the managerial levels. Related to this, given that many of the decisions influencing human resources are taken at the higher levels does not allow employees to appreciate how HR-related schemes work or what their actual purpose is. Furthermore, as one line manager explained, due to the nature of the organisation, and the fact that most of the activities related to HR are subjected to different laws and regulations which constantly change, create further confusion among the workforce.

Similarly, most employees suggested that HR practices and the overall function of HRM is not easily observable. For employees it was felt that the department has not yet adopted a strategic role because it is still dealing with all the administration in the bank. As one employee stated, ‘they have so many other things to deal with and unfortunately this is very low in their agenda’ (non-managerial; female; 30-39; over 15 years service).
Also, quotes like ‘I don’t think they care much whether we are aware or not of what is going on’ (non-managerial; male; 50-59; over 15 years service), or that ‘there is a general confusion about the way that some things work in here’ (non-managerial; male; 30-39; 6 to 10 years service) illustrate employees’ overall perception for this aspect. Moreover, while employees recognised the management’s efforts to introduce the intranet for HR-related information, they suggested that this is too general and distal. As clarified, for these efforts to have a real value, it is important that the management elucidate in actual terms how they are personally affected by the different activities.

A minority of employees appeared to have more negative perceptions and being more suspicious, proposing that there is a good reason for keeping employees in the ‘dark’. These ‘hard-core’ employees based their arguments on the belief that the less they know the better this is for the management. As articulated, this happens since there is no actual information sharing from the managerial members down to the employees. They suggested that this perhaps is a matter of ‘retaining the status’, thus not communicating important issues. Particularly, as one employee stated, ‘in the organisation there is a trend for seniors to keep many things for themselves something that give them the feeling that they are more powerful’ (non-managerial; female; 20-29; 2 to 5 years service). Whatever the case, for employees, the lack of this information sharing and communication is a great barrier to HRM’s visibility. Even more important than that, as suggested, this ‘mysticism’ feeds ambiguity, something that impacts negatively on their level of understanding of the overall HRM function.

‘The less you know, the less you demand and even less you complain…’
Non-managerial; female; 20-29; 6 to 10 years service

These negative perceptions about visibility and understandability were mostly based on the lack of actual information sharing. This is confirmed by looking into the responses in one of the questions included in employees’ survey (Q. 5.3). In particular, with a mean score of 3.17, 35% of the participants were in the middle category and 31% disagreed with the statement that ‘the organisation shares information with employees’.

Graph 17: ‘The organisation shares information with the employees’
**Legitimacy of Authority**

Senior HR managers appeared confident that HRM is evaluated by the workforce as a legitimate and credible authority. These perceptions were based on the belief that from the time that a policy will be released from the HRM department, this means that it has passed all the necessary procedures, it has survived the thorough tests and it has been judged to be the most legitimate to follow. However, it was acknowledged that this aspect always depends upon the subjective judgement of employees; since they are those who will eventually decide whether managerial actions are reliable or not.

Responses from line managers regarding this aspect were mostly negative, suggesting that despite the efforts of the department, the presence of HRM in the bank is not seen as very credible. Justifying his positions, one line manager explained that ‘there are doubts as to the degree to which different practices applied are the most appropriate and fair’. Another one, basing his arguments on particular incidents that happened in the bank, stated that ‘it takes time to build a respectful and reliable status, but this can easily disappear in a second through a bad handling’. The interviews revealed that these beliefs were mostly based on the inconsistencies in management, lack of concrete justifications and absence of transparency in communication/information sharing. All these spread feelings of suspicion within the bank and harm irreversibly the credibility of HRM. Overall, the general belief can be summarised in the words of one of the line managers who suggested that ‘HRM in bank is mostly moving within a grey area, whereas ambiguity inhibits understanding and enhance conservativism’.

Yet, not all line managers agreed with this view. Few believed that this lack of status and credibility is due to the fact that HRM is being caught between senior managerial levels and employees. As explained, in cases were the department will have to proceed with decisions that may be against employees’ opinions, rationally enough, this cause a sense of frustration and hostility against the way that HRM department handled the given situation. Furthermore, for line managers such reactions may be also due to the fact that employees are not aware of the overall situation (i.e. legal issues, pressures from the board, financial constrains etc.).

Employees’ perceptions were negative with the majority of them advising that the function of HRM has not yet been established as a credible or high status authority. Employees based their suggestions on the fact that it is still struggling to position itself
as a strategic function in the bank. As exemplified, the department interplays between administrative and HR issues, with the first being the main spectrum of its responsibilities. Despite the progress that is observed year after year, one employee suggested that ‘HRM in the bank should first define and understand what its role is and then expect from the employees to recognise its value’ (non-managerial; female; 30-39; 6 to 10 years service). As argued, the department devotes great time on dealing with unrelated to HR issues. Some of them are organising travelling procedures for managerial members, dealing with different offers, being responsible for managing the cleaning of the building and ensuring that the cafeteria is working properly. All these leave no time to deal with the real substance of HRM. Unavoidably, this in turn harms its ‘prestige’ and negatively influence the way that employees perceive HRM.

‘HRM in the bank is still in the search of its identity…’
Non-managerial; male; 50-59; over 15 years service

Similar with line managers’ propositions, few argued that the distant approach and many times passive character that the HR function maintains is something inhibits its status in the eyes of employees. Also, employees seemed to challenge the authority of HRM because, as explained, its power is perceived to be very limited. The suggestion was that when it comes to issues that are really important and will influence the workforce, their power is constrained. Few more critical even suggested that HRM in the bank and the related authorities are just ‘pawns’, meaning that they just follow and execute orders from above, without having any actual authority or ability to act in an unrestricted and more autonomous approach.

Looking at employees’ responses to some aspects related to the bank’s management, it is obvious how negative perceptions dominate. For example, as seen in the graphs below, employees’ perception about the degree to which they perceived that managers provide them with real solutions to problems faced at the workplace (Q. 6.4) was not so positive. This is seen in the percentages of employees’ responses, since 2/3 of the answers were in the ‘neither-nor’ and the disagree categories, with an overall mean score of 3.28. Similarly, employees’ perception about their managers’ effectiveness (Q. 6.5) was also negative, given that 35% were in the middle category and 24% disagreed with the statement that managers are effective in supporting them to do their job better (with a mean score of 3.20).
Regarding the degree to which the bank is successful in reaching congruence between individual and organisational goals, senior HR managers expressed their considerations. As one stated, ‘it would be the ideal scenario to have an absolute alignment between these two’. As explained, this is mainly due to the fact that employees will always have their own individual goals and personal scenarios for their career that may, or may not be in line with the plans of the organisation. Yet, senior HR managers highlighted that through appraisals the management tries to maintain ‘a process of alignment’ (suggesting that through appraisals there is a consultation and a personal target setting discussed between management and employees).

Line managers felt that whilst there may be no tension between these two, there is no alignment. Even though employees’ personal goals and ambitions are a highly important issue, line managers’ belief is that the bank is ineffective in achieving a common line. This is mostly because there are no effective mechanisms allowing the management to ‘hear’ employees’ ambitions, and then try to bring these closer to the bank’s intentions. Making this clear, as one stated, ‘my feeling is that there are no efforts from the organisation to really learn what employees think or about their own objectives and future plans’.

Discussing the alignment between what employees want and what the bank aims for them, employees’ responses varied. Not surprisingly, a minority seemed to be relatively contented with the degree to which there is an alignment between their personal goals and these of the organisation. From this minority, many were middle-aged females who felt that some important aspects of their employment in the bank are positive and fit their personal expectations. Also, interestingly enough, another group of employees (on majority younger and more junior in terms of experience) felt to be in a strange
position, without being completely positive or negative. Commenting on this ‘relevance’ aspect and articulating his beliefs, one stated: ‘I guess things will become better…I want to believe that things will become better’ (non-managerial; male; 20-29; 2 to 5 years service). Such comments were frequently collected from employees in this group who seemed to maintain a compromising position, but at the same time they appeared to have high expectations for a better future in terms of realising their personal and professional goals (*this issue is articulated in more detail in the discussion chapter).

Beyond these employees however, a large percentage was dissatisfied with the degree to which the bank is successful in achieving an alignment of goals. Similar to line managers suggestions, it was felt that there is no congruence between employees’ own aspirations and the bank’s targets. For employees, this is simply because the organisation does not show much interest in achieving this. Illustrating the overall situation, one wondered ‘how can these two come closely together from the time that no one really cares about our personal ambitions?’(non-managerial; female; 30-39; over 15 years service) Complementing this point, another employee stated that ‘through the years of my experience no one tried to inform me about management’s intentions…If I had this I could then compare what my own aims are as opposed to what the organisation thinks about me’ (non-managerial; male; 30-39; 11 to 15 years service).

One interesting suggestion was also that the bank, as an organisation, is not so ‘employee-oriented’. Probing for further explanation, one employee explained that ‘the bank’s nature and mission is not to become the best employer in the market but to successfully carry out its important role within the Cypriot economy’ (non-managerial; male; 30-39; 6 to 10 years service). As clarified, the bank, from the time that it was created, it has in place a well-established, rigid system which employees have to follow and as such ‘employees are those who have to come closer to the bank’s objectives and not the vice versa’. Adding to this view, as it was suggested by one employee, ‘the bank’s objectives are there…It is up to us to align our goals and ambitions with what the organisation provides’ (non-managerial; male; 40-49; over 15 years service).

**Instrumentality**

Concerning instrumentality (i.e. the bank’s success in triggering through different incentives desired employees’ outcomes); senior managers advised that the organisation
makes efforts to keep its employees motivated. While there are no bonuses or extra monetary incentives, senior HR managers suggested that employees can remain stimulated since the bank preserves a system which allows them to ‘see the bigger picture’. As one of the senior managers stated, just being a member of this organisation and realising the benefits that employees enjoy and the opportunities for advancement in the long run, it provides enough encouragement to constantly try to meet management’s expectations. Moreover, for senior HR managers, the many provisions offered facilitating employees’ further development (i.e. allowances, extra days off, monetary support for further education) may well be seen as reinforcing mechanisms.

However, line managers’ dominant view was that the bank is very rigid and lacks in this aspect. As explained, while there are no bonus schemes or any PRP policies, the bank is not successful in providing any strong motivating mechanisms that would direct employees towards the desired orientation. The general suggestion was that in this aspect improvements are required, since, not only does the bank fails to provide adequate incentives for employees, but in some situations the management come up with propositions that work as ‘anti-motives’. For example, referring to training practices, line managers felt that there are no strong incentives to participate in training programmes offered. As explained, the fact that employees are not punished for non-attendance or reluctance for attendance is enough to discourage them for taking part.

Turning to employees, negative perceptions dominated. Beyond the few who recognised that the bank maintains the basic schemes that can be considered as motivating mechanisms (i.e. the extra days-off for study exams, different allowances and the salary increases for the achievement of new qualification), there were those who moved to comment beyond these provisions. Employees mainly used the examples of training activities and the way that appraisal system entails different dangers for pushing the workforce towards the opposite direction than the one that the organisation desires.

Regarding training schemes, employees felt that there are many blockages that the management may even not consider as important. This is because often training activities are offered in a way that raises barriers for employees to participate. As one clarified, ‘while we were all waiting this new training programme, they arranged it to take place in afternoons…I personally didn’t attend…You see I have my own family and other responsibilities to take care after job’ (non-managerial; female; 40-49; over 15
years service). Suggestions indicated that while employees were positive to attend to training provisions, they felt reluctant to do this on the expense of their personal time. This is because many training programmes take place outside working hours and often at locations other than the bank. Because employees finish work at three o’clock whilst training may take place between six to ten o’clock (and sometimes during weekends) this causes several problems. One suggested that ‘being so tired from work and not being able to prepare in advance for the class or focus during teaching, there is little value to attend’ (non-managerial; male; 30-39; 2 to 5 years service). Another common indication was that even if training occurs within working hours, excessive workload and lack of time sometimes stand as barriers to participating in any programmes.

Apart from training, employees also referred to the way that appraisals system is made up; a system which de-motivates them. Promotions, which are linked with appraisal system, are the ultimate incentive. Yet, due to the many flaws and negative aspects of this system, for employees, this appears to be one of the most demotivating aspects in their employment. Overall, being aware that employees’ extraordinary efforts will not be accounted or will not have the appropriate return from the part of the organisation, this undoubtedly drops the levels of their motivation to zero.

Interesting was also the belief that the majority of employees in the bank are self-driven. Employees’ dignity, their will to honour their contract and do their best in order to feel satisfied with consciousness were among the referred sources that keep employees dedicated to their work. However, as articulated, even these at some point ‘run low’. According to employees, even self-motivation at some point starts to fade away and the energy, the willingness to offer and the constant efforts eventually diminish. The suggestion was that through the years, and in the absence of incentives, merged with feelings of negligence create a sense of dissatisfaction, making even the most self-motivated ones at some point to ‘give up’.

‘It is one thing just being here and quite another being here motivated and dedicated to do your best for your organisation’
Non-managerial; male; 30-39; 6 to 10 years service

Yet, as some employees noted, even if self-motivation is lost, not many things will happen. This is because as one particularly specified, ‘these self-imposed motives are just 10%...The other 90% is the good salary, the employment security and the good
working time...So, even if you lose this 10%, it is the rest that keep you going’ (non-managerial; male; 30-39; 6 to 10 years service). Continuing from this point, employees expressed the belief that the management is aware that these factors are more than enough to keep them in the organisation, and this is the reason why the bank has ‘rest assured’. Even more important, as employees highlighted, given that they will meet their responsibilities and succeed their tasks in one or another way, ultimately this is what really counts at the end of the day.

Validity

Discussing the degree to which HRM practices show a consistency between what they purport to do and what they do in reality, senior HR managers were more sceptical. As clarified, certainly the HRM department tries to achieve a high consistency between theory and practice, since if not, the function of HRM will lose its integrity and reliability. Senior managers suggested that in order for HRM to have an actual impact on how employees perform their everyday responsibilities, it is necessary to ensure that it meets their expectations. For one of the senior managers, meeting expectations means ‘to be able to put into operation the different plans that have been widely spoken to the workforce’. Beyond this however, senior HR managers also highlighted the fact that depending on the needs of the organisation, and according to the given situation, ‘theory will become practice in the best possible way’, expressing the belief that this should to be taken as deviations and failure to meet expectations, but as ‘adaptation to reality’.

Similarly, most line managers recognised the efforts done for securing this consistency between theory and practice. Yet, as it was suggested, for many of HR practices (such as appraisals, training, EIP and information sharing), much is needed to make these work as intended. One important indication was that employees have extensive years of employment and that they remain for many years in the bank. This allows them to see and experience all the process from the time that the management will declare something all the way until this will become reality. Consequently, as one of the line managers emphasised, ‘the workforce knows exactly what is happening and the degree to which the management walk the talk’. As exemplified, for this main reason, it is important to ensure a consistency between what the management announces and how it goes about it since in the long run; a failure to do so may create significant problems. For line managers these may rank from employees’ distrust and disbelief to dissatisfaction and aversion towards the organisation.
Employees’ perceptions regarding this aspect were mainly negative. The majority questioned the degree to which the bank achieves a consistency between the theory and practice mostly in relation to performance reviews and communication/participation schemes. As one stated, ‘in papers and directives everything seems perfect…Living the reality however you realise that things are not so heavenly made’ (non-managerial; male; 50-59; over 15 years service). Overall, employees felt that the way which these schemes are currently practiced disprove the declarations by the management.

Employees extensively used the example of appraisals to indicate that while in theory and at policy level appraisals seem to be all-inclusive and written down in a professional and well-structured manner, the reality is very different. As explained, in general, while the intended aim is to have appraisals as a central practice, the actual practice is rather different. This is because the related activities are inadequate in facilitating employees’ personal and professional development. Moreover, for employees, not only appraisals fail to be effectively linked with their training and career development, but these practices also end up working against their motivation, raising barriers to their benevolence to do the ‘extra mile’.

According to employees, another aspect signifying the weak approach of the bank is that while in the appraisal form there is a space to write about their training needs (or any other issue); this is never acted upon by the management. As few suggested, while they have repeatedly followed this approach for stressing some of their gaps and their need for particular training, they have never received a response on their requests.

‘Despite the fact that no one bothers to read our requests we write in the form, appraisals as such are not even effective in identifying our training needs…This is a joke…’

Non-managerial; female; 30-39; over 15 years service

Related to appraisals, another example widely used was one with the new ranking addition. This came as a confirmation of employees’ concerns and criticisms. While this was implemented as something that would motivate and reward employees’ extra efforts, its real outcome had nothing in common with its espoused objective. As one employee commented, ‘they proceeded with a nice marketing campaign…with nice words and a fascinating wrapper…yet the actual content sucks’ (non-managerial; female; 20-29; 2 to 5 years service). For employees, the general declaration that
appraisals are the ‘tool’ through which their skills and competencies are developed is ‘ridiculous’. As argued, the key question is to consider whether appraisals are there for making employees better; or if they exist just to facilitate and justify promotions. This is simply because employees’ perception is that to become better and enhance your skills is one thing, and to take a promotion is another thing in the bank.

Moreover, referring to different examples such as the ‘breakfast meetings’, the ‘suggestions box’, or the way that requests are treated, few employees also referred to management’s affirmations about participation, transparent communication and free information sharing within the organisation. As it was articulated, while all these are accompanied by a strong theory, the real problems initiate when it comes to their actual implementation. For example, making this point obvious, as one employee nicely commented about the suggestions box, ‘it is not about having a box hanging on the wall, but looking what it is inside and taking necessary actions is what really counts’ (non-managerial; male; 30-39; 6 to 10 years service). Also, employees expressed their concern regarding the degree to which the management actually values their suggestions for improving working conditions, or their propositions for changes at the workplace. As articulated, while the management affirms that it seeks for employees’ recommendations, most of the times the reality is different since employees’ proposals for alterations are hardly ever heard. This is mainly because the majority of managers favour the ‘old and secured approach’, meaning that there is an ‘unwritten demand’ to follow the routine which will produce guaranteed results.

One question from the employees’ survey is related to the degree to which the management ‘walk the talk’. By reviewing results of the graph below, one can realise employees’ perceptions about the consistency that exists between the management’s words and actions. In detail, examining responses to the statement ‘managers can be relied upon to keep their promises’ (Q. 6.1), the 40% who neither agreed nor disagreed and the 25% who disagreed and the 12% who strongly disagreed reflects employees’ strong and negative perceptions regarding this aspect.

Graph 20: ‘Managers here can be relied upon to keep their promises’
**Consistency of HRM messages & Bundles of HRM Practices**

Senior HR managers also commented on the extent to which messages sent by the different HRM policies and practices are consistent with each other. Both managers referred to bank’s efforts to ensure that all practices work in alliance and that they convey the same messages. For them, it was felt that there is a strategic design securing to a certain extent the degree to which one practice supports the other, with one of the senior HR managers explaining that ‘it is our aim to maintain a sequence and consistency in our activities’. They expressed the belief that HRM is based on the foundation of having ‘a complete HRM cycle’ whereby strong employment security and quality recruitment / selection is of central importance. After that, and given that newly recruited employees have the potential for a successful development, the bank proceeds with providing such training that would allow them to foster their competencies. For senior HR managers, this development is further reinforced by the presence of the appraisals schemes which are an integral part of the bank’s ‘HRM cycle’.

‘The aim is to establish a strong ‘HRM cycle’ and this cannot be achieved by having standalone practices’

*Senior HR manager*

By contrast, the vast majority of line managers appeared very cynical and had doubts about the homogeneity that exist between the different practices or the messages sent by them. They felt that different HR-related practices create more conflicting than reinforcing outcomes. They explained that this happens mainly because the related authorities, and more particularly the HRM department, is far away from focusing its efforts to develop such strategic orientation. The fact that the department has under its umbrella also the administrative responsibilities hold it back from concentrating on designing a consistent package for managing human resources. For line managers, this, in association with the absence of a clear and concrete guiding line for the management of the workforce is what creates an overall situation characterised by inconsistencies.

Many line managers argued that while the organisation is very good in establishing a high quality procedures for recruiting the ‘elites’ of the market, after this stage, as one explained, ‘everything shuts down’. The consequence of this is that problems start to emerge. By employing highly knowledgeable personnel, one of their basic characteristic is that, on majority, they seek for further development and they look for new challenges and opportunities to implement their skills and knowledge. Line managers’ suggestion
was that instead of these, the organisation inhibits their efforts by lacking consistency and effectiveness regarding its overall management practices. As one stated, ‘the bank is a more static and inflexible organisation and do not plan in ahead the progress of employees’. Probing for further details, it was explained that while on the one hand the bank brings in candidates that are highly competent, on the other hand there are no strategic efforts to advance and utilise their capabilities.

‘Well, I could say that while we are capable of bringing in the most competent of the market, we lack in providing a coherent spectrum of management practices…As the time passes these individuals are lost in the system and their skills start to diminish’

Line manager

A significant concern was the degree that the guaranteed employment, in association with the faulty appraising system and problematic career development schemes create problems. As explained by line managers, from the time employees are entered in the organisation they seek for their career to be advanced. Having appraisals’ results as the only means to be used for promotions, and realising all the negative issues that surround these schemes, employees come to face one dilemma; either they will keep trying their best with the hope that things will change (something that is good for the organisation); or they will give up their efforts, accept their ‘fate’ and just enjoy their employment in one of the most ‘secured’ organisations in Cyprus.

Employees had similar views to line managers in relation to this aspect. For example, many referred to the bank’s ability to employ very competent employees, but at the same time highlighted its incapability in effectively managing, developing or motivating these employees throughout their career. As explained, having strong employment security in the background, this incapability, combined with the faults that surround the different practices creates a ‘dangerous situation’. For the majority of employees, the absence of mechanisms that would allow the management to hear and respond; to appraise and reward; and to effectively develop employees ‘push’ them towards the opposite direction from what the same the employees or the organisation desire.

‘I don’t want to sound cynical, but judging from the current situation the bank is ages behind from producing strong associations’

Non-managerial; male; 30-39; 6 to 10 years service
Employees expressed the belief that the bank will first have to redesign the different policies and practices, make them work effectively as units (i.e. to be self-sufficient) and then find ways to relate them together. Using the example referred by one of the employees, valuing the overall situation as a mathematical equation, to be able to reach to a positive and strengthen outcome, the different components need to have a positive sign. Yet, given that the majority of practices in the bank mostly move in the negative sign, the result is weakened and certainly is not the expected one.

One interesting justification provided by non-managerial employees about this inconsistency was the fact that HR-related policies may change at any time depending on the decisions of the board of directors. Employees who experienced many reformations throughout their career (i.e. those with more than 5 years of experience) were able to elaborate more how these inhibit the consistency of activities. Regular changes happen at board level and those are accompanied by restructuring of the departments and the way that responsibilities are disseminated to the various organisational units. Employees living through these changes explained that confusion is created since these alterations / reorganisations affect all the members of the bank, causing turbulence in the way that different activities are carried out.

Making this point clear, as one employee stated, ‘we constantly experience situations that create confusion about the signals sent by HRM’ (non-managerial; male; 50-59; over 15 years service). This is because each time that new members take over they come up with new reformations, propositions and implementations of new strategies. Moreover, new members set new priorities, promote employees and proceed with internal transfers and movements in different departments. Given that this happens every few years, beyond the great confusion that is created within the organisation, it inhibits the development of a strategic and consistent system for managing the workforce.

**Fairness**

Overall, senior HR managers felt that the function of HRM operates based on the fundamentals of ‘having a fair environment for all the employees of the bank’. As explained, given the status of the bank and its wider role within the society and beyond, establishing fair policies and practices is more than fundamental. Commenting on this
aspect, one stated that ‘we always try to be fair with anything we do in the organisation….and I hope that employees get this feeling of justice’.

Discussing issues of fairness, while there was a small portion of line managers who doubted all employees are treated equally, the majority conveyed the belief that organisational justice is maintained to the highest degree possible. It was suggested that while the bank makes great efforts, there will always be criticism and suspicion. Nevertheless, as line managers suggested, due to the collective efforts to ensure justice for the benefit of all members in the organisation, the situation regarding this aspect is becoming better as the years pass.

Employees’ perceptions were mainly negative for different reasons. While there were few who suggested that the organisation makes efforts and achieves to certain extent high standards regarding these aspects, the vast majority focused on the negative factors that inhibit the development of the strong sense of justice. Many employees based their arguments on the degree to which employment relationships in Cyprus are unavoidably influenced by ‘out-of-the-organisation factors’, while others explained how the overall situation, the flaws and inconsistencies that surround various HRM aspects inhibit the sense of fairness in the organisation.

The survey investigated employees’ perceptions about fairness and equality within the bank. In response to the extent to which the organisation equally values employees at all levels (Q. 5.9), indications were very negative, with 42% of the participants to disagree and 24% to strongly disagree (with a mean score of 3.70). Moreover, in Q. 5.17, 37% and 26% disagreed and strongly disagreed accordingly with the statement that ‘managers treat all employees in a fair and consistent manner (with the mean being 3.72). Similar responses are also observed in the statement ‘managers here deal with employees honestly’ (Q. 6.3), whereby 38% were in the middle category, 24% disagreed and 13% strongly disagreed (with a mean score of 3.18). Employees’ concerns about fairness and equity were identified throughout the qualitative information. In a more vivid way, these percentages illustrate their true beliefs about the particular aspects. Perhaps, beyond the justifications provided through the interviews, there are also more serious but also more confidential issues that drive employees’ negative perceptions.
Summarising, by exploring different aspects related to the bank’s HRM ‘processes’ from an ‘intended-implemented-perceived’ perspective, divergences in opinions are observed. In general, while senior HR managers share similar beliefs and seem satisfied (with the exception of some aspects that were more skeptical such as relevance and validity), the majority of line managers and non-managerial employees have different opinions. Particularly, line managers (with some exceptions) hold negative views for particular aspects (i.e. about visibility, legitimacy of authority, relevance, instrumentality, consistency) and more positive for some others (i.e. about validity, fairness). On the contrary, the majority of employees appear to maintain mostly negative perceptions for all the aspects under investigation. The most important points illustrating the divergence and convergence between HR managers’-line managers’-non-managerial employees’ perspectives about the ‘processes’ aspects of HRM are summarised in the matrix-Table 13.

**7.4 Conclusion**

This chapter evaluated HRM as ‘content’ and as ‘processes’ from the intended-implemented-perceived perspective. Evaluating the two matrices alongside their
analytic texts, it is obvious how different aspects of the bank’s HRM system are perceived differently and / or similarly both horizontally and vertically. In particular, horizontally-wise, while senior managers share similar beliefs for the majority of the HRM aspects, this does not happen at the levels of line managers and employees. Vertically-wise, overall, it is clear how the strong opinions expressed by senior HR managers do not find parallel support from line managers. More important than that, employees display even more negative perceptions about particular aspects. These variations both within and between the different layers are based on different foundations. While these discrepancies were identified and discussed throughout the preceding analysis, the reasons why these are observed are better and more detailed explained through the subsequent chapter of discussion.
Table 13: Comparing Senior HR Managers’-Line Managers’-Non-Managerial Employees’ Perspectives about Processes of HRM

<table>
<thead>
<tr>
<th>Processes of HRM</th>
<th>Senior HR Managers</th>
<th>Line Managers</th>
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<tbody>
<tr>
<td>Visibility</td>
<td>HR practices were believed to be visible by senior HR managers. The suggestion was that it is HRM’s task to establish high levels of visibility by employing various means.</td>
<td>The central view was that most of the HRM policies and practices are open for different interpretations. This is mainly due to deficiencies in information sharing and the distance that HRM keeps from the rest of the workforce.</td>
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<tr>
<td>Understandability</td>
<td>Strong views that the bank has in place policies that are clear and understandable to the workforce. It was put forward that, among others, this is achieved by the communication and consultation of related parties for issues that have to do with human resources.</td>
<td>Formalities, centralisation of decision making in issues related to HR and the lack of actual efforts were believed to be among the main reasons inhibiting employees’ understanding of HRM in the bank.</td>
</tr>
<tr>
<td>Legitimacy of authority</td>
<td>Senior HR managers’ assessment was that they make all the necessary efforts to ensure that HRM is credible and that it is considered as a high status authority in the minds of employees.</td>
<td>The principal perception was that greater work is required not only to present HRM schemes as credible, but also to prove this through their actual operation. Many referred to various examples that damage the way that HRM is perceived.</td>
</tr>
<tr>
<td>Relevance</td>
<td>Being less confident, senior HR managers articulated that to have a clear alignment between individual and organisational goals is the best/ideal scenario.</td>
<td>The principal perception was that greater work is required not only to present HRM schemes as credible, but also to prove this through their actual operation. Many referred to various examples that damage the way that HRM is perceived.</td>
</tr>
<tr>
<td>Instrumentality</td>
<td>It was suggested that given the absence of any bonus-based schemes or performance-related salaries, the bank offers to employees different incentives that boost their willingness to participate in desired activities.</td>
<td>Mainly, it was suggested that the bank does not even try to come close and understand employees’ personal ambitions and goals.</td>
</tr>
<tr>
<td>Validity</td>
<td>While being sceptical, senior HR managers highlighted that they realise the dangers of not converting their declarations into actions. As explained, this is the reason why they always try to ensure this to the highest degree.</td>
<td>For line managers, it was obvious and commonly accepted that in this aspect the bank lacks since there are no mechanisms or incentives to be used in order to boost employees’ motivation.</td>
</tr>
<tr>
<td>Bundles of HR Practices &amp; Consistency of HRM messages</td>
<td>Aiming for a strong ‘HRM cycle’, it was proposed that the bank does not face problems with conflicting HRM practices or messages sent to the workforce. On the contrary, they felt that they have managed to create strong associations.</td>
<td>Line managers recognised the difficulties and stressed the need for further improvement. They also explained that employees, due to the fact that they spent their entire career in the bank, they see the overall process. This makes it imperative ensuring this consistency.</td>
</tr>
<tr>
<td>Fairness</td>
<td>The perception was that fairness is a core aim of the bank. It was suggested that all employees are treated equally regardless their position and level in hierarchy.</td>
<td>While expressing some doubts about the degree to which fairness applies to all, line managers were confident that within the bank fairness and justice is achieved to the highest degree possible.</td>
</tr>
<tr>
<td>Non-Managerial Employees</td>
<td>On majority, employees’ perception was that HRM is 'too busy' to concern making HRM visible at the workplace (i.e. administrative duties do not allow the department to deal with such issues).</td>
<td>The belief was that, intentionally or not, the absence of adequate communication and no interest on behalf of the management are what really constrain employees’ understanding.</td>
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PART FIVE

DISCUSSION OF EMERGING FINDINGS AND CONCLUSIONS
8 Discussion of Emerging Findings

8.1 Introduction

Generally, the literature review shows that many studies share parallel outcomes with the current research. By discussing emerging findings the objective is to explain what these really mean, to compare and contrast these results with other indications found in related studies and to justify why differences or similarities are observed.

Four key areas are articulated throughout this chapter. Under the umbrella of HRM ‘content’, the aim is to discuss the findings derived regarding the bank’s HRM policies and practices. Having in mind the research findings and contrasting these with literature propositions, this section proposes a revised theoretical model of HRM in order to accommodate all the issues identified. After that, and under the umbrella of HRM ‘processes’, the second area emphasises the way that different elements of the bank’s HRM system are intended, implemented and perceived. At this stage the reasons why discrepancies occur (or not) are articulated. Thirdly, exclusive attention is given to line managers, scrutinising their role and the barriers they have to overcome in order to be able to successfully translate HR policies into practices. The final area summarises the findings and provides some propositions for categorising the case study organisation.

8.2 The ‘Content’ of HRM

It was argued earlier that the HR practices adopted for investigation differ greatly between studies. Also, as seen through the literature review chapters, studies carried out in similar contexts (i.e. in banking sector but within other countries) come up with various results regarding the existence and operation of HRM (see Delery & Doty, 1996, Muller, 1999, Bartel, 2004, Afiouni, 2007, Aydınlı, 2010, Kayaa et al., 2010). This illustrates that different or the same HR policies and practices may apply, or not, to diverse settings.

The current study, after reviewing the literature, and for reasons already explained (see p29), accepted the framework proposed by Marchington & Wilkinson (2008). Yet, fieldwork activities surfaced important indications. Brewster (2008) was right to propose the idea of a distinct ‘Cypriot way’ for operating HRM. This is because
findings show that in the case of the bank in Cyprus, there are various reasons why particular HRM policies and practices exist (in the way they do) and why others do not.

In particular, data collection and analysis revealed that only six out of the nine HR practices under investigation were relevant (see pp135-138). The conclusion reached through the evaluation of data findings about the content of the bank’s HRM (i.e. Chapter 6) was that this content (i.e. the presence / absence and the nature of HR policies-practices) is highly shaped by different forces identified and outlined in Table 11 (p145). Actually, indications emerged imply the need to reconsider some of the most fundamental notions that exist in the related literature.

The idea is that what is ‘best’ for one particular scenario, it is not necessarily ‘best’ for another. These findings suggest that researchers need to reconsider their conceptualisations and be cautious against prescribed HRM models and become more skeptical about any claims for universal applicability made by authors like Huselid (1995) and Pfeffer (1998).

Rather, the suggestion is to search for those practices that are most efficient and effective. These HR practices unavoidably vary among organisations depending on a wide range of factors. Nonetheless, while there is a departure from the idea of a set of ideal practices for all organisations, the belief is that certain HR practices were, are and will always be of fundamental importance for any organisation. Yet, the importance of these practices again depends upon a range of forces that have a direct and/or indirect influence on organisations. The ultimate proposition is that whatever the focus of any HRM-related study, its starting point should always be a careful examination of the contextual particularities.

Judging from the outcomes of this study, the question is whether or not the initial framework adopted based on Marchington & Wilkinson (2008) is the most appropriate. The aim is not to challenge the importance or applicability of the nine HR practices offered by the authors, since their propositions essentially cover all the areas of HRM. Rather, the argument is that these ‘best practices’ may appear in various forms, in diverse combinations and may be adopted and implemented differently under different circumstances. The identified six HR practices indeed belong to the framework of the nine proposed by Marchington & Wilkinson. However, the research has been carried
out in Cyprus and within the banking sector; as a result these appear in a distinct way. In simple terms, the proposition is that if this research was carried out in another organisation / another country, then results about the nature of HRM could be different.

To recapitulate, in the bank and the wider banking industry, there are particular ‘core’ HR policies and practices such as those related to employment security, recruitment / selection, appraisals and work-life balance provisions (and even these are influenced by contextual particularities). In addition to these however, there are also HRM practices that are more contingent on various forces (internal and external to the organisation), such as schemes related to training and development, communication and involvement of employees, as well as schemes related to PRP, teamworking and reduction of status (which are seen less appropriate or applicable to the particular context). These empirical observations have theoretical implications that need to be articulated.

Results imply the need to reconsider the way that HRM is evaluated, thus allowing for a framework which would facilitate the idea of some Core Plus Context (CPC) specific practices. This proposition is not totally new. As Purcell (1999: p36) explains, it is important to be aware of when and where a bundle of ‘best’ practices is adopted and understand why organisations decide to embrace these practices. Also, for Purcell, it is equally important to comprehend how organisations’ unique surroundings and particular needs shape their HRM system. Similarly, Youndt et al. (1996: p837), while highlighting the importance of the universal approach in understanding the benefits of HR practices across all contexts, they also urge a concurrent focus on the contingency factor which is vital for deriving with ‘situationally-specific’ theories.

The developers of HRM policies and HR specialists should focus on recognising policies and practices in particular organisational contexts. They also have to be able to evaluate information and make decisions from the spectacles of their own particular framework. This means that HRM researchers should appreciate how institutions and markets influence the management of their people and organisations instead of reproducing different versions of ‘best practice’. This is essential since ‘any given policy, or bundle of policies will be interpreted and enacted differently in different organisational contexts, in the light of their culture, structure and administrative heritage’ (Truss, 2001: 1145).
While there is a contest between the best practice / best fit models in the literature, the current study suggest that these perspectives should be seen as complementary. Now, more than ever, HRM is a multidimensional field and as such no factor should be downplayed. For this thesis, it is not just about a copy paste of best practices, is not just about external focus and is not just about internal focus. It is a combination of these, proposed as Core Plus Context specific approach. This is because, as Kepes & Delery (2008: p389) also note, one of the most important challenges that organisations face is the reciprocal association between external and internal fit. An ignorance of either the internal or the external aspect may impair the effectiveness of the overall HRM system.

In more detail, CPC could be examined both from a broader angle and from a more sector-specific level. At the broad level, CPC finds support in Boxall & Purcell (2003: pp69-70), who put forward an alternative conceptualisation for reconciling tensions between best fit / best practice. The authors place ‘best fit’ evaluations to be at the ‘surface level’ of HRM policy and practices. At this level, contextual factors at the societal, sectoral and organisational level exercise great influence (stressing the importance of context-specific practices). Beyond that, the authors also recommend that ‘best practice’ views should be considered as more appropriate at the ‘underpinning layer’ of generic HRM. Here, the belief is that in most of the cases, some ‘best practice’ principles will be more cogent and effective (i.e. acknowledging some ‘core’ practices). Consequently, at this level, the CPC should be adopted to facilitate research that take place among organisations operating within different countries or sectors.

Beyond that, CPC is also helpful for conceptualising the way that HR practices appear in organisations operating under similar contextual particularities. At this level, the proposition of CPC is closest to the idea of ‘table stakes’ offered by Boxall and Purcell (2008: p83) and Purcell et al. (2009: p13). For the authors, while highlighting the importance of differentiation in the RBV, they mainly focus on how organisations operating in the same industry share a similar ‘baseline’; ‘resources and skills needed simply to play the game’. Comparable with CPC suggestion, Purcell and colleagues propose that these ‘table stakes’ may not be a source of competitive advantage. However, these set the point of departure for developing ‘tailored-to-the-organisational reality’ HR policies and practices and for establishing a strategic focus that will eventually differentiate the organisation from competition.
At this point it should be clarified that this proposition has the potential to contribute to those organisations that have a genuine interest in adopting a strategic approach to HRM. To avoid some of the criticisms surrounding dogmatic models of HRM, CPC can be useful for those that seek to develop their workforce. However, for organisations that compete solely on price cost reduction, this proposition will not be so appealing. This is because the dominant orientation of such organisations (see Appendix 3) contradicts with the overall philosophy of CPC.

**Advancing Core Plus Context Specific Proposition**

Beyond the above, one additional element in this CPC can be seen the extension of the above propositions, making it more ‘realistic’ in its nature. In order for this model to be successfully conceptualised, an ‘implementation’ component should also be accommodated. This is because the value of a horizontal or vertical philosophy is cancelled out in the absence of a successful enactment dimension. One of the key points in Marchington’s (2008b) paper for the 40th anniversary of Institute for Employment Studies was that HRM authorities not only need to have a theoretical and technical knowledge of HR practice, but they also need to be knowledgeable of HRM processes to ensure that HR strategy is put into effect. Within the literature, this necessity is best reflected in the study done by Gratton & Truss (2003), who are concerned with the fact that ‘the mere existence of HR policies and a people strategy is believed to be sufficient to ensure action’ (Gratton & Truss, 2003: p76).

The belief is that translating HRM strategies and policies into action seems to be one of the most fundamental riddles to be solved. Consequently, this separate dimension is dedicated to the ‘enactment’ element. The degree to which organisations are successful in this aspect will eventually determine the impact and value of HRM. Evaluating employees’ experiences and perceptions about the different HRM policies and practices, or exploring line managers’ behaviour and dedication for delivering these policies can shed some light on this component. Combining these two research endeavors would allow researchers to gain a genuine understanding of the HRM puzzle.

Summarising, having as background literature information and research findings, this section discussed about the content of the bank’s HRM. Empirical observations suggest caution against claims about the universal applicability of ‘best practices’ (e.g. Huselid, 1995, Delery & Doty, 1996, Pfeffer, 1998) and lend credence to arguments emphasising
the importance of ‘contextual particularities’ (e.g. Youndt et al., 1996, Purcell, 1999, Boxall & Purcell, 2008, Kepes & Delery, 2008). In the face of these findings, this thesis proposes a revised; more integrated way for conceptualising HRM; a view calling for an ‘enacted Core Plus Context specific’ approach. The value of this model becomes more apparent by evaluating the ‘processes’ of HRM. The proposition is that while the existence of different policies and practices and their integration / alignment is important, the way that these are delivered and enacted is what really counts.

8.3 The ‘Processes’ and ‘Perceptions’ of HRM

To recall, findings regarding the ‘processes’ and ‘perceptions’ aspects were not so positive. As seen from data findings (i.e. Ch.7), there are strong intentions at the senior management level and shared beliefs about the positive implications of HR policies. At this level, it is obvious how senior HR managers appear optimistic and mostly realise only the positive side of what they are doing. On the contrary, line managers have their own views and approach, which as seen in the forthcoming analysis, leads to deviations both between senior and line managers and between line managers themselves. Unavoidably, these differences in line managers’ approach (alongside with other factors) also influence employees’ perceptions on several aspects, who on majority evaluate most things from their own standpoint, adopting a more critical and negative stance. All these emerging findings are discussed and explained throughout the subsequent sections. The aim is, for every aspect under investigation, to recapture and reinforce what has been found; and most importantly, to explain why these indications occurred and how these relate to other findings from relevant studies.

Following a thematic approach, the next two sections identify the way that different elements are intended, implemented and perceived. Given that no aspect of the bank’s HRM system seemed to pass through the different levels precisely as intended, two categories are devised. These are ‘the medium to strong’ and the ‘weak’ category. In the first category aspects that pass to a certain degree as intended are presented. The reason for having this category (merging the strong with the medium grade) is because while there are particular elements that have a ‘smooth’ and unproblematic process all the way from intentions to perceptions, still some negative issues and contradictory positions are observed. To accommodate those features of the bank’s HRM system which are
characterised by ‘turbulence’ in their delivery process, the ‘weak’ category is created. Components that failed to get through as initially intended are located in this group.

8.3.1 ‘The Medium to Strong Category’

*Employment security* is among the strongest HR-related aspects in the bank. Beyond the pressures resulting from the cultural characteristics of Cypriot employees (Topaca & Nikolaidou, 2005), there are also other explanations why these provisions are so strong both in terms of policy and practice. The identified influential role of the union in this area; the governmental laws / organisational regulations and the bank’s overall HRM approach-model are also stressed in other studies trying to measure what influences employment security (see Morgan et al., 2001). What really counts however this is among the few areas for which informants from all three layers share similar beliefs; indicating that related policies are transmitted effectively through the hierarchy. Nevertheless, regarding ILM, one point needs to be highlighted. This is employees’ negative perception about the effectiveness of the bank’s ILM systems and the degree to which these are universally applied. While employees with few years of experience did not bother about or be aware of the above issues, those with considerable years of experience (approximately 20% of participants) provided good justifications regarding their negative perceptions. Spending almost all their career life in the bank, they were able to evaluate the situation based on their own journey they had in the organisation.

In general, this group of employees discussed the inconsistencies and lack of coherence that characterise the bank’s management activities. In particular, lengthy bureaucratic procedures; the deficiencies in achieving requested internal bilateral movements, alongside with irregularities in the application of related schemes were among the factors heightening their frustration and reducing their motivation. Moreover, negative perceptions about career development are also due to the fact that, while employment security is guaranteed, employees cannot expect an automatic promotion to a higher position. For them, this is equivalent of not progressing since they remain static in terms of advancement in career ladder and status.

Positive indications were observed regarding *recruitment and selection* practices. The suggestion is that the bank has realised the importance of making ‘the right investment’ (Wheatley, 2010) and have what Guest (1987: p515) calls ‘the goal of quality’; thus
aiming to recruit and select employees with high levels of skills and adaptability. The widely cited significance of these practices (Newell, 2005, Armstrong, 2006, Orlitzky, 2008, Schmitt & Kim, 2008) and their prominence as a central lever for facilitating a successful future development of employees (Wright et al., 1994) are more than true in the bank. Evaluating this finding from the eyes of Ryan and colleagues (1999) an interesting explanation can be provided. The authors hypothesised and partly confirmed that organisations operating within cultures characterised by ‘uncertainty avoidance’ give greater attention to these schemes. The argument is that extensive and ‘strict’ procedures related to recruitment and selection are implemented as a means to nullify any ambiguities. Actually, given the identified particularities of the Cypriot culture, this proposition fits well with the overall findings of this thesis.

Overall, senior HR managers, line managers and employees have shared understanding of recruitment and selection practices. Both senior HR managers and line managers emphasised how the bank sets the example in the industry in this area. Despite the overall consensus about the high quality of these practices, critical voices from some employees led to further investigation. Few were more skeptical and diverged from the dominant perception based on the belief that even in the case that regulations are not applied universally; this would remain ‘confidential’. Further, for these employees it was felt that the strict protocols, the pressures from stakeholders for transparency and the concerns about potential consequences in case of malpractice are the forces driving the bank to maintain high standards. Using Nishii et al.’s (2008) propositions, there is an explanation why these differed opinions emerge in employees’ perceptions. Nishii and colleagues explain that employees may disagree about ‘why’ particular practices are maintained. Some employees may perceive that the creation of particular HR practices and processes is for the workforce’s well-being. However, others may argue that the rationale behind this is management’s efforts to comply with pressures resulting from external regulatory bodies, to reduce costs or to serve other organisational interests.

*Training and development* practices are among the aspects that find strong commitment by all organisational members. The high investment and the resources spent by the bank confirm those who consider training, learning and development as a pivotal part of HRM both within the banking industry and beyond (e.g. Storey, 1992, Guest, 1993, Hendry, 1994, Keltner & Finegold, 1996, Muller, 1999). Participants from the three layers praised the efforts done, with employees recognising the positive impact that
related practices have both at a personal and professional level. Beyond that, as in the case of Truss (2001), a handful of negative voices emerged regarding some barriers for attending training activities (i.e. lack of incentives, workload, not well-timed etc.). Yet, the most remarkable finding is not the negative and perhaps anticipated issues emerged. Rather, it is one important indication identified but remained largely unexplored through the research findings chapter. While all acknowledged the quality of training, employees from different departments had dissimilar perceptions and experiences.

For example, employees working within department A appeared to have different perceptions from those in department B. These differences are mainly explained by the stance of employees’ line managers / managers and the way that work is carried out in specific departments. In particular, employees coming from department A criticised that while they may attend training and become familiarised with a new programme or acquire new competencies, there are many reasons why they are not able to implement them at the workplace. Managers’ pressures to meet deadlines, constant ad-hoc issues and excessive responsibilities are some of the main inhibitors mentioned. For those employees, the value of training is then cancelled out. This is because, if not practising the newly earned skills, in the long-run these will eventually be forgotten. Although this is not directly related to the value of training as such, it negatively influences employees’ perceptions. On the contrary, employees coming from department B praised their managers’ stance in allowing flexibility in the way that work is organised and delivered, but most importantly, their supervisor’s dedication to suggest training programmes and promote participation in these. This ensured employees maintained a strong and positive perception about the impact of such practices.

Such findings are similar to other studies which illustrate how line managers appear to be powerful mediators between employees and the different training provisions. For example, Khilji & Wang (2006) explain how in particular organisations, line managers’ negative stance to training and the fact that these schemes were low on their agenda inhibited employees to utilise any training opportunity. Other researchers focusing solely on line managers also confirm their important role in this area (see Purcell et al., 2003, Hutchinson & Purcell, 2010). Just like the propositions offered by these studies, the current project reinforce the claims that line managers’ approach to training and development practices can indeed make the difference and have a positive or negative impact on employees’ perceptions and experiences.
Moreover, this study not only shares similar indications about the importance of line managers in training and development of their employees, but also confirms the widely stated significance of an effective collaboration between line managers and the HRM department (e.g. Nancy & Panayotopoulou, 2005). Their involvement has been identified at two levels. At a more ‘broad’ level and more formally, line managers are responsible for identifying, promoting and coordinating (i.e. both internally with the director of the department and HRM division; but also externally with related bodies) the successful realisation of available training programmes. At more specific, ‘within-department’ level, line managers provide guidance and ‘on-the task’ training to employees. Without ignoring the value of ‘theory-led’ training, the importance of a more practical, ‘learning by doing’ approach was highlighted by all organisational members. This approach is commonly practised within departments and its effectiveness and positive outcomes are widely acknowledged.

As summarised in the Table 14 below, the above HR aspects (which are all under the umbrella of ‘content’), are placed in the ‘medium to strong’ category given that they ‘pass’ relatively well between senior and line managers, and are mostly perceived in the desired way by employees. The particular table integrates three elements; the HRM aspects placed in this category; the positive forces exercising pressures for a consistent implementation process; and the influential sources from which these forces emerge (i.e. cultural/sectoral/organisational etc.). Beyond that, a reference is made to the ‘inhibitors’ (or negative voices) related to the particular aspects as these are analysed both in data findings and discussion chapters.
Table 14: The Content of HRM: Aspects in the ‘Medium to Strong’ Category & Influential Forces

<table>
<thead>
<tr>
<th>HRM Aspects Under ‘Medium to Strong’ Category</th>
<th>Influential Themes / Positive Forces Facilitating a Successful Delivery Process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cultural / Country Effects</td>
</tr>
<tr>
<td>Employment and ILM Security</td>
<td>• Cultural particularities exercising pressures</td>
</tr>
</tbody>
</table>

*Negative voices: The way that internal labour markets operate – Inflexibility / bureaucratic procedures / cases of bias - inconsistencies

| Recruitment and Selection                   | • Pressures from external & internal stakeholders demanding transparency and objectivity | • Legal requirements resulting from Cypriot employment law | • Thorough process incorporating various high-quality techniques | • Bank’s ability to constantly alter and improve the quality of these practices (due to the extraordinary numbers of candidates) | • Strict organisational regulations eliminating malpractice | Management’s awareness about the importance of ensuring ‘excellence’ in this aspect Close coordination among involved parties |

*Negative voices: Any malpractice would remain sealed / Superiority in this aspect is for the bank’s own interest and benefit
<table>
<thead>
<tr>
<th><strong>HRM Aspects Under ‘Medium to Strong’ Category</strong></th>
<th><strong>Influential Themes / Positive Forces Facilitating a Successful Delivery Process</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cultural / Country Effects</strong></td>
<td><strong>Legislation</strong></td>
</tr>
<tr>
<td>Training and Development</td>
<td>• The strong educational background of the Cypriot labour force</td>
</tr>
</tbody>
</table>

*Negative voices: Lack of incentives / boring & not so useful content of some seminars / not well-timed / barriers for utilising new skills*

Source: Compiled by the author
8.3.2 ‘The Weak Category’

Turning to the next category, negative issues dominate the remaining aspects of HRM, with a ‘weak’ delivery process from intention to implementation to perception. For example, exploring employee voice / participation, information sharing and communication practices, the only positive indication was that almost all participants recognised the significant role of ETYK. As also identified in the Cyprus’ chapter (Ch.5), and as in other banking sectors whereby trade unionism have claimed its significance (Bradley et al., 2000: p161), ETYK has gained a powerful position in the Cypriot banking sector and in the wider society. However, beyond that, these practices are not perceived as effective either by line managers or non-managerial employees. While it is widely stated that ‘communication is important for many key organisational structures and processes’ (Rodwell et al., 1998: p288), vital to all functions of organisations (Goris et al., 2002: p664) and essential for the organisational ‘health’ (Hall, 1980, Lyden & Klengales, 2000), related schemes are deficient in the bank.

EIP, worker voice and communication practices appear to be among the most important but weak areas of the bank’s HRM system. Senior HR managers affirmed that EIP yield various benefits. In line with theory and literature, they articulated how related schemes are used to keep employees informed, to facilitate management’s actions, new practices or changes in existing ones. However, while HR managers stressed the importance of these practices in informing and consulting employees, the incident with appraisals’ alteration clearly illustrates how they were not successfully implemented. Consequently, assertions that such practices are adopted as ‘a tool for announcing, explaining or preparing people for change and preparing them for a positive and negative effects of the impending change’ (Kitchen & Daly, 2002: p50) do not apply in this study.

Seniors’ highly positive views about these practices were not shared by line managers and employees, who had only negative things to say. In general, their perception was based on the low effectiveness and impact these practices have. Despite the acknowledged importance of these particular schemes for employees (Glew et al., 1995, Daniels, 1999), in the bank, the opportunities to express their ‘voice’ and the extent which they have an input in decisions making are very limited. For example, criticisms regarding the bank’s declared ‘open dialogue’, condemnation of the way that ‘suggestion box’ or ‘breakfast meetings’ operated, frustration with the electronic information overload, the apathetic stance of the higher management and its declining
commitment to these practices as employees become more senior were enough for negative perceptions to dominate.

Beyond the above, one significant indication emerged but not extensively discussed in the previous chapter needs to be highlighted. A major reason for deviations between employees’ perceptions was the stance of their line managers. Employees’ responses varied, signifying how line managers in departments are ‘key’ regarding communication/information sharing. As one stated, ‘it is up to them (line managers) to keep their doors open and freely communicate with us…Otherwise no one and nothing can force them to do that’ (non-managerial; male; 30-39; 6 to 10 years service). For employees, their managers’ approach determines how such practices will appear within the department (in terms of their degree of formality, their intensity and their nature). While the vast majority of employees were disappointed with the way that such practices operate in their department, few suggested that their supervisor is open and positive to these schemes. These employees elucidated how the transparent information sharing and honest communication among the members of the departments is a core ingredient for productive co-operations. This is because these schemes yield positive outcomes, such as the disputes resolution through discussion, the ability of employees to be heard and express any suggestions or complaints in their department or the opportunity to ask help for overcoming work-related problems and beyond.

This role of line managers in EIP, communication and information sharing has been widely emphasised within literature. It is suggested that line managers’ approach and ability to communicate effectively is one important factor differentiating employees’ perceptions and satisfaction with related schemes (Madlock, 2008). Mainly, this study shares similar indications with research carried by Purcell and colleagues (Hutchinson & Purcell, 2003, Purcell et al., 2003, Hutchinson & Purcell, 2010), revealing a relationship between employees’ views about their line manager approach and their perceptions regarding communication and information sharing practices.

Yet, the fact that negative perceptions dominated raise the need to refer to some of the factors that inhibit line managers’ effectiveness in this area. In addition to concerns referred in other studies (see Marchington, 2001), line managers’ role in the bank appears to be structured in such a way that they are overloaded with work and have no time to facilitate their subordinates’ actual participation. Also, as revealed through the
interviews, line managers felt that they were not empowered or involved within the organisation. The majority believed that they had no particular say in the decisions related to the design of employee involvement and participation initiatives. They assumed that they were expected just to ensure that these are successfully operated at the workplace. Other reasons inhibiting line managers’ effective implementation of related practices are also the lack of competencies or related training.

Consequently, following Fenton-O’Creevy’s (2001: p24) question about ‘whether middle managers are indeed saboteurs of employee involvement initiatives or they have been unfairly scapegoated for wider systemic failures’; this study suggest that not all line managers are saboteurs of the related practices. While many may obstruct the successful operation of these practices, few may effectively endorse and encourage them. Certainly however, ‘systematic failures’, operational deficiencies and issues previously identified are fundamental in preventing these practices to be experienced and perceived by the majority of employees in the intended way.

Appraisals / performance reviews are also among those aspects located in this ‘weak’ category. In seniors’ minds, this is a fair and transparent process; and just like the claims found in related literature (e.g. Cascio & Bernardin, 1981, Fletcher & Williams, 1985, Kersley et al., 2006, Latham et al., 2008); they were confident about the various benefits that these practices yield both for the bank and workforce. On the contrary, for line managers and employees appraisals are in need of alteration. They moved away from senior HR managers’ perspectives by criticising the way that related schemes are operated and by challenging the impact these practices have.

The vast majority of employees felt that appraisals are merely a paper exercise and exist just for the ‘sake of regulations’, not adding any real value. Justifications for this stance varied. The fact that appraisals’ results are mostly based on seniority (essentially downgrading any extraordinary contribution) is one of them. Also, their ineffectiveness in either measuring employees’ training gaps or improving competencies; as well as the various ‘subjective’ factors inhibiting a universal implementation were the sources from which negative perceptions originated. These adverse factors, combined with the fact that appraisals are strongly related to employees’ career development; and merged with their belief that no actual efforts are done to change this situation is what devastates employees’ expectations and morale. Ultimately, evaluating performance reviews /
appraisals from employees’ perspective, the words of Shrivastava & Purang (2011: p632) are more than true for this study. As the authors articulate, regardless of the attention/resources paid to these practices, ‘they continue to generate dissatisfaction among employees and often viewed as unfair; inaccurate and ineffective’.

Talking with employees, Hutchinson & Purcell (2003) identified that appraisal practices were not successful or helpful as they were highly complex, lacking clarity and accuracy of targets. Likewise, Truss (2001) discovered that less than half of her participants believed that appraisals were capable to assess their strengths or weaknesses. Particularly, in Truss’ study, one employee stated that ‘in theory, appraisal is very good, in practice, it is not’. Similar quotes and opinions with the above were frequently expressed in this research when examining appraising-related practices.

Now, the role of line managers needs to be clarified in relation to this aspect. This is because it appears to be influential (in terms of ‘subjectivity’ issues) but a limited one (in terms of line managers’ ability to alter the overall situation). Regarding subjectivity and the ‘line manager’ factor, these were identified as a main source leading to inconsistencies in the application of these practices. This inconsistency, alongside with the low quality of these practices were also found by McGovern et al. (1997). The authors concluded that appraisals most likely do not have the credibility or legitimacy and are not as effective as described in the prescriptive models. Moreover, one interesting indication was that not only employees identified this ‘subjectivity’, but, just like in the case of Renwick (2003), line managers in the bank also recognised issues of impartiality and admitted difficulties in differentiating between themselves from their subordinates. This appeared to be an issue for line managers, since as one also stated, ‘senior managers expect from us to differentiate employees and rank them according to their performance’, something that was seen as a difficult task to be achieved.

Overall, despite the widely cited importance of line managers in appraisals (McGovern et al., 1997, Gould-Williams, 2007, Hutchinson & Purcell, 2010), in this study, their role, while important, does not determine the way that these are operated. Line managers undertake appraisals since they are the ones that monitor employees’ progress and maintain records of their performance. However, several issues were identified regarding this aspect. Line managers appeared troubled with the way that appraisals are
practised, but at the same time are not able to make any actual alteration given that policies are beyond their influence.

Besides, being aware of employees’ frustration with the overall appraising system, some line managers also suggested that each time that they have to be involved in this process they find themselves in an awkward position. Making this point obvious, one stated that ‘it is like a theatre where we all play our roles’. What he meant was that line managers follow the orders and comply with the system, whereas employees are aware of the situation and just take part in this process while downplaying its actual value. Essentially, similar to McGovern et al.’s (1997) study, line managers in the bank face difficulties in using a system whose credibility and effectiveness was lacking.

In the literature, many justifications are provided for the ‘poor’ approach of line managers in appraisals. Some of these are the weak or strong institutional pressures, lack of self-interest, work overload and absence of personal motivation. It is true, (as also seen in Section 8.4), that these inhibitors may well apply to the general approach of line managers regarding their HR-related duties. However, particularly for appraising schemes, this study, while recognising the ‘individual’ factor-personal ‘faults’ and ‘subjectivity’ issues, suggest that the way that the overall system is maintained and the rigid regulations that underpinned appraisals allow no opportunities for line managers to be deeply involved and make a substantial difference.

Turning to work-life balance, deviations were identified from the intended to the perceived level. Firstly it should be stated that all members acknowledged the different formal policies related to WLB which flow from the IR Code and the bank’s own directives. Also, it is suggested that, to a large extent, the positive ‘taste’ that employees get from this aspect is ensured by the union which, through the different institutions and associated links, supports in many aspects the WLB of all the banking employees (and not only the employees of the case study organisation). Moreover, the fact that employees compare their work with previous experiences is also an explanation why, while they are frustrated with the situation in the bank, at the same time they recognise that they are in a comparatively better position than employees working in other sectors.

However, looking at line managers’ and non-managerial employees’ responses in more detail, their perceptions deviated in many ways from the corporate’ view. A common
suggestion both by line managers and employees was that the successful realisation of WLB policies is undermined by the excruciating workload. The fact that over the past years the workforce has approximately remained the same, despite the many alterations to their responsibilities, provides credence to this perception. Overall, many employees referred mainly to the barriers that prevented them to realise and achieve work-life balance. Using Dallimore’s & Mickel’s (2006) terminology, employees in the bank are mostly concerned with the externally-based (i.e. external to the individual) and work-related obstacles such as the constant deadlines; the never ending demands to meet objectives and the pressures originating from the high expectations by the management.

Additionally, one aspect separating senior managers’ beliefs from those of non-managerial employees is the fact that the bank does not make any substantial efforts to go above and beyond the formal policies. On the contrary, it is contented by the operation of the traditional statutory provisions. Apart from the WLB provisions stated earlier, there are no flexibility programmes widely cited in the literature such as teleworking, flexitime, compressed work weeks, shift swapping, reduced hours etc. (see Nord et al., 2002, Fleetwood, 2007). Actually, employees were convinced that the bank can do much more from the ordinary provisions and that it lacks substantial efforts to be differentiated from the norm and from what other organisations do in the same industry.

Beyond the above, other issues were identified at different stages during data collection illustrating how the value of WLB is downgraded and inhibited within the bank. For example, while line managers appraised the bank’s working time arrangements (an aspect that is seen as an important element enhancing employees’ work-life balance), many moved to explain that this is downgraded by the fact that they have to work from home and beyond official times. Similarly, a suggestion by employees was that in cases where training programmes are offered and arranged at times / dates outside their normal working period; this unavoidably interferes with their work-life balance.

Moving on, exploring the importance of HR practices great variations among different organisational members surface. Here, differing opinions are identified both horizontally and vertically. In general, senior HR managers exemplified the prominence of achieving a successful ‘HRM cycle’, with some line managers sharing this belief and others emphasising more the importance of improving appraising system. With greater variability however, different employees had dissimilar perceptions about this aspect.
Beyond the employment security which was universally recognised as the most important (mainly due to the uncertainties and job losses taking place in the market), work-life balance as well as training and development practices were widely cited.

One way to explain deviations in perceptions regarding this aspect is by looking to the profiles of the respondents. For example, many of those who exemplified the prominence of having strong provisions related to work-life balance were middle-aged women with families (in the age groups of 20-29 and 30-39). In particular, these employees grounded their suggestions on the importance of being able to dedicate themselves more in their families rather than in anywhere else. Evaluating this indication from the lenses of Cypriot culture, this is anticipated given the strong opinions / feelings that the vast majority of Cypriot women hold about family issues. In contrast, younger individuals (approximately 34% of participants) were not too concerned about WLB. For them, training, learning and development schemes were much more valuable since are one of the main tools for materialising their aspirations.

Significantly, employees’ perceptions about the importance of HR practices are also influenced by the department within which they work and consequently the nature of the tasks they perform. For some, the provision of accurate and up-to-date training is the only way for being able to successfully exercise their duties. For example, dealing with legal issues which are frequently altered; or working within the IT spectrum whereby software programmes are constantly upgraded, employees felt that developing their existing skills and acquiring new ones is of fundamental importance. Making this point obvious, as one employee stated, ‘in my department we have no choice to be indifferent (in terms of training) simply because updates run and we have to follow them…the work we perform is such that we have to always be active in order to keep in touch with the latest developments’ (non-managerial; female; 20-29; 6 to 10 years service).

Just like the ‘medium to strong’ table (pp204-205), the Table 15 below adopts the same format to present the ‘weak’ aspects regarding the content of HRM. This table incorporates those features that are characterised by inconsistencies and that are not perceived as originally intended. Three elements are integrated in the table; the HRM aspects placed in this category; the negative factors contributing to the gaps observed; and the influential sources from which these factors emerge. Were necessary, a reference is also made to the ‘positive voices’ regarding each aspect under investigation.
Table 15: The Content of HRM: Aspects in the ‘Weak Category’ & Influential Forces

<table>
<thead>
<tr>
<th>HRM Aspects Under ‘Weak’ Category</th>
<th>Influential Themes &amp; Forces Contributing to a Weak Delivery Process / Justifying the Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIP, Information Sharing and Worker Voice</td>
<td>Cultural / Country Effects</td>
</tr>
<tr>
<td></td>
<td>● Maintaining a ‘distance’ / ‘Retaining the status’</td>
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<td></td>
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<td></td>
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</tbody>
</table>

*Positive voices: Strong presence of union in representing employees’ voice and interests / The way that a handful of line managers implement these practices

| Performance Review, Appraisal and Career Development |  |  | ● While there are well-stated policies, these are not designed to be supportive to employees | ● Rigid policies not allowing line managers to alter and improve the operation of these practices |  |
|  |  |  | ● Inefficacy in ‘spotting’ employees’ training gaps and in developing their competencies | ● The way that appraisals system is maintained (i.e. focusing on employees’ seniority and downgrading extraordinary input) |  |
|  |  |  | ● Issues of subjectivity and bias |  |  |

*Positive voices: These practices are carried out in a systematic way
<table>
<thead>
<tr>
<th>HRM Aspects Under ‘Weak’ Category</th>
<th>Influential Themes &amp; Forces Contributing to a Weak Delivery Process / Justifying the Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cultural / Country Effects</td>
</tr>
<tr>
<td>Work-Life Balance</td>
<td></td>
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</tr>
</tbody>
</table>

*Positive voices: Diversity of provisions deriving from IR Code and organisational directives / The positive role of the union / The working time arrangements / The fact that compared with other industries and organisations, employees in the bank are in a better position*
Until this point the way that HR policies and practices (the ‘content’) are intended-implemented and perceived have been discussed. Turning now to examine the propositions offered by Bowen and Ostroff (2004), aspects that relate to the ‘processes’ of HRM all belong to this ‘weak’ category.

This is the situation examining the degree to which HRM in the bank is believed to be *visible and understandable* to the workforce. While senior HR managers felt satisfied with the work done in this aspect, line managers were not so optimistic, whereas employees appeared rather pessimistic. Lack of communication, the distanced stance of HRM department combined with lack of efforts in creating awareness, the highly formalised information, the constant changes in laws and regulations related to HRM and exclusion from decision making were quoted both by line managers and employees to justify their negative perceptions. Yet, one strong justification used by employees stands out explaining the high levels of their cynicism. Employees believed that sometimes the management keeps them in the ‘dark’ either intentionally as a means to prevent potential reactions; or because it does not bother to alter the situation. As indicated, whatever the logic behind this ‘indifferent’ approach, it stands as an adverse factor to employees’ positive perceptions.

While propositions offered by Apospori et al. (2008: p1201) that the ‘top management in southern Europe is likely to keep a greater distance’ can be partly adopted to give a further explanation to these findings, a closer look at the country, culture, industry and particular organisation offers more valuable insights. Having examined the first three of these in the chapter dedicated to Cyprus (Ch.5), looking into the organisational reality further justifications can be given. The high centralisation of authority, the extensive hierarchies merged together with the identified problems of communication/information sharing creates this situation regarding HRM’s visibility and understandability.

For Nishii et al. (2008) this variability both between and within organisational layers is expected to be reduced by informing and involving affected members and when communication regarding HRM policies is unambiguous and transparent. As the authors speculate, employees’ understanding and attributions about HRM are shaped by the volume, presentation and timing of information. Beyond that however, information sharing/communication per se are not enough to foster employees’ positive perceptions. As important it is to ensure that information sharing and communication is transparent
and unambiguous, it is also important that the source from which this information flow is credible, something that does not happen in the bank. This is because, ‘when organisational communicators are not seen as credible, then employees may be more likely to rely on their own subjective perceptions’ (Nishii et al., 2008: p531).

Such findings about visibility and understandability of HRM system are also found in other studies. Khilji & Wang’s (2006) is one of them. While the authors do not use the notions of HRM visibility or understandability, it is obvious how organisations categorised as ‘low’ on the implementation aspect lacked in these areas. This is because, based on the research findings, the authors indicated that employees within these organisations were not aware of the HR policies that were being pursued. Contrasting this point with the situation in the bank, while most of the employees were able to identify and talk about the various HRM practices, they criticised a weak implementation and articulated the many factors that inhibit their understanding.

Turning on the aspect of legitimacy of authority, while in the eyes of senior HR managers the HRM authority is a legitimate one, line managers have an alternative belief. Inconsistencies, bad handling in certain situations and doubts regarding the authority’s intentions were the reasons that line managers used to justify why HRM is not seen as very credible. On the contrary, the fact that HRM authority many times is ‘forced’ (due to different pressures) to proceed with decisions which may not be appealing to employees was the justification used by some others to explain the way that HRM is perceived. For employees however, negative perceptions were based on the belief that HRM in the bank has failed to adopt a strategic approach to HR-related issues and most importantly, to convince the workforce that its presence is to promote their interests and facilitate their development.

Doubts about the status of the department derive from the fact it was previously the secretariat unit of the bank, which has evolved and converted to the HR department. Still dealing with a wide range of administration issues, the belief is that it does not operate as an ‘authentic’ HRM function. Kane et al. (1999) identified similar barriers for a successful HRM presence. For the authors, the inability of HRM to maintain a more proactive role and the fact that HR department was evaluated even by its own members as a repetitive administration, lacking influence and credibility were among the most important. Just like in the case of the bank, the perception was that while HR
department is capable of dealing with administrative issues and operational duties, its perceived effectiveness in developing a strategic and integrated presence was not high.

Moreover, employees’ strong feeling that HRM occupies an ‘intermediate’ position between them and the senior management also creates concerns. Here, employees’ intuitions provide credence to the widely cited concerns about HRM ‘caught in the middle’, struggling to keep a fair balance between organisation’s demands and employees’ interests (e.g. Winstanley & Woodall, 2000, Crowther, 2004, Waring & Lewer, 2004, Legge, 2005, Pinnington et al., 2007). Moreover, the fact that the power is mostly concentrated in the hands of the board of directors impacts on the way that HRM is valued. Employees seemed to disdain the decisions or efforts resulted from HRM, since they are aware that ultimately, no matter what, decisions regarding important personnel issues (i.e. internal transfers, promotions, leaves etc.) are decided by the highest authorities of the bank.

For comprehending emerged indications regarding this aspect, other factors such as the distance between employees and HRM authorities and the ambiguities about HRM’s role should be considered. Beyond these however, the identified flaws related to communication, EIP and information sharing practices contribute considerably to employees’ negative perceptions regarding HRM’s legitimacy. Authors extensively concerned with these practices (e.g. McCabe & Lewin, 1992, Marchington, 2001, Dundon et al., 2004, Marchington & Cox, 2007) stress how they enable employees to foster greater awareness about organisation’s future plans, objectives and activities. However, the acknowledged problems regarding the operation of these practices by the bank produce reverse outcomes from those desired or intended.

Basically, the suggestion is that deficiencies related to communication and information sharing hinder employees’ understanding about management’s initiatives and activities. In turn, this lack of understanding made employees more conservative towards any propositions and new HRM schemes. As suggested, suspicion and hesitation are common feelings adopted due to this situation. And in times where these doubts and concerns are confirmed, then employees’ perceptions about the overall function of HRM become even more negative. Employees used different examples to illustrate how they have lost their ‘faith’ in HRM. Some of them were cases with ignorance of employees’ important queries, cases with background interests for guiding employees
towards particular external training programmes, cases of ‘mystery’ overnight internal transfers and cases with appraisals / promotions. These examples were mentioned to explain how employees’ perceptions for HRM’s credibility and their trust to related authorities are negatively affected.

This ‘fragile’ nature of employees’ trust is one important factor to consider when examining HRM’s credibility and status. As proposed, it takes time to earn employees’ trust and to build a credible image. Yet, this can be collapse in seconds, and for Kramer (1999: p593), ‘trust is easier to destroy than create’. Reviewing the study done by Slovic (1993), it is suggested that this is because negative events (that are seen as reducing trust) are more visible rather than the positive ones (that enhance trust levels). Moreover, ‘undesirable’ decisions are taken more seriously and employees place greater weight on such ‘destroying trusts’ actions. Given that such occasions occurred in the bank, this justifies why employees have negative perceptions about HRM’s legitimacy.

Afiouni (2007) also found similar reasons for HRM lacking credibility. For example, political interests and influences, issues of favouritism and internal inequalities due to inconsistent application of several HR practices made employees to lose credibility of all HR initiatives. Beyond that, similar to the case of the bank, the fact that HR departments did not had a well-defined HRM plan and were lacking a real strategic role, combined with the administrative nature of the related authorities (i.e. managing paperwork and bureaucratic procedures) impaired the legitimacy of HRM.

Likewise, Khilji & Wang (2006) provide comparable explanations why HRM’s credibility may be inhibited. In the bank, employees’ beliefs about the insufficient support from HRM; the absence of any obvious procedure to be followed for raising problems and the indifference of senior managers in understanding employees’ personal needs were among the reasons why they fostered negative perceptions. In Khilji & Wang’s ‘weak on implementation’ banks, these factors were argued to be very important in determining employees’ perceptions about the presence of the HRM department.

Moving on, maintaining a more sceptical stance compared to any other aspect, senior HR managers were not so confident with the bank’s ability to bring organisational and employee goals closely together. Yet, they felt that they are doing their best for
achieving this *relevance* via different schemes (i.e. through appraisals, personal goal setting and consultation). Opposing to this perception, most of line managers and many employees suggested that for the vast majority of the workforce there is no congruence. Basically, they maintained this negative view based on the belief that the bank sustains a rigid system which is not ‘employee-oriented’. This system is characterised by a dearth of actual instruments facilitating this alignment and by a lack of dedication from the management’s part to learn about employees’ personal ambitions. Evaluating employees’ responses, noteworthy indications come to the surface. This is because variations are observed in the degree to which they felt satisfied (or not) with the congruence that exist between their personal ambitions and with what the bank provides to them. As identified but not articulated in the previous chapter, beyond the employees who had negative perceptions, there were those who seemed satisfied with the overall situation and those who were in a ‘strange’-middle position.

Without being absolute and with particular exceptions, the majority of middle-aged women with families interviewed (approximately 23% of participants) appeared to be satisfied to a certain extent with this aspect. This group of employees seemed to have as their principal priority the secured employment, good salary and ‘ideal’ working time. These factors, alongside with the fact that they work in a prestigious organisation are enough to keep them satisfied, despite their negative perceptions about other issues related to their employment (i.e. about their career development and deficiencies regarding communication/participation, appraisals etc.). Again, as members of the wider Cypriot society, these individuals appreciated more their role as mothers and wives and they felt that the bank provides these aspects that allow them fulfilling all these roles.

Suggestions that women in Cyprus are mostly considered as wives, daughters and mothers and less as working employees are confirmed by multiple studies, both in the southern Europe (Martin, 1997, Trifiletti, 1999, Andreotti et al., 2001) but also in the particular context of Cyprus (Stavrou, 1997, Kouloumou, 2004, Stavrou & Ierodiakonou, 2011). Indeed, Cypriot women accept and most of the times internalise these norms and values within which they are socialised, based on which men are considered the breadwinners and women the caregivers. For Stavrou (1997: p97), this is one implicit element of the ‘marriage contract’ in Cyprus, suggesting that Cypriot women have highest at their agenda the domestic-related responsibilities.
Moreover, those who appeared neither satisfied nor dissatisfied with their current status were generally relatively young with shorter length of service. These employees currently ‘compromise’ and lower their expectations and personal ambitions with the hope that as the time passes, they will start realising a closer alignment between individual and organisational goals. For them, given that they are in the field of their background and knowledge, and since they are dealing with aspects of their interest, these are enough to keep them working with the confidence that the future will be more positive regarding to their personal ambitions.

Consequently, a factor leading employees to have different perceptions is employees’ own personal expectations. Entering in one of the most highly respected, important and leading organisations in Cyprus, the majority of employees have high expectations about what the bank should provide for them. The core tacit expectations (i.e. employment security, pay and working time arrangements) are met from the time employees are recruited. Beyond that however, employees’ perceptions are also shaped by the degree to which other expectations are met. These may relate to the career development and progress opportunities that employees enjoy; to the quality and quantity of the training they receive; to the work-life balance provisions they are entitled and to the extent to which their efforts and views are recognised and respected. Accordingly, depending on the judgements that employees do compared to their personal standards, they may be satisfied (or dissatisfied) and may maintain positive (or negative) beliefs and perceptions about the overall situation. Related to these findings, Westover et al. (2010) and Kinicki & Kreitner’s (2007) propositions are useful. This is because they explain that employees, based on a ‘need fulfilment’ model, will be satisfied and will more positively perceive the organisational practices when they feel that their job, its various elements and employment conditions allow them to meet their personal needs and expectations.

Moreover, Grant’s (1999) ideas about psychological contract also offer some additional insights about the deviations observed in employees’ perceptions. The author refers to four different types of psychological contracts; the congruent; the mismatched; the partial and the trial contracts. As data signify, in the bank, some employees belong to the congruent contract, since they feel that HRM policies appeal and coincide exactly with their perceptions and expectations. On the opposite pole, there are also those who believe that the bank has failed to meet their expectations and there is a ‘mismatched’
between their own personal ambitions and anticipations with what the bank offers to them (thus developing more negative perceptions). Moreover, as seen from the findings, there are employees who were ‘partially’ satisfied with what the bank offers in terms of their employment and career prospects. Also, as in the case of the younger employees, they seem to be in a ‘trial contract’, giving the chance to the organisation to prove itself and convert its rhetoric into reality (i.e. employees accept the fact that their ambitions and the management’s promises will take some time to take a real effect).

Regarding *instrumentality*, senior HR managers, while acknowledging a dearth of motivating schemes, they suggested that the bank in its own way is successful in triggering desired employees’ outcomes. Employees seeing the ‘bigger picture’ (i.e. future career opportunities in the bank) and the different provisions that they can utilise for further development are believed to be important reinforcing elements from senior HR managers’ perspective. Contradicting with this view, both line managers’ and employees’ perception was that the bank is inactive and rigid in this aspect. While most line managers discussed from a more ‘technical’ aspect, by suggesting that the way that the system is built and the regulatory framework do not allow much space for this (i.e. for PRP, bonuses, rewards etc.), employees considered this from a different viewpoint.

Beyond the few that appeared satisfied with the bank’s provisions, the dominant perception was that barriers arise due to the way that it operates HR schemes. Ultimately, employees’ suggestion was that the bank does not try to provide incentives, but only giving priority to the achievement of the predetermined targets per se rather than the realisation of these targets through its people. One of the most interesting indications here was that employees appeared willing to ‘honour their contract’, thus keeping on their self-driven motives. This however is not enough since in the absence of any support from the management and in the long run this self-motivation starts to diminish and eventually lost. Yet, interestingly enough, employees suggested that no matter if they are motivated or not, money, job security, good working time and some other elements (i.e. the status) are what really keeps them in the organisation.

Looking back to the literature review chapters and evaluating these indications from employees’ psychology aspect, important justifications can be provided. Many authors put forward that employees may have different reasons or ‘bases’ on which their professional relationship with the organisation is premised (see Allen & Meyer, 1990,
Meyer & Allen, 1991, Allen & Meyer, 1996, HR-Focus, 2000, Hart & Thompson, 2007). Indications from the majority of the respondents in the bank confirm suggestions that employees may develop a ‘compliance’ or ‘continuance’ relationship with their organisation. For a variety of reasons articulated throughout the study, it is suggested that employees have turned to a more ‘instrumental’ orientation. The many negative aspects on the one hand, the high benefits offered by the bank on the other, alongside with employees’ awareness of the costs / potential consequences if leaving the organisation are the factors that lead to this situation.

This kind of relationship in the bank appears to be one where the organisation offers high compensation, employment security and other beneficial employment provisions and in return, employees come to work, complete their assigned tasks and fulfil their obligations. As suggested in the literature, within this ‘economic-based’ framework, parties seek to ensure their individual interests and increase their own utility (see Appendix 5 for details). Overall, this transactional relationship between employees and organisation is captured by the idea of ‘a fair day’s work for a fair day’s wage’ (Hart & Thompson, 2007: p305). Strange as it may sound, these exact words were also used by one of the respondents (non-managerial; male; 50-59; over 15 years service) in the attempt to exemplify the way that he valued his relationship with the bank.

Regarding the validity of HRM and the degree to which managerial declarations become actual implementations, senior HR managers were also more conservative. Their position was that efforts are done to secure a consistency between theory and practice. Yet, it was acknowledged that barriers and operational difficulties realised in the process of implementation can lead to necessary deviations. While line managers seemed to recognise these efforts, they also highlighted how employees, spending many years in the bank, put pressures to the management given that they experience the overall process of declarations all the way to the point of implementation. On the contrary, employees had mostly negative perceptions. Judging from their responses, the bank seems to be offering lip service to the most of the HR-related practices.

Evaluating the situation from employees’ viewpoint, it is suggested that Brewster et al.’s (1983) propositions about the discrepancies between espoused and the operational policies and Legge’s (2005) ideas of rhetoric versus reality apply well in the bank’s setting. In line with the research of Truss (2001), this study identified divergence from
the point of managerial intentions all the way to employees’ perceptions and actual experiences. Evaluating the way that several schemes (i.e. appraisals, participation and communication schemes) are practiced, it is apparent how various policies and management’s declarations deviate from the actual reality as this is experienced in non-managerial employees’ everyday life (see pp182-184).

Turning to senior HR managers views about the bank’s ability in communicating consistent messages through its practices, these were more than positive. The suggestion was that this consistency is mostly achieved by the strong ‘HRM cycle’ that the organisation has managed to establish. Yet, for line managers and employees, these sounded as a ‘utopian’ belief. Articulating on the different contradictions (pp185-187), the dominant view was that the bank maintains conflicting rather than reinforcing mechanisms. In essence, for line managers, the development of a consistent HRM framework is inhibited by the lack of a clear and long-term guiding HR strategy. More critically however, employees suggested that the bank must first ensure that HR practices work effectively as units and then proceed with bundling them together. Also, of the most important justifications why inconsistencies exist is the constant changing of members of board of directors and the restructurings that happen every few years.

Comparing these indications with related studies, findings are not encouraging. Unlike the conclusions derived by the study of Boaden et al. (2008) (i.e. three main bundles of HR practices), neither line managers nor employees were in a position to group any practices together. In the case of the bank, each time respondents tried to relate one aspect to another they ended up discussing the contradictory messages that exist regarding the different schemes. Particularly, in Boaden and colleagues study, employees clearly linked training with appraisals, and then appraisals to personal and career development. However, in the bank, the vast majority of employees did not recognise these linkages. On the contrary, results suggest that employees perceive HR practices more as distinct areas and even contradictory instead of coherent bundles.

Finally, fairness is also among these elements that deviations occurred among the organisational layers. As expected, senior HR manager maintained strong beliefs about fairness and felt that issues related to human resources are based on the fundamentals of justice. Similarly, line managers, while expressing some concerns about the degree to which impartiality is universal, the majority recognised the collective work done in this
area. On the contrary, employees were more cynical by suggesting that background interests, inconsistencies and other factors (providing similar justifications that harm HRM’s credibility) set barriers for developing a strong sense of fairness.

Similar to Gould-Williams (2007) indications, perceptions about issues of fairness and equity in treatment at work had great worth to employees. Within the literature, these concepts are of major importance since they influence employees’ perceptions and their work-related outcomes (see Greenberg, 1990). In cases that employees feel that are treated in a fair manner, then they are more likely to perceive HRM activities more positively. This implies that employees, having positive experiences and perceptions, they can more easily accept and welcome managerial HR-related actions. Alternatively, as Schappe (1996) indicates, when employees feel that they are mistreated or the management is not fair, they are expected to develop feelings of distrust and doubt for the organisation’s HRM initiatives. This is because, as also seen in the findings of this project, incidents of favoritism or bias and cases that jeopardise objectivity and justice have a negative and irreversible impact on employees’ perceptions.

Concluding, Table 16 below presents the various HR aspects and findings within the ‘weak category’ which all belong under the ‘processes’ umbrella. The reasons for the existing ‘gap’ and the justifications why there is a ‘blockage’ in the delivery process are outlined. Given that these ‘negative forces’ appear at the organisational level, the points provided relate to themes such as general organisational characteristics, nature of organisational policy, senior HR managers’ stance / character of HRM department, line managers’ role and the demographic / occupational status of employees. Where appropriate, alongside with the barriers, a reference is made to the positive aspects identified throughout the research. The points included in the table are drawn both from data findings and data discussion chapters.
Table 16: The Processes of HRM: Aspects in the Weak Category: Organisational Barriers Justifying the ‘Gap’

<table>
<thead>
<tr>
<th>HR Aspects Under ‘Weak’ Category</th>
<th>Forces Contributing to a Weak Delivery Process / Justifying the Gap</th>
</tr>
</thead>
</table>
| Visibility & Understandability   | - Lack of communication / information provided in a ‘hierarchical pattern’  
                                 | - Highly formalised information provided to the workforce  
                                 | - Centralisation of authority (i.e. decisions regarding human resources taken at the highest levels)  
                                 | - The ‘distant’ stance of HRM department from the rest of the workforce  
                                 | - Senior managers ‘retaining the status’  
                                 | - HRM dealing with administration and lacking efforts to create awareness of its strategic role  
                                 | - Constant changes in laws and regulations related to HRM |
| Legitimacy of authority          | - Inconsistencies in management  
                                 | - HRM’s intermediate position between senior management and non-managerial employees / ‘HRM caught in the middle’  
                                 | - Ambiguities about HRM’s role in the bank / Administrative nature and responsibilities impair its strategic identity  
                                 | - Centralisation of authority beyond HRM department / Limited decision power of the department regarding important issues (i.e. internal transfers, promotions) |
| Relevance                        | - No actual efforts from the part of the organisation to hear and align individuals’ and organisational goals  
                                 | - No effective mechanism fostering a common line  
                                 | - The bank perceived as not being an ‘employee-oriented’ organisation / A rigid system for employees to follow |
| Instrumentality                  | - No space for schemes that would drive employees towards the desired direction  
                                 | - Cases where instead of motives the bank provides ‘anti-motives’ (i.e. negative aspects related to training and appraisals)  
                                 | - ‘Achieving targets per se rather than achieving targets through people’ (i.e. the bank focused on results / no dedication for boosting employees’ motivation / self-satisfaction)  
                                 | *Positive aspect(s): The bank maintains basic schemes considered as motivating mechanisms (i.e. extra days-off for study exams, allowances, salary increases for the achievement of new related qualification) / Employees are willing to ‘honour their contract’ - they hold on their self-imposed motives |
| Validity                         | - Barriers and operational difficulties lead to deviations between theory and practice  
                                 | - The way that particular practices operate (i.e. appraisals, EIP schemes, communication practices) disprove the espoused theory |
## HR Aspects Under ‘Weak’ Category

<table>
<thead>
<tr>
<th>Forces Contributing to a Weak Delivery Process / Justifying the Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bundles of HR Practices &amp; Consistency of HRM messages</strong></td>
</tr>
<tr>
<td>• Lack of a clear and long-term guiding HR strategy</td>
</tr>
<tr>
<td>• No strategic approach / Many practices as individual units lack</td>
</tr>
<tr>
<td>• Constant changes in the members of board of directors</td>
</tr>
<tr>
<td>• Restructurings that take place every few years</td>
</tr>
<tr>
<td><strong>Fairness</strong></td>
</tr>
<tr>
<td>• Extraneous influences and background interests</td>
</tr>
<tr>
<td>• Inconsistencies in the application of certain HR practices</td>
</tr>
</tbody>
</table>

*Positive aspect(s): Seniors’ awareness for the importance of securing fairness and organisational justice / Collective work to ensure that HR-related schemes are fair and based on the foundations of equity*

Source: Compiled by the author
8.4 The Role of Line managers in the Delivery Process

In the course of examining the dictum of intention-implementation-perception, a more detailed discussion should be provided about line managers’ presence in the bank. The aim of the following section is twofold. The first area considers the actual role of line managers, investigating what Khilji & Wang (2006) refer as ‘heterogeneities of implementation’ and in essence, examining how line managers influence the process of implementation. This is mainly achieved by testing literature’s widely cited suggestions about the way that employees’ perceptions are shaped differently due to the tailored approach of some line managers (McGovern et al., 1997, Fenton-O’Creevy, 2001, Harris, 2001, Truss, 2001, Whittaker & Marchington, 2003, Purcell & Hutchinson, 2007, Purcell et al., 2009). In the second area the barriers / different forces that constrain line managers for effectively delivering their HR objectives are articulated.

8.4.1 What is the Role of Line Managers?

The belief is that line managers are central to the application of HRM. Different approaches from different line managers cause employees to have diverse experiences and perceptions about the impact of HRM. In the bank, line managers’ HR responsibility is mostly built around the everyday supervision of their employees. This encompasses different aspects such ensuring that employees adhere to the bank’s regulations; allocating tasks and disseminating the workload; providing guidelines; setting deadlines; synchronising efforts; ensuring that the work performed is effectively progressing and in general monitoring performance and checking quality of output.

Particularly, line managers mostly play a significant role in employees’ training and development, as well as in EIP, information sharing / communication activities. As previously identified, beyond the aspect of appraisals (where their involvement seems problematic), the active participation of line managers in these areas is influential given that employees’ perceptions seemed to vary depending on the department in which they are located. Few line managers’ support in training and developing their employees and their openness, acceptance and promotion of EIP and transparent communication in fact appeared to be highly recognised and acknowledged by their employees.
Yet, beyond the above, the dedication that few line managers show and the approach they decide to follow also influences other HR aspects that are equally important for employees. From the qualitative information gathered, participants from all the organisational layers admitted that line managers have the potential to promote or hinder teamworking, reduction of status differentials and employees’ motivation. For example, a handful of line managers exemplified how they try to create a team spirit in their departments and make members respect each other; and work not only for themselves but for the benefit of the department as a whole. For these particular line managers, this allows employees, as parts of the team, to cooperate, to inform and be informed about their colleagues’ work, to contribute their knowledge and skills and to eventually become an active member within the department.

Similarly, while there are no formal policies related to reduction of status differences, these mostly depend on the way that different line managers operate. In general, it was suggested that no particular issues of status exist within departments. This is mainly because, in terms of conduct and respect, line managers try to ensure that every employee receives the same treatment. As revealed, the efforts of some line managers are oriented towards maintaining a ‘flatter approach’ within the department and demolishing any barriers that may exist. The supportive environment and the ‘informal way of conduct’ that seems to exist in particular departments favours the development of a ‘shared identity’ and the abandonment of any status differentials.

Such an approach, alongside with some other initiatives by the particular line managers seemed to positively impact upon employees. For example, the way that these few line managers try to motivate their employees in departments deserves some attention. By providing ‘non-monetary’ rewards and by proceeding with several techniques, line managers are able to positively influence and enhance the motivation and personal satisfaction of employees.

For example, one line manager explained that in order to improve the situation with appraisals; he proceeds with instant and ‘off-the record’ evaluation and feedback on employees’ work. Another line manager elucidated how, through a rotation of responsibilities, she manages to reduce routine and keep the interest of her subordinates at high levels. One more explained how she makes sure that every time a completed project is presented (to the director or to the wider organisation), the employee(s) who
participated in its preparation are there to defend and explain their work. For the line manager, this is one way for recognising employees’ efforts and at the same time enhancing their confidence and self-esteem. Moreover, the particular line manager also stressed the importance of performing HR duties while at the same time allowing for employees’ own initiatives. Overall, it was apparent that her approach is based on flexibility and a more informal way of managing founded on interaction, communication and consultation.

Similar to the study of Boaden et al. (2008), employees in the bank appeared to have strong and positive perceptions about the synergistic effects of communication, teamworking and employee involvement practices. While this does not happen if evaluating the general situation in the bank, within particular departments, this is observed but in a more informal way. For example, in the authors’ study, as one of the participants said ‘I suppose communication links with the employee involvement, making those decisions and asking for suggestions. The communication would link in with the teamworking because you can’t have a team that works without communication’. In the case of the bank, while at a more distant / organisational level this is not the case, within a handful of departments, this was apparent and this is accredited to line managers’ approach as explained above. Also, similar to Boaden et al.’s case, this communication, teamworking and involvement seemed to be vital aspects for certain departments to carry out their work successfully.

What these all suggest is that line managers’ role indeed appears to be a significant one. Many employees were not satisfied with their line managers and with the way that things are done in their departments. Yet, few confirmed the above and explained how their line managers’ honesty, support and positive stance triggers their appreciation. As very vividly articulated, those employees felt a moral obligation to ‘go the extra mile’.

This illustrates how some line managers stimulate employee goodwill, an aspect widely discussed in the literature (see Konovsky & Pugh, 1994, Aryee et al., 2002, Dirks & Ferrin, 2002). Generally, related studies suggest that employees positively perceiving their supervisors’ approach are expected to ‘work beyond contract’ as a means to reciprocate. Employees under the supervision of these particular line managers in the bank explained how they are willing to work extra hours to meet expectations; they
articulated how the try to produce the best possible quality output or how dedicated they are to the achievement of the tasks that their line manager has assigned to them.

As suggested elsewhere (e.g. Whitener et al., 1998, Zhang et al., 2008), line managers’ behaviour and support are important in influencing employees’ perceptions and attitudes. In cases that line managers show interest for their subordinates’ well-being and if they are engaged in supportive actions (i.e. facilitating their training/development, valuing their work and input, acting on their suggestions and concerns) they communicate the message that they seek to foster a strong relationship with them. It is these signals that some employees in the bank receive and this is the reason why they are ready to respond to the supportiveness they experience from their line managers.

An interesting finding here is that, while the majority of employees appeared to have lost their faith in the organisation and higher authorities, some still maintain positive perceptions about their line managers. The positive and beneficial exchange relationship that they maintain within their departments / line managers is the ‘key’ why employees maintain different views. On the one hand, this indication finds support in the work done by authors suggesting that employees do maintain different types of relationships and various levels of trust in organisations (Reichers, 1985, Reichers, 1986, Becker, 1992, Becker et al., 1996, Whitener, 1997, Aryee et al., 2002, Dirks & Ferrin, 2002, Zhang et al., 2008). On the other hand however, the fact that employees differentiate their stance and perceptions between their department / line manager and the general organisation contradicts with suggestions of other authors. Suggesting that line managers are agents and representatives of the organisation, many claim that employees generalise the perceptions they have within their department to the broader organisation. The general suggestion is that a positive relationship exists between employees’ perceptions about their supervisors with their perceptions about their organisation (see Pearce, 1993, Strutton et al., 1993, Wayne et al., 1997).

Rational as this may sound, these authors fail to recognise that line managers may well not follow organisation’s directions. Depending on their own interpretation, line managers may decide to support or impede various HR practices, they may proceed or not with supportive behaviours and may deviate from management’s expectations. Based on their own sense of judgement, line managers may proceed with different management activities that they consider best for their subordinates. This ‘personalised
method’ sets the foundations for the kind of exchange relationships that exist in the different departments (based on this relationship, trust and reciprocity may developed or not within departments). For example, while for some the maintenance of strict and formal employment relations between employees and supervisors may be appealing (thus maintaining a relatively high status differentials, strict formal patterns of communication etc.), for others, a more informal, flexible and ‘loose’ line is considered to be more effective when dealing with employees.

This ‘idiosyncratic’ approach can easily be achieved especially within a setting with loose guiding HR principles and no strict monitoring or motivating / forcing mechanisms placed upon line managers. Other barriers as these are articulated below make it even more likely that line managers will proceed with their own subjective assessments of what is best to do. If this ‘personalised formula’ is perceived positively by employees, then it is rational to see competing loyalties and different levels of trust to different entities. The fact that few employees differentiated and distinguished the general situation in the bank with the way that work is carried out within their department raises some concerns for claims suggesting that employees’ perceptions about their line managers and organisation always coincide.

### 8.4.2 Barriers to Line Managers

At a general level, while senior HR managers maintain a shared understanding about the overall system of the bank’s HRM, the same cannot be said for line managers. This becomes clear by evaluating some points derived through the interviews. Asking line managers to articulate on the HRM aims, instead of identifying a common line, deviations were apparent. Providing general comments, their responses seemed more like their personal assumptions, based on their own understanding of the function of HRM. ‘To utilised employees’ skills and improve their productivity’, ‘to ensure that the workforce is competent enough’, ‘to be responsible for developing employees thus improving the quality of our services’, ‘to regulate and adjust HR-related issues’ were among the many propositions offered by line managers. Beyond these however, there was also a minority of line managers who mostly highlighted the administrative aspect of the department, maintaining a more cynical stance about what the HRM is really trying to achieve in the bank.
Revealing were also the indications derived by exploring the extent to which HRM is a priority for line managers. Information showed that many treated HRM just as an extra aspect of their work, putting this spectrum of activities in the margin. The consistent finding in the research of line managers that HR is given lower priority than operational aspects of their work (see Boaden et al., 2008, Hutchinson & Purcell, 2010) is also supported by this study’s findings. Actually, in the bank there are numerous barriers that prevent line managers to perform their HRM role effectively.

First of all, important was the fact that line managers have particular indicators measuring their abilities to exercise their managerial skills. Yet, these indicators fall under only one heading in the entire appraising form. As seen from their appraising form, indicators measure different aspects of line managers’ supervisory competencies. For example, some of the parameters state: ‘line manager is: utilising correctly the capabilities of subordinates; allocate responsibilities and tasks according to the skills, virtues and qualifications; resolve employees’ issues and problems that fall within his responsibilities area; takes care for the professional development of the skills of his/her employees; he/she is fair and stable in his/her attitude and behaviour’. Other parameters measure line managers’ ability in programming and designing work tasks/workload, their effectiveness in organising and regulating the work of supervisees and the degree to which they set realistic objectives to their subordinates.

It is interesting that line managers are evaluated about their HR-duties. Yet, the dominant belief about the usefulness of this assessment was not so positive. Without downplaying the importance of these parameters, more than half of the line managers did not feel that these have a positive impact on improving the way that they carry out their HR-related duties. This is because, while being assessed, results are not linked with any particular rewards (or penalties). Beyond the linkage that exist between appraisals’ outcomes and promotional opportunities, line managers did not identify any other tangible rewards that would derived in the case of a high score to these indicators.

It seems that, as different authors also highlight (e.g. Gratton et al., 1999, Whittaker & Marchington, 2003, Maxwell & Watson, 2006, Boaden et al., 2008), the bank fails to place HR-related duties high in line managers’ agenda and offers them no actual incentives to do so. Actually, as Purcell et al. (2009: p73) have identified, HRM issues are seen as more discretionary than other aspects of line managers’ work. While there
are some indicators in line managers’ appraisals for measuring their performance in HR-related aspects, these are marginal and not so powerful. This gives them the option to continue to avoid accepting HR responsibilities as primary. In essence, there is no strong mechanism for ‘forcing’ line managers to carry out their HR duties and due to this situation, as it has also been suggested by Hutchinson & Purcell (2007), the amount of time, effort and focus allocated to this spectrum of responsibilities depends on line managers’ own sense of motivation, commitment and goodwill.

Second, just like Purcell et al. (2009), almost all line managers reported as one of the most important barriers to the effective implementation of HR practices their excessive workload and the competing priorities. As revealed, line managers have diverse responsibilities and their workload is disproportional. Ultimately this leaves them no time to stand back and evaluate how things are actually done and how they could be improved. It was apparent that line managers are constantly dealing with urgent things and other responsibilities, thus, most of the times neglecting the HR-related aspects of their work. Many admitted that they ‘compromise’ with a weak or routine approach to the management of their subordinates due to the pressures for meeting deadlines. Here, the quote of one of the line managers in the study of Hutchinson & Purcell (2003: p6) that ‘…it’s about keeping your head above the water’ best represents the situation of line managers in the bank.

One characteristic of line managers is the long hours of work and the need to regularly take work home. Almost all of those interviewed indicated that they work beyond normal hours on a systematic basis. For them, this excessive workload is known to the higher management and it is even considered as the ‘norm’. This is the reason why they appear so pessimistic about the overall situation. Similar suggestions that line managers often suffer from heavy workload and multiplicity of roles / competing priorities are widely cited (Gratton et al., 1999, Renwick, 2003, Whittaker & Marchington, 2003, Maxwell & Watson, 2006, Hutchinson & Purcell, 2007, Boaden et al., 2008, Hutchinson & Purcell, 2010).

This indication, alongside with the limited attention given to the HR part of line managers’ appraisals drive them to choose not to concentrate on that, but only focus on aspects that will be appraised. Unavoidably, as Marchington & Wilkinson (2008) explain, ‘the heavier the workload, the more difficult is for line managers to satisfy HR
objectives’ (p172) since ‘in their attempt to balance their priorities leads to HR being ignored or left until later because it is regarded as less urgent’ (p207).

Third, one of the most important findings regarding line managers is that almost none of them had an HRM-related background knowledge (apart from very few who had a relevant previous practical experience from previous jobs). This lack of related skills and knowledge is believed by many authors to be one important aspect that curtails their deep involvement in HR activities and a major constraint for the effective decentralisation of HRM (e.g. McGovern et al., 1997, Armstrong, 2006, Hutchinson & Purcell, 2010).

Fourth, combined with this shortage of related knowledge, it is important that line managers lacked essential training in relation to HRM. While few have attended some training of general content for improving their managerial-leadership competencies, the majority explained how their workload and limited time availability stand as a barrier for participating in such activities. A noteworthy indication here was that line managers themselves recognised that they need further training to develop their managerial qualities. Whilst they did not deny that the bank offers them the opportunity to attend training and that they would be supported to go on related courses, line managers seemed reluctant to be involved in this process given the pressures they face in terms of achieving their other more critical-primary responsibilities. This finding is important. It reveals that line managers do not ‘disdain’ their HR work as in other studies (e.g. Maxwell & Watson, 2006) and most importantly, that they do not consider it a ‘common sense’ (e.g. Cunningham & Hyman, 1995), since the majority appeared to appreciate the need for acquiring further competencies to be better at their HR duties.

While line managers seemed confident doing their ‘ordinary’ tasks (i.e. monitoring absence, allocating tasks and monitoring performance), they felt that they were lacking related expertise and knowledge, something that inhibits their effectiveness in HRM and their ability to develop a strategic orientation. Line managers’ lack of training and development should not be undermined as this is one central impediment to their effective approach towards HR aspects. The importance of this is also seen in Hutchinson & Purcell (2007: p31) indications, who suggest that line managers are ‘less likely to develop others if they lack training and development themselves’.
Fifth, a barrier to the successful implementation of line managers’ duties is the absence of any HR tool available to them for facilitating them to carry out their HR duties (i.e. 360 feedback schemes, employee satisfaction surveys etc.). Combined with that, the belief of few line managers that there was no concrete guiding principle or apparent HR strategy that would lead their efforts is an important observation. This ambiguity and the fact that some are not fully aware of the related provisions / regulations inhibit their participation in HRM, and the danger of that, as Marchington & Wilkinson (2008: p174) put it, is to manage by ‘omission’.

Ultimately, due to lack of clarity and absence of strong guidance, line managers have the ‘freedom’ to use their own judgment. This ‘independence’ allows them to choose what guidelines to pursue and the ‘luxury’ to decide on the approach that they consider most appropriate for implementing managerial plans. Unavoidably, this can lead to inconsistencies in the application of HRM. The situation becomes even more important considering that many of the line managers themselves do not approve several aspects related to the system of bank’s HRM. Thus, the ‘loose’ monitoring, combined with the absence of guiding principles and a dearth of motivating mechanisms (i.e. rewards when they adopt and implement consistently HRM) or forces that would drive line managers towards compliance (i.e. penalties when they deviate from managerial guidelines) send the signal to line managers to proceed with their own preferred approach.

Finally, role ambiguity was another indication surfaced. The fact that line managers have been promoted from within the bank puts them in a ‘strange’ situation. It was apparent that they are reluctant to position themselves either in the managers’ group or employees’ group. In the bank, line managers appear to be ‘in-between’; thus not being able or not be willing to align themselves with any of the two layers. Child & Partridge’s (1982: p8) proposition that line managers are ‘torn by competing demands and loyalties’ is more than true in this study. They appeared to be troubled with the fact that many times have to follow management’s indications (i.e. as in the case of appraisals, or constantly pressing employees to complete tasks and meet deadlines), while they are aware themselves that this is not the best thing for their subordinates. Line managers suffer from role ambiguity since they have also lived the reality of their employees, but at the same time, being part of the management’s team, they have to meet higher managerial expectations. On top of that, they must also consider their personal interests-preferences and deal with their own concerns and problems.
In summary, these findings show that while line managers are not against accepting more HRM responsibilities, they have no appropriate guidance, no particular incentives to do so, they appear overloaded with competing priorities and not capable in terms of skills and competencies. It should be clarified that while it is a common suggestion for line managers to be unwilling to accept devolution (see Larsen & Brewster, 2003, Renwick, 2003), the present study does not indicate that they are reluctant, but that there are many barriers (see Table 17) which hinder greater involvement in HRM.

Table 17: Barriers to Line Managers’ Effective Involvement in HRM

<table>
<thead>
<tr>
<th>Barriers to Line Managers</th>
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<tbody>
<tr>
<td>While being assessed, this have no actual impact on improving their management-related competencies (since results are not linked with any particular rewards or penalties)</td>
</tr>
<tr>
<td>No actual incentives for improving managerial competencies / for embracing HR-duties</td>
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<tr>
<td>Excessive workload / Competing priorities</td>
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<tr>
<td>Lack of HRM-related background knowledge and skills</td>
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<tr>
<td>No significant training in relation to HRM</td>
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<tr>
<td>No HR tools facilitating them to carry out their HR duties (i.e. no 360 feedback schemes, employee satisfaction surveys)</td>
</tr>
<tr>
<td>No concrete guiding principle HR strategy combined with ‘loose’ monitoring</td>
</tr>
<tr>
<td>Role ambiguity</td>
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Source: Compiled by the author

Concluding the section dedicated to line managers, there are different issues to be accounted. Findings show discrepancies both between senior HR managers and line managers, but also divergence between line managers themselves. Differing opinions regarding essential aspects such as their ideas of what HRM is trying to achieve and about the degree to which they consider their HR-duties as a priority set the foundations for divergence. These, combined with the many barriers identified inhibit the development of a consistent approach to their HR objectives.

Having said that, the suggestion is that line managers should not be ‘scapegoated’ and should not take all responsibility for this. Whilst some may be responsible for not doing their HRM job well due to personal reasons (i.e. downplaying the importance of HRM, not being interested to be involved in this area of duties – are indifferent and lack
personal motivation), the majority appeared willing to be involved but at the same time they were conscious of barriers to their effective contribution. This reveals the complexity when dealing with this particular group of employees. Beyond the difficulties in ensuring that line managers themselves come to consider their importance in HRM, greater complexities arise in the effort to establish an overall system and develop institutional reinforcing mechanisms guiding them towards this direction.

8.5 Summary: Seniors’ Intention - Line Managers’ Implementation – Employees’ Perception

The strategic approach to HRM indicates that senior HR managers are involved in and responsible for developing plans and setting strategic goals, as well as designing HR policies for realising these goals (Schuler & Jackson, 1987, Godard, 2004). The key role of these senior HR managers, who are considered to be the HR ‘message senders’, has been widely recognised for two main reasons. Firstly because agreement among those who send messages is essential to promote consensus both among line managers and employees; and secondly because these individuals help to build consensus among principal HR messages (i.e. when they agree about the message, then it is more likely that they form consensus of this message). Eventually, achieving within-group agreement (Klein et al., 2001) and getting senior HR policy makers to ‘sing the same song’ (Bartram et al., 2007) is essential and is the starting point for creating and sustaining a strong HRM system.

Evaluating the situation in the bank, senior HR managers indeed share similar perspectives and ‘sing the same song’. It was clear that they have consistent and parallel views, as well as a common understanding of the bank’s HRM system. It could be argued that this is expected since senior HR managers of the bank are under the same premises, have an everyday contact, work together and maintain a close collaboration. On the contrary, in cases where senior managers operate in different units, locations and under different contextual settings are likely to maintain different perspectives of strategic HRM (see for example Bartram et al., 2007).

Senior HR managers described freely the different aspects of HRM and at this stage; the belief was that this strong and positive orientation would follow all the way through the organisational hierarchy. After talking with senior HR managers, the expectation was
towards discovering a consistent and universal approach to HRM from all the members involved in the implementation of their intentions. Yet, Guest’s (1999: p12) suspicion that ‘managers, more particularly HR managers, are tempted to exaggerate the extent to which HRM has been implemented’ and Gould-Williams’ (2007: p1630) proposition that managers’ perceptions about HRM tends to be more positive than non-managerial employees are more than true in this study.

Going beneath the surface, a ‘gap’ was identified. Studies examined the perceptual convergence and divergence between HR specialists and line managers (e.g. Wright et al., 2001b, Nancy & Panayotopoulou, 2005, Maxwell & Watson, 2006) suggest that there are many reasons why there may be this gap in their perceptions and understanding. Lack of clarity about line managers’ HR role, poor advice and support from HR specialists, insufficient training, excessive workload, dearth of competencies or unwillingness by line managers to be involved in HR are suggested to be among those factors that inhibit the development of a shared approach. By identifying the barriers to line managers’ effective involvement in HRM, by detailing line managers’ role and by explaining why employees come to have these perceptions, the reasons why this gap exists between intention-implementation-perception were uncovered.

In particular, line managers’ role in the bank is a central and influential one, but at the same time surrounded by many complexities and barriers. Despite these however, still, findings reveal their importance in materialising and bringing policies into life. In sum, their significance is highlighted in the way that they decide to tackle particular practices (such as employees’ training and development, EIP, information sharing, communication, appraisals) and in their willingness to accommodate (or not) other HR-related activities (such as promoting teamworking, reducing status differentials and enhancing motivation).

Undeniably, line managers’ approach is crucial, and as Hutchinson & Purcell (2010: p359) identified, their behaviour is too important to be ignored. The indication is that different styles and actions influence employees’ experiences and lead to divergent perceptions of HRM. At this point, following McGovern et al.’s (1997) suggestions, a clarification has to be made. While a tailored approach for managing different groups of employees would be considered preferred (based on the foundations of ‘HR Architecture’ model), the identified deviations in the practice of HRM were not at all
systematic representing such an approach. It has been already argued that a ‘too coherent’ and rigid implementation may imply that HR practices are not appropriately designed or adapted to fit internal particularities (i.e. designed to fit the nature of work performed, employees’ personal characteristics, needs etc.). Yet, a ‘pick and mix’ approach and an implementation of practices based on individual preferences, convenience or goodwill should be a concern and should not be considered by any means as reflecting a conscious policy.

As seen from the data, a handful of line managers do their jobs very well according to the responses from the employees they manage. However, these choose out of interest or inclination to give emphasis to this part of their responsibilities. These findings raise concerns about the consistent implementation of HR practices by line managers. Ultimately, the conclusion is that the way line managers value their HR role and the kind of relationship they maintain with their employees highly shapes their approach to different schemes. In turn, these divergences appear to influence and create discrepancies in employees’ perceptions.

Focusing on the perceptions of non-managerial employees, this study accepts Guest’s (2011: p10) propositions that ‘research evidence suggests generally low levels of agreement on the presence of practices when management accounts, usually from HR managers, are compared with workers accounts…’. The perceptual differences also identified by other studies (e.g. Edgar & Geare, 2005) to some extent these are justified by other influential forces beyond the ‘line managers’ and the department / nature of work performed by employees.

For example, as seen throughout the overall data analysis and discussion chapters, important factors are also non-managerial employees’ demographic characteristics. While combinations of characteristics may vary, in the bank and from the data collected, employees can be sub-deviated into three groups; the middle-aged married females; younger and more junior; older and longer service employees.

As a group, married women employees, while having negative perceptions for many aspects of the bank’s HRM system, they seemed satisfied with the stability and security that the organisation offers to them and had mostly positive perceptions about those provisions that enable them to fulfill their responsibilities beyond the bank. Younger
and more junior employees appeared to value greatly training and development. Also, at the beginning of their careers, they seem to be more optimistic and under a ‘trial’ psychological contract, thus being willing to give the management the ‘credit’ and chance to prove its rhetoric. On the contrary, older and longer service employees were more cynical about the situation. This group was particularly negative about the validity and integrity of the way that HR-related activities are done. Also, they felt the HRM system lacked coherence regarding the effective management of employees, about the best utilisation of their skills and in general about the way that career development plans operate in the bank.

Beyond the above, as exemplified throughout this thesis, employees’ own expectations; the nature of psychological contract that different groups of employees preserve; the different social exchange relationships that they experience; and the various sources of loyalty that employees develop in the bank are important in explaining their perceptions. All the factors that are important in differentiating between employees perceptions for this study are outlined in Table 18.

Table 18: Factors Differentiating Between Employees

<table>
<thead>
<tr>
<th>Factors Differentiating Between Employees</th>
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<tbody>
<tr>
<td>• Department / Nature of work</td>
</tr>
<tr>
<td>• ‘Line Managers’ factor</td>
</tr>
<tr>
<td>• Age / Length of service</td>
</tr>
<tr>
<td>• Marital status</td>
</tr>
<tr>
<td>• Type of psychological contract (i.e. Congruent? Mismatched? Partial? Trail?)</td>
</tr>
<tr>
<td>• Type of social exchange relationships employees preserve in the bank (i.e. trust in specific individuals such as line managers and generalised representatives such as the organisation)</td>
</tr>
<tr>
<td>• Different ‘bases’ of loyalty (i.e. Transactional? Identification? Internalisation?)</td>
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Source: Compiled by the author

Overall, examining the situation at employees’ level, findings provide further support for the studies claiming a difference between formal policies and actual practices. As Truss (2001: p1139) and Veld et al. (2010: p341) suggest, indeed it is one thing to know
what the intended policies and strategic goals are and another to hear how employees perceive and experience these in their daily work.

In fact, ‘comparing the responses of managers responsible for developing and overseeing HR practice and employees to identify levels of agreement about the operation of practices’ (Guest, 2001: p1099), findings are not so encouraging as negative perceptions resulting from different sources have been identified. This disconnection between management’s and employees’ perspectives also identified by other studies (e.g. Liao et al., 2009) signifies the importance of collecting and evaluating employees’ views on HRM rather than only relying on managerial statements and HRM policy directives. This study illustrates how employees’ actual experiences and perceptions are most of the time contradictory and oppositional to organisation’s espousals.

Given that most employees are negative about the way that the bank delivers HRM, it is pertinent to ask why they do not leave the organisation. With guaranteed employment security, the expectation is that employees would be encouraged to put forward their views and oppose the wrongdoings without fears of being sacked. Moreover, the expectation would be that if employees are disappointed with several aspects in their job and especially with their career development, to leave and search for an alternative job. However, in the bank this is not the case and looking to the Cypriot culture there is a good explanation for this. The work of Topaca & Nikolaidou (2005) is among the very few that attempted to explore Cypriot culture from an HRM perspective. Yet, their analysis still remains on a generic level, without exploring how cultural particularities may influence the decisions of Cypriot employees in terms of their employment.

As already exemplified, achieving a ‘stable’ profession which offers high employment security is among the top priorities for Cypriot workforce. Employees in the bank are among those individuals that enjoy this security to the maximum degree. Also, the fact that the bank offers important privileges that are considered among the ‘top list’ by Cypriots (i.e. high salaries, exceptional working time schedules) place employees in a preferential position compared with the rest of the market. Moreover, given that the bank is widely admired by external parties and its very good reputation in the wider society is also considered as one very important influential factor. Consequently, while the bank appears to be lacking in strategic and analytical HRM, it offers other
exceptional provisions that may be of equal or even greater importance for its employees (Figure 8). This is also confirmed by different studies indicating that the above aspects are among those that are mostly sought by employees (see Brown et al., 2008, HR-Focus, 2008, Gu & Siu, 2009).

Figure 8: HRM-Related Flaws versus Bank’s Exceptional Provisions

In essence, in the bank employees ease their dissatisfaction by using these aspects offered to them as their ‘comfort blanket’. This suggestion is strengthened by the already identified ‘transactional’ relationship that employees maintain with the bank. Being aware of the consequences of leaving the organisation it is a strong ‘motivator’ for making second thoughts about resigning from their job. Especially in a period of economic downturns and declining employment, as also Hom & Kinicki (2001) put forward, employees become more pessimistic about the chances for alternative jobs or the benefits of leaving from their current occupation. The aspect of alternative employment opportunities has been also raised by Spector (1997) who explain that
employees are not likely to quit their job if they do not have available job offer or opportunity.

Yet, judging from the bank’s turnover ratios (when recession was not present), it is suggested that even if alternative employment opportunities existed, still employees are reluctant to leave their occupation. The ultimate conclusion is that these aspects are believed to keep employees in the organisation. In the particular context of Cyprus, many times individuals are expected to bear their work and force themselves to feel satisfied and happy with their jobs due to the fact that this job is valued by the wider society as a prestigious and superior one. In summary, the fact that the bank is among the most high-status organisations, offering guaranteed employment security and high social rank (alongside with other well-regarded provisions), supersedes employees’ own negative perceptions and dissatisfaction they get from various aspects of their employment.

8.6 Concluding Remarks

Existing HRM models provide strong theoretical support for the relationship between HRM and performance. However, as argued at the outset, these are ‘still founded on the assumption that simply having the appropriate HRM policies inevitably means that they will be effectively implemented and will produce the intended results’ (Truss, 2001: p1126). To gain a complete picture of HRM, beyond exploring the content of HRM, the aim was to also investigate how well the different elements of the HRM system are understood, translated and transmitted across the organisational hierarchy. The argument is that the success of HRM is dependent not only on organisational context, but also on the way that different policies are enacted.

Indeed, ‘simply introducing best practice, or even assessing the effectiveness of practice from the employers’ viewpoint, is no guarantee that they have been successfully implemented’ (Edgar & Geare, 2005: p545). Empirical results suggest that the way that HR policies and practices are implemented seems to be even more important than the number of practices that exist at the workplace.
This thesis examined HRM from the content, processes and perceptions perspectives. The aim was to assess the pragmatic nature of the existing HR practices rather than only the stated policies. When evaluating the role of HR practices it is not enough to remain at surface measures, which capture at best the quantity and frequency of schemes operated by the organisations (see for example the study of Huselid, 1995). This implied the need to distinguish between espoused policies (intentions) and actual practices (implementations). Beyond that, to gain a real feeling of the impact that HRM has, important was also the perceptions of non-managerial employees who are considered to be the ‘consumers’ of the different practices. The basic belief is that the truth about HRM lies beyond the senior managerial members and can be found closer to those that are really affected by the implementation of these policies.

It has been argued that to analyse HRM effectively, we cannot focus only on what senior managers declare; neither can we rely only on line managers’ implementations. This research confirms that by exploring employees’ ‘verdict’ (Guest, 1999) and by investigating HRM from the angle of those at the receiving-end (Gibb, 2001) many insights can be gained. Certainly, following Guest’s (2002) advice for building employees’ voice into the research of HRM, ideas emerge about what can be done differently. While not fully developed, recommendations from employees’ interviews are presented in Appendix 9. Despite their simplicity, these suggestions were expressed by non-managerial employees (and a few line managers) who felt that managerial effort in this direction could positively influence the way that HRM is perceived and experienced at the workplace. These ideas can lead to practical implications to be considered by senior management for improving HRM in the bank.

Overall, this study provides credence to those revealed inconsistencies between ‘rhetoric’ and ‘reality’ of HRM; otherwise a disconnection - a gap between formal policy statements and practice (e.g. McGovern et al., 1997, Truss, 2001, Gratton & Truss, 2003, Hutchinson & Purcell, 2003, Khilji & Wang, 2006, Liao et al., 2009) and to those who highlighted perceptual differences and within-organisation variance in perceptions related to HRM (e.g. Harris, 2001, Whitener, 2001, Wright et al., 2001b, Maxwell & Watson, 2006).
8.7 Where Does the Bank Belong?

This case study was selected on the assumption that it would be a good example of a high commitment organisation with high levels of consistency in terms of integration and alignment between different aspects of HRM. A leading organisation, being one of the most prestigious in the market, the high levels of qualifications and the critical role that it has for the wider society fostered the belief that the bank would develop a high commitment management approach.

However, results indicate that, even at this organisation, HRM does not appear as one would expect. By examining content; process; and perceptions evidence emerged illustrating that even in this so called ‘ideal’ setting there are barriers both to high commitment HRM and its implementation at the workplace.

Categorising the Bank

Concluding the analysis, it is appropriate to consider where the bank stands in relation to its HRM system. Afiouni (2007) conducted research to investigate the nature of HRM practice in the Lebanese banking sector. The author focused on different HRM policies and practices and attempted to classify the banks in terms of their technical and strategic efficiency. As articulated by the author (p64), efficiency regarding the technical aspect derives from well-established and integrated HR practices, whereas efficiency regarding the strategic aspect results when HR practices ensure that ‘firm’s human resources help to achieve organisational strategies and objectives’.

Ultimately, Afiouni (pp66-67) proposes three distinct categories. In the first category, the HR practices lack coherence and integration and the overall HRM seems not to be aligned with the bank’s strategy. In the second category operating HR practices are coherent and integrated to some extent, but yet these are not aligned with the organisations’ overall strategy. In the third and final category the practices applied are both coherent and aligned with the bank’s strategy (see Appendix 10 for details).

While helpful ideas can be drawn from Afiouni’s (2007) categorisation, her model lacks in at least two aspects. Firstly, the three proposed categories appear to be distinct-detached from each other. While these categories are appealing, drawing a separating line between them may not be feasible. This is because, just like the findings of this
project suggest, it is possible that within a single organisation, or even within a single bundle of HR practices, attributes from all the three categories can be apparent. For example, within the bundle of HR practices applied by an organisation, some may work properly and some others may not. This means that some HRM provisions may be sufficient and effective both at a policy and at a practice level, others only at the policy level and others only at the practice level. The second and most important drawback is the fact that the author’s propositions derive from interviews only with HR managers and bank’s official documents. Among the many concerns that this methodology raises, the most essential one is that Afiouni, remaining at the surface-policy level, ignores the way that HRM is actually implemented by the line or perceived by non-managerial employees. As such, these categories offer limited insights regarding the way that investigated banks operated their HRM processes.

Khilji & Wang’s (2006) arguments, also derived from research within the banking industry, offer an alternative perspective to this study’s findings. Also concerning with the ‘errors’ in the delivery process of HRM, the authors suggest three categories of organisations; those with minimum gaps between intended and implemented HRM, referred as ‘high’ on implementation’ and those with larger gaps referred to as ‘medium’ or ‘low’ on implementation. Regarding the banks placed in the former category, the authors explain that the HRM department, along with senior’s and line managers’ efforts to support and implement intended HR practices were successful. This was judged by the fact that the majority of employees expressed positive beliefs and were satisfied with the various HRM aspects. In the ‘medium implementation’ category, approximately equal number of employees had similar or dissimilar opinions about HRM compared to those of the senior HR managers. In the ‘low implementation’ category, employees appeared dissatisfied with the banks’ HRM, with the majority criticising a weak implementation, or even not being aware of the HR policies pursued.

Reviewing this study’s findings in relation to the ‘processes’ elements, the bank seems to be a ‘weak in implementation’ organisation, given the fact that, just as Khilji & Wang (2006: p1186) explain, on average, there are no real efforts to build a structure essential to support and implement intended HR policies. Also, given that the vast majority of employees expressed way more negative perceptions from the senior HR managers, critiquing the way that managerial intentions are applied in reality is a further characteristic of a ‘low in implementation’ organisation. Moreover, those factors that
minimise the gaps between intentions and implementations are absent from the bank. For example, ‘incorporating the use of cultural and structural changes in developing effective HRM systems, ensuring employee involvement, developing employee-friendly policies and making HR departments accessible’ are seen by Khilji & Wang (p1186) as essential aspects that differentiate high, medium or low on implementation organisations. The absence of these factors, combined with employees’ negative perceptions about the most elements of HRM system place the bank in this category.

However, as useful as they may be, just like Afiouni’s (2007) categories ignore the ‘processes’ aspect of HRM system, Khilji & Wang’s (2006) propositions fail to adequately accommodate and sufficiently explain the ‘content’ of HRM in these categories. Building on these premises, and for conceptualising where the bank stands regarding its ability to be effective regarding content and processes, a graph is introduced. In Figure 9, looking the vertical axis, HRM is examined from the content perspective. Focus falls at the degree to which the organisation is effective (following an upward direction) or ineffective (following a downward direction) in adopting the different HRM policies, practices or strategies and in essence; its effectiveness in achieving horizontal or vertical integrations. Regarding the horizontal axis, HRM is evaluated from the processes perspective. Here the focus is at the degree to which the bank is ineffective (following a leftward direction) or effective (following a rightward direction) in achieving an identical process of intention-implementation-perception.

Figure 9: Relating HRM ‘Content’ to HRM ‘Processes’

Source: Compiled by the author
By carefully examining the above graph great insights can be gained. This is because within these two axes, different organisations may be positioned in different points. The extreme cases would be: A) organisations that appear to be effective both in terms of HRM content and processes; B) effective in terms of HRM content but ineffective in HRM processes; C) ineffective in terms of content but effective in processes and D) ineffective both in HRM content and processes.

At point A, organisations are characterised by ‘coherent HRM’, meaning that, overall, are effective both in terms of their HRM content and processes. It is suggested that emphasis is given to HR-related issues and resources are constantly spent to maintain a modern and supportive HRM system. Here organisations achieve successful integration or alignment of the content of their HRM system and maintain strong processes which allow this content to be perceived and experienced by the employees as it was initially intended by the management.

At point B greater emphasis is given to HRM content than processes. Here, organisations are generally successful in establishing effective integration and alignment among the different elements of the HRM content. Despite this however, they seem to ignore or downplay the importance of maintaining strong delivering systems. This means that the process by which HR practices move among the different organisational layers is seen as problematic. Organisations at this point are expected to have ‘gaps’ throughout the delivery process, which has negative consequences both for the employees and the organisation.

By contrast, organisations at point C are more ‘processes-oriented’, with processes aspect prevailing over the actual content. Thus, although HRM content may appear in a more limited or ‘weaker’ form and the ideas of ‘complementarity’ or ‘matching’ models are not high on the agenda, organisations ensure that the existing schemes have the desirable impact upon the workforce. At this point, the aim is to secure a clear, strong, effective and smooth delivery process that will yield to identical beliefs regarding HRM activities, no matter the organisational layer. On the contrary, organisations that are placed at point D are characterised by ‘fragmented HRM’ since they either do not to make substantial efforts to achieve an effective HRM system (both in terms of content and processes), or their efforts are not successful for a variety of reasons.
Based on this study’s findings, the bank can be located at the specific point in the graph. Particularly, in terms of its HRM content, it is suggested that the organisation is above average, whereas regarding its HRM processes; it appears to be below the average level. This is justified because, regarding its content, while there are some HR practices in place (and some of them work actually well), neither a clear HRM strategy has been identified nor strong integrations / alignments have been observed. About the bank’s HRM processes, indications are mostly negative since variations regarding the majority of the issues under investigation are observed both horizontally and vertically. To avoid concerns and criticisms, it is important to state that the proposed graph sketches the integration between HRM content and processes following a simple format, without using any causal relationships and correlations. It is acknowledged that newly introduced propositions claiming such patterns require extended research and thorough testing in various settings in order to verify their accuracy and real value.

However, the model proposed by Gratton & Truss (2003) offers a more sophisticated solution to the effort to decide where the bank belongs. Carrying out a ten-year research study, the authors offer a three-dimensional model for enabling organisations to evaluate their state in terms of the HRM system (Figure 10). This model is relevant to this project since it encompasses both the elements of HRM content (divided into the two dimensions of horizontal and vertical alignment) and HRM as processes (termed as action or implementation dimension). The first two dimensions concern with the horizontal integration between individual HR policy areas and the vertical alignment between HR strategy and business goals. The third dimension relates to the extent to which HR strategy is enacted or ‘put into effect through the day-to-day experiences of employees and the behavior of line managers’ (Gratton & Truss, 2003: p77).

Figure 10: The Three Dimensional Model of People Strategy

Source: Gratton & Truss (2003: p77)
Overall, suggesting that different problems exist in achieving either effective HRM content or successful HRM processes, then the cube which best describes the bank is number 1 namely ‘mere tactics speak’. The authors recommend that this is likely to be found in small organisations were HRM function is at its first steps viewed as a ‘part-time responsibility’. However, this is not the case for the bank. Despite being a relatively recent innovation, the fact that HR has not yet established identity and still interplays between its strategic HR role and administrative support (with the latter most of the times dominating) is an explanation why this happens.

Moreover, the lack of substantial efforts to respond to workforce interests; the failure to establish and communicate a clear concrete HR guiding strategy; the contradictory schemes that exist and the different inconsistent messages sent by the management are key factors for placing the bank in this category. Just like in the current study, Gratton & Truss (2003: p77) note that in this category organisations show ‘little discernible relationship between the various HR policies themselves, and in some cases, policies in one area may act to undermine those in another’. Ultimately, the decision to associate the overall situation in the bank with ‘mere tactics speak’ propositions is based on the indications of a weak (just above average) HRM content and ineffective processes that dominate.

Essentially, it is proposed that ‘strong and well-designed HRM systems produce greater homogeneity of perceptions and responses within the organisation’ (Bowen & Ostroff, 2004: p217). However, the prevailing negative perceptions for the majority elements of the banks’ HRM system, in association with the obvious variability in the responses drawn from the informants signify the bank’s ‘fragile’ HRM system.
9 Conclusions

While excessive attention is given to the positive outcomes of HRM policies and practices, the question of how these outcomes are achieved remains largely unanswered. Although existing HRM models assume implicit, multilevel relationships, they fail to address the aspects that are necessary to facilitate these linkages. What differentiates this study is that the focus was not solely on the specific set of HRM practices, but instead, having this as background knowledge, to unveil the importance of examining HRM from the ‘processes’ and ‘perceptions’ perspective. In line with Bowen & Ostroff (2004: p215), the belief is that research is needed to examine the properties of the HRM processes as well as on properties of HRM as content.

As articulated, it is important to focus on the different HRM policies and practices (i.e. content). Equally important is to explore the way that these are delivered in the organisation (i.e. process). Even more central it is to investigate how the overall system of HRM impacts on non-managerial employees’ perceptions. The core argument of this thesis is that none of these areas on their own are sufficient. The attempt was to combine all three aspects as a means to investigate HRM from multiple angles. Following this orientation, it is believed that this study has adequately responded to Boselie et al.’s (2009: p465) concerns about the ‘multi-level’ and ‘multi-actor’ issues that have been largely ignored.

Examining HRM as ‘content’ and explaining the results from a ‘contextual’ angle, important findings have surfaced. As argued, the presence / absence of particular HR practices and the nature of HRM in the bank is highly affected by a range of forces. At an organisational level, aspects such as the bank’s type (e.g. hierarchy/structure/size); its regulatory framework/directives and different HR policies (i.e. are these clear? vague? rigid? what is the dedication by management?) and the occupational nature of its workforce/demographics (i.e. departmental variation, age, length of service, marital status) are all essential to consider.

Alongside these factors however, there are also institutional and cultural forces to consider when HRM in the context of Cyprus is explored. Some of these are the IR climate / type of co-ordination among social partners and the role of the government; the criticality of Industrial Relations Code; the influence and presence of unions; the
various governmental / EU laws; the type of the economy and the social / educational regime. Among these however, Cypriot cultural particularities are of major importance and should be taken into account when evaluating the outcomes of this research.

The fact that Cyprus culture is characterised by uncertainty avoidance explains some of the most powerful findings of the study. For example, the significance of employment security within the bank and the strong positive beliefs of all organisational members regarding this aspect is one of them. From the employees’ side, as members of the wider society of Cyprus, seeking to ease their agitation related to their occupation, employees of the bank have managed to enter into one of the few organisations that guarantee their employment for the future. Eliminating this uncertainty in terms of their employability, this makes them feel ‘privileged’, confident and satisfied. From the bank’s side, recognising this need, the organisation has managed to build a system that embraces and promotes this sense of security and eliminates any source of ambiguity. As a starting point, the lengthy, thorough and multidimensional recruitment and selection procedure operated by the bank is a means for reinforcing their assurance regarding new recruits. Beyond that, the strict rules, regulations and directives and the formal policies regarding important issues concerning employees (i.e. appraisals, pay, working time, benefits) are all part of the bank’s efforts to comprise a stable and secure environment. Accordingly, as findings show, any aspects that jeopardise this stability do not fit in the particular setting (i.e. PRP schemes, teamworking, innovation, flexibility etc.). This aspect also shares a link with the traditional character of the Cypriot culture which is represented within the bank by the absence of any contemporary / innovative practices and by the preservation of an ‘old-fashioned’ approach to management. In essence, mirroring the wider picture of the Cypriot society, the bank has cultivated a traditional; rule-oriented environment where control, close supervision and limited tolerance to any employment-related risks are of fundamental importance.

Additionally, the ‘power distance’ element explains some of the study’s main results. The absence of any obvious or at least formal policies minimising status differentials was the primary signal affirming this argument. Beyond that however, there are also other indications illustrating how this Cypriot cultural attribute is experienced at the bank. The extended hierarchy merged with the centralisation of authority, alongside the hierarchical approach to information sharing and the deficiencies in employees’ actual involvement and participation are some of them. Moreover, the identified distance that
management maintains from non-managerial employees and the fact that, on majority, efforts to promote harmonisation and to come closer to the workforce were not identified. Ultimately, all these influence and negatively impact on aspects such as HRM’s visibility and legitimacy; as well as impairing employees’ understandability and sense of equity in the context of the bank. In essence, the above testify how the ‘power distance’ tendency characterising the Cypriot society is transferred within the organisational settings.

Equally, the ‘family-focused’ and the patriarchal character of the Cypriot culture is also connected with important outcomes of this research. For instance, as the findings convey, the way that married women value their employment in the bank can be largely explained by assessing their role as members the wider Cypriot society. Their contentment and positive stance regarding particular provisions offered by the organisation mainly flows from their desire to meet the society’s expectations. Indeed, trying to achieve the ‘model’ of the Cypriot woman (e.g. to be proper wives and mothers; mostly accountable for family-caring responsibilities), this specific group of employees was particularly concerned (beyond employment security) with work-life balance provisions, working time regulations and the satisfactory salary. Fundamentally, given that Cypriot women have accepted their role in Cyprus, and provided that their most important needs are fulfilled, this makes them feel that they have achieved congruence between what the bank offers to them and what they personally pursue. Of course, just like women, the majority of employees in the bank are also ‘entangled’ and are affected to some extent by this cultural particularity. As argued, this is because they seek to achieve and remain within an occupation which is approved by their family and which is well-regarded by the wider society. Ultimately, this feeling is so strong that it even supersedes employees’ negative experiences and own sense of dissatisfaction with their employment.

Moving away from the ‘content’ of HRM and examining the concept of HRM as ‘processes’ and ‘perceptions’ through the line of ‘intention-implementation-perception’, there is no wonder why the attempt to associate HRM all the way to organisational performance has been defined as the ‘Holy Grail’. Given its wide focus, this study can be appealing to many audiences. However, results are particularly valuable for those obsessed with linking different HRM-related variables with performance-related outcomes. This is simply because implicit assumptions about the most basic notions
involved in the HRM causal chain need to be reconsidered. As other authors suggest (e.g. Gratton & Truss, 2003, Khilji & Wang, 2006, Purcell et al., 2009), it is essential to distinguish not only between HRM content and processes, but also to isolate ‘intended’, ‘implemented’ and ‘perceived’ HRM and to study the gaps between these links.

In particular, this study draws attention to:
- The Core Plus Context specific HRM policies and practices
- The importance of influential forces that shape the overall operation of HRM
- The gaps between senior managers’ intentions and line managers’ implementations
- The role of line managers and the barriers they face in effectively delivering HRM
- The way that employees experience and perceive HRM
- The reasons why employees have different and mostly negative perceptions

This thesis was motivated by different authors’ voices calling for the need to start considering research endeavors towards this particular direction. Purcell (1999: p36) and colleagues were among the first to recognise that ‘we need to look on the whole of HRM choices and processes in the context of the external and internal environment’ and that ‘while knowledge of individual HR policies is not rare, the knowledge of how to create positively reinforcing blend of HR philosophy, process, practice and investment within a particular context is likely to be very rare’ (Boxall & Purcell, 2003: p86).

Others have also pointed that such an approach represents an encouraging avenue for research. Wright & Boswell (2002: p262) stated that ‘the dearth of research aimed at understanding how multiple (or systems) of HR practices impact individuals certainly suggest a ripe opportunity for future research’. Similarly, Liao et al. (2009: p385) propose that a promising route for researchers is to ‘examine explicitly what gives rise to employees’ differential experiences by considering the potential antecedents…such as employment status, organizational justice…’ or to explore those features (referring to Bowen and Ostroff 2004 propositions) ‘that may influence the level to which employees build shared perceptions about the HR system’.

In its simplest form, this thesis has attempted to answer the question ‘what actually happens once the strategy statement has been written’, which has received scant
attention (Gratton & Truss, 2003: p76). This becomes even more apparent in recent papers which emphasise that ‘more research is needed on the way intended strategic goals and HR policies are implemented by direct supervisors, and how this is related to employee perceptions’ (Veld et al., 2010: p353). Trying to fill the gaps in the literature, and having in mind the more critical voices in the field (e.g. Janssens & Steyaert, 2009, Delbridge, 2011, Guest, 2011), this project has followed an innovative approach.

In essence, while not producing radical alternative, this study has been engaged in what Janssens & Steyaert (2009) call ‘reconstructive reflexivity’, with the ultimate purpose to bring in alternative paradigms and to highlight issues that have been marginalised throughout the years. Indeed, the aim was to offer ‘alternative descriptions, interpretations, vocabularies and voices that could be taken into account, aiming to open up new avenues, paths and lines of interpretations that produce ‘better’ research ethically, politically, empirically and theoretically’ (Janssens & Steyaert, 2009: p144).

One challenge recognised by Guest’s latest paper (2011) is to understand the management processes that affect HRM. This means it is not adequate to gather information only about the presence or absence of practices. Remaining at this level and exploring only the ‘content’ of HRM may be misleading given that written policies are not always implemented or perceived in the intended way. Therefore, Guest (2011: p10) highlights one important point that provides credence for this study. Following a ‘critical’ perspective, he states that there is the need for multiple sources of information about both the presence and the implementation of HR practices.

In the literature, there are studies with several focus areas / objectives which base their conclusions on senior members’ suggestions (i.e. CEOs, HR directors, senior managers) and official / formal organisational documents (see Afiouni, 2007), others focusing exclusively on line managers (see Renwick, 2003) and others downplaying the role of the line and exploring HRM from employees’ viewpoint (see Chang, 2005). Of course, there are also studies that incorporate these levels of analyses and provide a more comprehensive picture of how HRM may have an impact on employees and organisations (e.g. Truss, 2001, Gratton & Truss, 2003, Khilji & Wang, 2006, Boaden et al., 2008, Marchington & Wilkinson, 2008, Purcell & Kinnie, 2008, Purcell et al., 2009). It is within this spectrum of research that this study rests.
‘Because managerial and employee reports of HR practices may differ in important ways, future researchers should explicitly recognise this distinction and acknowledge whether their focus is on intended versus actual and perceived HR practices, and the implications for SHRM theory therein’ (Nishii et al., 2008: p528)

The current project is based on the foundations of these perspectives of HRM and its design and key research questions are closely aligned with Boxall et al.’s (2008) and Delbridge’s (2011) propositions. As seen from the Figure 11 below, concerning with ‘what the management does and why’, this study has investigated the ‘content’ of HRM and the forces shaping its operations at the workplace (research question 1). Concerning with ‘how HRM process work’, this aspect was accommodated by exploring the way that senior HR managers’ intentions are implemented by line managers (research question 2). Trying to identify ‘for whom and how well’, the focus has shifted to non-managerial employees, exploring their experiences and perceptions and the factors influencing these (research question 3).

Figure 11: Analytical HRM – Applied

Foundations of Analytical Approach to HRM

- What the management does and why?
  (Research Question 1)

- How HRM processes work?
  (Research Question 2)

- For whom and how well?
  (Research Question 3)

Source: Compiled by the author
9.1 Limitations

It is acknowledged that this study is a humble beginning and has some limitations. Beyond the methodological issues / limitations exemplified throughout Chapter 4, there are also some other concerns. Firstly, data were collected from a single case study organisation operating in the banking sector of Cyprus. This becomes more important considering that the bank is accepted as a strong and successful organisation in the island. Consequently, concerns regarding statistical generalisations of the findings may exist. As explained however, this project did not aim to generalise results to a broader population. Rather, the aim was to review existing theories and, based on empirical findings, to re-evaluate issues taken for granted, to offer alternative explanations and to link in a different-new way the pieces of the HRM puzzle. By following this case-based analysis and by studying such an organisation in depth the objective was to advance both empirical knowledge and theoretical insights of how HRM as a whole operate.

Secondly, a limitation of this study is the strict restrictions and confidentiality constraints placed upon the researcher. For gaining approval to carry out research activities, it was required that no information referred to in the thesis could reveal the identity of the bank. In some cases, this inhibited the opportunity to offer more ‘vivid’ and detailed explanations about particular issues. This conservativism was also apparent throughout the whole thesis, something that is confirmed from the relatively small sample of participants, both in interviews and questionnaires.

Thirdly, perhaps, one of the most important limitations of this study is that it has not followed all the causal links from the stage of managerial intentions to employee outcomes. As articulated in Chapter 4, despite the initial idea of proceeding with correlations between employees’ perceptions and their work-related outcomes, the low response rate, lack of sample representativeness and complications in the design of research tools inhibited this endeavor. Being aware of the importance for maintaining high standards, the decision was to stop at the level of employees’ perceptions.

Accepting the cost, this choice was followed in order to safeguard the study’s credibility by not neglecting essential concerns expressed by Wright & Haggerty (2005) about causality and critiques of producing ‘weak links but plausible linkages’ (Edwards & Wright, 2001), which unavoidably would impair the validity and reliability of the final outcome. However, given that all the links up to the point of employees’ perceptions
have been scrutinised, this sets strong background knowledge for a future research exploring how these perceptions impact on their work-related attitudes and behaviours.

9.2 Future Research

The comprehensive focus and extensive literature review achieved for the different research areas have produced a wealthy bank of information to be used for future reference. In particular, findings of this study set the foundations for different future research routes to be followed. One of these is to proceed with a similar framework and focus, but under different contextual particularities (i.e. organisations in other types of industries or similar organisations in other countries). This would allow a comparison of the findings and provide an opportunity to test the propositions more fully.

Moreover, a longitudinal study could also be a promising future research avenue. In the bank, a common suggestion by senior HR managers was that the strategic identity of HRM is improving year by year. Also, a point of criticism by employees was that HRM is lacking because it has only recently been transformed into a pure HRM department. Returning to the same fieldwork, there are opportunities to investigate whether or not HRM in the bank has changed. Similarly, within this longitudinal paradigm, it would be interesting to explore the views of those employees who were under the ‘trial contract’. Will these individuals achieve congruence between their employment in the bank with their personal aspirations? Or will they become more cynical and less motivated?

A final proposition for future research perhaps is more radical and even provides a point of criticism for the thesis itself. Indeed, evaluating HRM from employees’ position is an alternative way for measuring HRM and this avenue is desirable for gaining further insights about how managerial intentions are implemented and perceived. The expectation, which most of the times is confirmed, is that this process of intentions to implementations to perceptions is characterised by disconnection and gaps. Based on research findings, these inconsistencies are frequently debited to senior HR managers and to line managers; but rarely to non-managerial employees. However, will this be the case by reversing the HRM causal chain? Consequently, exploring how employees’ behaviours, attitudes and perceptions affect line managers’ implementations and senior managers’ intentions perhaps has many insights to offer.
9.3 Strengths and Contribution

Despite its limitations, there are various strengths and noteworthy contributions to the existing literature. These can be fitted into three categories; theoretical; methodological and contextual. Advancing the ideas of Bowen and Ostroff (2004) and tailoring the models offered by Marchington & Wilkinson (2008), Purcell & Kinnie (2008) and Purcell et al (2009) in order to fit the needs of this study, this research contributes in the literature in a variety of ways.

In general, this study’s design and focus have some value for the literature. A research paradigm was adopted emphasising the need to evaluate HRM as content (referring to the degree that organisations are effective in adopting the different types of integrations and alignments) and HRM as ‘processes’ and ‘perceptions’ (referring to the degree that organisations achieve an effective process of intended-implemented-perceived HRM). Collecting information only for one of these aspects is insufficient, offering a partial understanding. The main conclusion is that HRM should not be evaluated only as practices; as processes, or as perceptions. None of these on their own are sufficient. For this thesis it is all about how these are linked together.

Thus, suggesting that all these three areas are equally important for gaining a comprehensive picture of HRM, this project applied the theoretical propositions and empirically tested their substance. In particular, this project was in the search for what Bowen & Ostroff (2004) calls a ‘strong HRM Situation’, or what Purcell et al. (2009) refer to as ‘Human Resource Advantage’. These two propositions are interrelated, since both reveal the importance of evaluating HRM from different lenses.

For example, Bowen and Ostroff draw attention to ‘HRM content’ by stressing the importance of policies and practices and how these should be driven by organisations’ HR strategy. In a similar vein, Purcell and colleagues refer to ‘Human Capital Advantage’, pointing the need for developing successful policies and practices and producing horizontal alignments / vertical integrations. Also, discussing about ‘HRM processes’, Bowen and Ostroff (p206) ‘concentrate on understanding what features of HRM process can lead employees to appropriately interpret and respond to the information conveyed in HRM practices’. Proposing an equivalent notion – the ‘Organisational Process Advantage’, Purcell and colleagues focus on developing routines and processes required to put these practices into operation as intended.
Ultimately, achieving these two elements, the outcome is to reach a ‘strong HRM situation’ (Bowen & Ostroff, 2004), or, as Purcell et al. (2009) refer to it, to realise a ‘Human Resource Advantage’.

Under the spectrum of HRM content, this thesis disagrees with the mimetic isomorphism within HRM and disproves claims about the universality of ‘best’ practices. Examining the organisational context, a more ‘situationally-specific’ theory is proposed. Empirical findings indicate that different forces (see Table 11) influence the operation of HRM. Based on these findings, the theoretical argument put forward is the need for an implemented CPC specific approach to HRM. By drawing attention to both ‘core’ plus ‘context specific’ aspects, this proposition represents a step forward since it helps to facilitate the tensions that exist between the different models of HRM. Building on that, this conceptualisation highlights the ‘enactment’ aspect, thus avoiding the criticism surrounding many of the prescriptive propositions existing in the HRM literature.

Under the spectrum of HRM processes and perceptions, empirical observations show that the majority of HRM elements are not delivered and perceived as initially intended. As articulated, this happens for a range of reasons. At this stage the attempt was to identify where problems arise and how these cause the observed inconsistencies-gaps between managerial espousals-rhetoric (intentions), line managers’ enactment (implementations) and employees’ experiences and perceptions. Findings revealed that all organisational members share their portion of responsibility, stressing the need to return back to the ‘basics’ and examine why this happens before rushing to relate HRM with performance.

Beyond theoretical contributions, the research design / methodology followed could also be considered as a valuable input. Through constant triangulations at all levels, the project tackled issues under investigation from multiple perspectives. This research, based on the indications and the recognised ‘pitfalls’ observed in other studies, followed an all-inclusive, creative approach.

Regarding the research methods, both interviews and questionnaires were adopted and adapted. Following a triangulated framework, the current research followed a third - a hybrid paradigm by opposing to Guba’s (1990: p81) declarations that ‘accommodation
between paradigms is impossible since we are led to vastly diverse, disparate, and totally antithetical ends’. Mixed methods were seen as the paradigm that bridges the schism between the two extremes of qualitative versus quantitative paradigms and as an approach that develops a model closer to reality. This route offered greater flexibility and in essence, merging different methods was seen as an inclusive ‘third wave’ and an alternative research paradigm (Johnson & Onwuegbuzie, 2004). Ultimately, through this approach, it was feasible to merge different strategies, thus utilising the strengths and minimising the weaknesses of the selected methods (Brewer & Hunter, 1989, Johnson & Turner, 2003).

In terms of context, in addition to organisational-related data (i.e. bank’s website, organisational directives / documents), other sources beyond the bank were of great importance in understanding HRM in the particular context. As articulated also in Chapter 4, participation and information drawn from conferences / annual meetings held by CyHRMA, data from Cypriot HRM-related journals-periodicals and material from the Ministry of Labour and Social Insurance in Cyprus were all very supportive.

In terms of participants, those were also drawn both from within and beyond the organisation. In particular, outside the organisation, the contribution of academic peers, supervisors and the wider academic community in People, Management and Organisation division of Manchester Business School, HR academics and HR practitioners within the banking and other industries in Cyprus was valuable. Of the most important individuals however who provided crucial information were Dr Stavrou-Eleni Costea (one of the leading researchers in HRM in Cyprus); the union’s representative of the bank and one senior manager who presented his ideas about the current and future role of HRM in the banking sector of Cyprus.

Within the organisation, and to support the theme of the research, this study avoided ‘single participant’s perspective’. Senior HR managers and organisational documents were involved for exploring intentions; line managers were used for studying the ‘implementation’ aspect; and non-managerial employees facilitated to capture their experiences and perceptions. This approach was adopted based on the belief that, in order to gain a holistic picture, there is the need to compare the responses of those responsible for developing the different HRM policies, those in charge for implementing these policies into actual practice and those at the ‘receiving end’ who are
mostly affected by these practices. Overall, the aim was not to remain at surface observations (i.e. just ‘ticking’ the number of practices or measuring their frequency), but to explore HRM from the eyes of ‘all the parties involved’.

Summarising, had this study merely relied on a single participant suggestions (i.e. senior HR managers) it would be dangerous to gain a misleading impression that the case study organisation employs a system of HRM to good effect. Just like Guest (2011: p10) argues, ‘there is a need for multiple sources of information about both the presence and the implementation of HR practices…it is naive to assume that a senior HR manager can provide information about local practice either in terms of whether practices are implemented or whether they are effective’. Similarly, having remained only on questionnaire indications, this could be problematic given that there would be no opportunity to discover the actual nature of HRM through organisational members’ propositions. It is believed that such an approach would not allow for the exploration of essential qualitative issues (i.e. the ‘why’ organisational members come to have such beliefs and ideas).

Concluding, the fact that this research was carried out in Cyprus and in the particular context of banking sector is also a valuable contribution. This is because essential information about aspects that are related to the way that HRM appears within Cyprus are presented. Beyond that, this study has also unveiled the key forces steaming both from the wider environment and banking industry influencing the operation of HRM.

Even though the significance of differentiating between content; process and perceptions of HRM, as well as the necessity to distinguish rhetoric as opposed to reality have been recognised in other studies, this is the first known empirical research on ‘HRM in the Banking Sector of Cyprus: Intention-Implementation-Perception’. By employing a contextualised case study approach; by merging together different methods, sources of information and levels of participants; it was feasible to ‘see’ below surface and tap into the actual reality. This study adopted a ‘pluralistic’ approach to HRM research, presented multiple perspectives of HR-related aspects and portrayed the different and mostly oppositional views of those affected by the operation of HRM.
10 References


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## 11 Appendices

### Appendix 1: Features of a Strong HRM situation

<table>
<thead>
<tr>
<th>Concept</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distinctiveness</strong></td>
<td><strong>Visibility:</strong> Refers to the degree to which the HR practices are salient and readily observable, and are perceived similarly by employees. For creating strong organisational situation 'situational characteristics be salient and visible throughout much of employees’ daily work routines and activities'</td>
</tr>
<tr>
<td></td>
<td><strong>Understandability:</strong> Refers to lack of ambiguity and ease of comprehension of HRM content. This is required for creating authority</td>
</tr>
<tr>
<td></td>
<td><strong>Legitimacy of authority:</strong> This ‘leads individuals to consider submitting to performance expectations as formally sanctioned behaviors’. The HR function is perceived as having high status and high credibility. 'This is most likely when HRM has significant and visible top management support and can be achieved through investments in HR practices or the HRM function, or perhaps by placing the director of HRM in a high-level managerial position’</td>
</tr>
<tr>
<td></td>
<td><strong>Relevance:</strong> Clear alignment and congruence between individual and organisational goals. ‘Consideration of both individual goals and organizational goals is important in that individual goals should be fostered to align with those of the organization’. ‘Alignment or congruence between goals has been shown to have important consequences for both individual attitudes and behaviours'</td>
</tr>
<tr>
<td><strong>Consistency</strong></td>
<td><strong>Instrumentality:</strong> Establishing an unambiguous perceived cause-effect relationship between the goals of HRM systems and the associated employee consequences. This 'ensures that there are adequate incentives associated with performance of the desired behavioral pattern’</td>
</tr>
<tr>
<td></td>
<td><strong>Validity:</strong> HRM practices must display consistency between what they purport to do and what they actually do in order to help create a strong situation. ‘When a practice is implemented and advertised to have certain effects, and then does not do what it was intended to do, the message sent to employees is contradictory, and employees are left to develop their own idiosyncratic interpretations’</td>
</tr>
<tr>
<td></td>
<td><strong>Consistent HRM messages:</strong> These need to convey compatibility and stability in the signals sent by HRM practice. Three types of consistency are identified: Consistency down the organisational hierarchy, between different HR practices (internal consistency among the HRM practices themselves-internal integration and alignment) and over time</td>
</tr>
<tr>
<td><strong>Consensus</strong></td>
<td><strong>Agreement among principal HRM decision makers:</strong> ‘Agreement among these message senders helps promote consensus among employees’. This is essential for ensuring that employees receive similar messages about organisational goals from the different managerial functions</td>
</tr>
<tr>
<td>HRM system—in their view of the event-effect relationship’</td>
<td><strong>Fairness:</strong> ‘Fairness of the HRM system is a composite of employees’ perceptions of whether HRM practices adhere to the principles of different forms of organisational justice’.</td>
</tr>
</tbody>
</table>

‘Factors such as agreement among message senders and the fairness of the HRM system can help foster consensus among employees and can influence whether individuals perceive the same effect with respect to the entity or situation in question’

Source: Compiled by the author / Information drawn from Bowen and Ostroff (2004: pp208-213)
Appendix 2: Wood’s & Albanese’s High Commitment Management Practices

<table>
<thead>
<tr>
<th>High Commitment Management is achieved with:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The development of career ladders and emphasis on trainability and commitment as highly appreciated characteristics of employees at all levels of the organisation</td>
</tr>
<tr>
<td>• A high level of functional flexibility with the abandonment of potentially rigid job descriptions</td>
</tr>
<tr>
<td>• The reduction of hierarchies and the ending of status differential at least between white-collar and manual or blue-collar workers, if not between managers and workers</td>
</tr>
<tr>
<td>• A heavy reliance on the team structure for disseminating information (team briefing), structuring work (team working) and problem solving (quality circles)</td>
</tr>
<tr>
<td>• Job design being something which management consciously does in order to provide jobs which have a considerable level of intrinsic satisfaction</td>
</tr>
<tr>
<td>• A policy of no compulsory lay-offs or redundancies and permanent employment guarantees with the possible use of temporary workers to cushion fluctuations in the demand for labour</td>
</tr>
<tr>
<td>• A new form of assessment and payments system and more specifically merit pay and profit sharing</td>
</tr>
<tr>
<td>• A high involvement of employees in the management of quality</td>
</tr>
</tbody>
</table>

Source: Compiled by the author / Information drawn from Wood & Albanese (1995: pp222-224)
### Appendix 3: Best Fit and Product Markets, Competitive Strategies, Strategic Configurations

<table>
<thead>
<tr>
<th>Product Markets</th>
<th>HRM Appearance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start Up</strong></td>
<td>During the start-up stage, HR practices exist, meaning that managers seek to recruit and retain suitable candidates, put into practice pay and reward systems, secure health and safety issues and discipline matters while at the same time trying to gain employee commitment. The effort is to maintain flexibility so that the organisation will be able to grow and develop. Most of the times at this stage, there is no HR practitioner or specialist and it is expected that HR practices will be evolving, but with little formalisation (low degree of sophistication) and with an unsystematic way.</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td>During growth stage the HR practices grow and come into being. HR is in place and procedures start to formulate. More sophisticated methods for training and development, recruitment, pay and rewards, employee relations and appraisals are adopted at this stage. However, the need for professional HR services is vital. Thus, it is still possible that the organisation will need more advice and find solutions by subcontracting-outsourcing some HR practices, especially legal / disciplinary issues. At this stage, turbulence and problems appear in relation to matters such as strategic positioning, production efficiency and effectiveness, financial management and the efforts falls at aligning HRM activities to the organisation’s changing size and growth rate. Also, growing firms appear to have problems with communication, EIP and training, since such practices cannot be easily achieved due to increased pressures, excessive workloads etc.</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>At maturity stage there is a systematic and professional use of the HR practices and all areas are covered with experts (specialisation is at high levels). HRM is significantly advanced and has an incredible development. An effort here is done to control the labour costs. For example, organisations may employ more employees than necessary, so it is possible to consider redundancy as an alternative. Additionally, as HR practices are highly standardised at this stage, there is also the problem of the lack of flexibility.</td>
</tr>
<tr>
<td><strong>Decline</strong></td>
<td>During the decline stage, the organisation proceeds with different practices related to downsizing and make attempts on getting line managers to train employees so as to perform a variety of tasks. It is expected that during decline more and more services will be outsourced. In general terms, at this stage organisation and employees suffers since there is a constant effort to reduce organisational costs, as a result many HR practices to be reconsidered, reduced or abandoned.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Competitive Strategy</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost Reduction</strong></td>
<td>This is similar to ‘bleak house’, implying no employee representation, limited worker voice and no evidence of high commitment. The emphasis falls at minimising costs and the aim is to produce goods and services cheaper than competition. Efforts are done to keep staff numbers to a minimum and the expectation is that most of the HR practices will be subcontracted, and those that remain within the organisation (e.g. recruitment and selection, training etc) will be limited in frequency and of low quality, seeking for short term, ad-hoc solutions and neglecting the basic needs of employees (e.g. no opportunities for learning and development). Schemes such as health and safety standards and payment agreements hardly meet the legal minimum. Finally, in the unlikely case that an HRM specialist function exists, this will be limited with no or little influence on the way that organisation carries out its businesses and manages its workforce.</td>
</tr>
<tr>
<td><strong>Quality Enhancement</strong></td>
<td>This is the exact opposite scenario from the cost reduction orientation. The main goal is to gain a competitive advantage and differentiate from the competition by providing the best possible quality of goods and services.</td>
</tr>
</tbody>
</table>
Mainly for these reasons, HRM tempts to develop and implement systematic and high quality practices (e.g. selective recruitment and selection, enhanced EIP and worker voice, work life balance, PRP etc.). Quality enhancement organisations maintain a strong presence of HR function, which, in association with line managers shape at a great extent the organisational culture and the way that HR systems and practices appear at the different organisational layers (ensuring that HR policies are converted into actual practices at the workplace).

**Innovation**

The focus here is to ‘produce complex and rapidly changing / adaptable products and services’. The aim is to maintain a flexible workforce that is capable of adapting to the fast changing environment. Thus, the expectation is that organisations will be keen on investing on practices such as teamworking, internal labour markets, share ownership schemes, PRP etc. There is a similarity with quality enhancement model, with greater focus on problem-solving groups, informality and flexibility, trying to keep bureaucratic procedures and complex-extensive hierarchical structures at a minimum level. In cases where organisations seek differentiation through innovation, then most probably it would seek to enhance levels of creativity, risk and cooperative behaviours.

**Strategic Configurations**

**Defenders - ILM**
Defenders mainly aim to maintain a centralised and concise portfolio of businesses by focusing on improving the quality of their existing products and services. Were expansion will take place, this will be done in small incremental and strategic procedures. Here, employment systems are comprised in such a way so to fit with the goals of the organisation. Thus, strong HR bundles exist, involving mutual reinforcing HR practices, such as the creation of strong internal labour markets with strong career ladders, allowing current employees to take any opportunity for promotion. Employees ‘grow’ within organisation and assimilate organisation’s culture and norms. This is mainly achieved through ‘socialization’ activities, through formal/informal induction schemes etc. Further, strong bundles for employees’ development (including training, appraisal and reward practices) are incremental and based on the employees’ long term employment with the organisation. In relation to employment security, as well as EIP and information are core practices with employees having a wide range of ways to express their ‘voice’ at the workplace (both at a personal and at a collective level). Finally, defenders maintain a strong presence of HR function which is well established and maintains a key role in shaping organisation’s strategic decisions.

**Prospectors - OLM**
Opposite to defenders, prospectors’ philosophy is to continually explore new markets and opportunities, thus building their employment patterns based on the foundations of change and adaptability. Mainly for these reasons, prospectors are less concerned with existing skills (less internal focus), and more concerned with external labour markets. This imply that recruitment and selection practices follow the philosophy of occupational labour market, suggesting that there is limited use of internal career ladders. The skills that are developed offer a certification according to broad occupational criteria (recognised across all firms in the particular sector of economic activity) and in terms of employee mobility, employees are more mobile across, rather within the firms. Thus, the training offered by organisations is limited and short-termed oriented and appraisals schemes are results-oriented and most likely they are linked with incentive pay systems. In relation to EIP and worker voice, this is likely to be at the very basic levels, with workers not having a substantial and actual participation in the organisation. Obviously enough, any HR function within such organisations will have limited influence, and it is constrained on having an administrative and supportive role rather than acting as a strategic business partner.

Source: Compiled by the author
**Appendix 4: Obstacles in the Relationship between HR Managers & Line Manager**

<table>
<thead>
<tr>
<th>Obstacles on the part of HR managers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fear of reduced influence or even reduced redundancy if HR work is done by line</td>
</tr>
<tr>
<td>• Fear of being replaced by technological improvements</td>
</tr>
<tr>
<td>• Difficulty in training line managers to participate and adopt appropriate ways of handling employee matter and constant auditing</td>
</tr>
<tr>
<td>• Lack of competencies or willingness of line managers to assist in HR designed activities such as career development, training performance appraisal etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Obstacles on the part of line managers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pressure to introduce new HR practices which are time consuming or difficult to apply</td>
</tr>
<tr>
<td>• Responsibility for HR applications and fear of being criticised for poor performance</td>
</tr>
<tr>
<td>• Fear of neglecting main job demands due to extra burden from HR issues</td>
</tr>
<tr>
<td>• Fear of disputes with subordinates especially in decisions about performance related pay and career development</td>
</tr>
<tr>
<td>• Poor advice from HR specialist, which may lead to lower employee performance</td>
</tr>
</tbody>
</table>

Source: Compiled by the author / Information drawn from Nancy & Panayotopoulou (2005: pp288-289)
### Appendix 5: Different Bases / Forms of Loyalty

<table>
<thead>
<tr>
<th>Bases / Forms of Loyalty / Attachment</th>
<th>Characteristics</th>
</tr>
</thead>
</table>
| ‘Transactional Loyalty’  
  ‘Instrumental’  
  ‘Compliance’  
  ‘Transactional Retention’  
  ‘Continuance Commitment’ | The compliance or instrumental form of attachment is based on ‘exchange’ foundations, meaning that employees adopt particular attitudes and behaviours not due to the shared beliefs and values, but only to gain certain benefits and to evade any punishments or penalties. This is seen as a form of transactional retention, since employees are motivated – incentivised to maintain positive attitudes and proceed with actions that favour organisation’s interests and benefits, in exchange for particular rewards (i.e. employees are retained in the organisation by means of monetary compensation, fringe benefits, favourable schemes etc). This is a form of transactional loyalty which signifies the importance in ‘exchange of economic obligations’ between employees and organisations and ‘corresponds to an instrumental, calculating, self-interested rationality’.

| ‘Relational Loyalty’  
  ‘Identification Form of Attachment’  
  ‘Sentimental Attraction’ | Relational loyalty mostly concerns with ‘loyalty embedded in personal relationships’ and flows from mutual trust. According to this type of loyalty employees exceed their personal interests and, through their extra role behaviours, protect and support their organisation. It is an ‘identification form of attachment’ which is based on employees’ pure need for affiliation. Employees’ attitudes and behaviours are driven by their desire to foster and maintain a satisfying and ‘healthy’ relationship with organisational members. This form of loyalty has also been referred to as being about a ‘sentimental attraction’, since it is generated when employees working within an organisation develop feelings of trustworthiness and ‘fall in love’ with an ‘entity’ which takes a genuine interest in meeting their individual needs.

| ‘Ideological Loyalty’  
  ‘Value Congruence’  
  ‘Internalisation’  
  ‘Willingness to Commit Oneself’ | Ideological loyalty is developed when employees’ loyalty is enmeshed with their loyalty to a cause or principle that the organisation represents and supports. So, this internalisation or ‘value congruence’ type of attachment is developed due to the alignment that exists between employees’ and organisational values. Based on this form of attachment, employees’ attitudes are mostly shaped by their beliefs which are congruent with the beliefs and values of their organisation (thus an internalisation attachment is developed). Willingness to commit is based on the mutual bonds developed and it is considered to be intrinsically valuable. Employees’ attitudes are driven by the fact that they consider themselves as an integrated and recognised part of the organisation, and are ‘committed, with dedication and effort, to its continued operation, seeking what is best for it’.

Source: Compiled by the author
Appendix 6: Employees’ Survey

Central Bank of Cyprus

Employee Survey

The questionnaire takes less than 5 minutes to complete! There is no wrong or right answer. Responses are anonymous and information will be strictly confidential. The completed forms will not be shown to managers or anyone else at your workplace.

Your participation is important and I would like to thank you in advance for your contribution.

Yours sincerely,

Fotis Pavlou
PhD Candidate
People, Management and Organisations Division
Manchester Business School
University of Manchester
Please circle the corresponding category

1. Are you male or female?
   Male   Female

2. How old are you?
   Less than 20  20 – 29  30 – 39  40 – 49  50 – 59  60 or more

3. How many years have you worked for this organisation?
   Less than 2 years  2 to less than 5 years  5 to less than 10 years  10 to less than 15 years  15 years or more

4. What is your position in the Bank?
   ……………………………………………………………………………………………………………………………

5. Please indicate the extent to which you agree or disagree with the following statements:

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employees are secure in their job at this organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The career development of employees is taken seriously by managers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The organisation shares information with the employees</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>Managers here support / encourage team-building activities at the workplace</td>
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<tr>
<td>5</td>
<td>The organisation operates schemes for employees to have a healthy balance between work and personal life</td>
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<td></td>
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<tr>
<td>6</td>
<td>Managers are aware of the importance of retaining committed staff</td>
<td></td>
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<tr>
<td>7</td>
<td>The organisation provides plenty of opportunities for employees to undertake training programmes</td>
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<td></td>
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<tr>
<td>8</td>
<td>Managers here communicate openly with employees</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>9</td>
<td>The organisation equally values (in terms of respect, treatment etc) employees at all levels</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>10</td>
<td>Managers here understand about employees having to meet responsibilities outside work</td>
<td></td>
<td></td>
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<tr>
<td>11</td>
<td>The organisation ensures that employees have opportunities for internal promotions</td>
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<td></td>
<td>Description</td>
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<tr>
<td>12</td>
<td>Employees are routinely consulted by their managers about decisions for improving working conditions</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>13</td>
<td>Recruitment procedures (i.e. activities for attracting candidates) are transparent at this organisation</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>14</td>
<td>Managers here are committed to delivering systematic appraisals / performance reviews</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Training programmes ‘match’ and correspond to employees’ training needs</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>16</td>
<td>Individuals have clear career paths within the organisation</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>17</td>
<td>Managers here treat all employees in a fair and consistent manner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Appraisals / performance reviews are an effective means of developing employees at this organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>The organisation promotes team working</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Training programmes support employees to do their job better (and to carry their responsibilities more effectively) at the actual workplace</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Managers here encourage employees to develop their skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Selection procedures (i.e. activities for selecting candidates) are fair at this organisation</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Please tick the corresponding category**

6. Thinking about the managers at this organisation, to what extent to you agree or disagree with the following:

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Managers here can be relied upon to keep to their promises</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2</td>
<td>Managers here are sincere in attempting to understand employees’ views</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Managers here deal with employees honestly</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Managers here give solutions to the problems faced by employees at the workplace</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Managers here are effective in supporting employees to do their job better</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
7. To what extent you agree or disagree with the following statements about working here?

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree Nor Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I share many of the values of my organisation</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>I feel loyal to my organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>I am proud to tell people who I work for</td>
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</tbody>
</table>

8. How satisfied are you with the following aspects of your job?

<table>
<thead>
<tr>
<th></th>
<th>Very Satisfied</th>
<th>Satisfied</th>
<th>Neither Satisfied Nor Dissatisfied</th>
<th>Dissatisfied</th>
<th>Very Dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The sense of achievement you get from your job</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>The scope for using your own initiative</td>
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<tr>
<td>3</td>
<td>The amount of influence you have over your own job</td>
<td></td>
<td></td>
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<tr>
<td>4</td>
<td>The training you receive</td>
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<tr>
<td>5</td>
<td>The amount of pay you receive</td>
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<td></td>
<td></td>
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<tr>
<td>6</td>
<td>Your job security</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>The work itself</td>
<td></td>
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</tbody>
</table>

9. Please read the eight statements below. Which are the most important practices to you? Could you please select only three from the list below and indicate 1 as the most important, indicate 2 as the next most important and indicate 3 as the third most important.

- Employment security and internal labour markets (i.e. employees are secure in their jobs and are offered with opportunities for internal promotions)
- Selective hiring and sophisticated selection (i.e. transparency at recruiting new employees through fair selection procedures)
- Extensive training, learning and development (i.e. training programmes offered to employees)
- Employee involvement and participation, information sharing and worker voice
- Self-managed teams / Team working
- Performance review, appraisal and career development
- Reduction of status differences (i.e. employees valued, respected and treated equally at all levels)
- Work-life balance (i.e. schemes ensuring a healthy balance of work and personal life)
Appendix 7: Cypriot Industrial Relations Code

PART I: SUBSTANTIVE PROVISIONS

A. The Right to Organise

Both sides recognise the right of employers and employees to organise freely and to belong to organisations of their own choice without any interference or victimization from either side.

B. Collective Bargaining, Collective Agreements and Joint Consultation

It is accepted that free collective bargaining constitutes the basic way for the determination of conditions of employment and remuneration. Therefore, both sides undertake:

1. To promote collective bargaining and joint consultation.

2. To negotiate in a spirit of good faith and mutual understanding, bearing in mind the prevailing industrial relations principles and practices, the public interest, the usual criteria on which the determination of wages and conditions of employment is based, as well as such criteria as might be agreed upon by Government and the two sides in industry with regard to a prices and incomes policy.

3. To observe faithfully the provisions of collective agreements resulting from collective bargaining.

4. To follow the procedure specified in Part II.A of this Code for the negotiation or renewal of collective agreements.

5. Not to resort to strike or lock-out in disputes about rights (grievances) as the term is defined in Part II.B.

6. Given that unofficial strikes during a valid collective agreement are condemned the federation/union concerned will take all measures that they consider necessary to end that strike.

7. Given that any action by an employer which violates a valid collective agreement is condemned the employers' association concerned will take all measures that they consider necessary for the observance of the agreement.

C. Issues Proper for Collective Bargaining and Joint Consultation, and Management Prerogatives

1. In accordance with the generally accepted principles and practices of industrial relations, the existence is recognised of issues considered as bargainable, others considered as consultative and others considered as prerogatives of management. These issues are not defined in the present Code; however, it is desirable that they should be specified, if possible, in collective agreements.

2. Even if no reference has been made in a collective agreement to an issue as being proper for joint consultation so long as the union or the employees contend that a decision on the said issue may adversely affect them or may have a repercussion on their relations with their employer, the employer should engage in joint consultation with the union or the employees. Provided, however, that in cases of issues considered as prerogatives of management the employer is entitled to act without consulting either the union or his employees.

3. (a) As regards issues proper for joint consultation the final decision rests with the employer. It is recognised, however, that the employer is bound to pay due regard to the union's or the employees' views on issues proper for joint consultation and to give reasons for any negative answer.

(b) Without prejudice to the employer's right to take a final decision on issues proper for joint consultation, both sides may, in case of disagreement, ask for the advice and assistance of the Ministry of Labour and Social Insurance.

(c) Provided that neither the union nor the employer may, eventually, resort to strike or lock-out, if agreement cannot be reached on issues appropriate for joint consultation.
D. Announcements

1. Before any announcement is made in the press, during the process of collective bargaining or the discussion of a dispute, this will be agreed upon, if possible, by both sides.

2. The Ministry of Labour and Social Insurance may make a public announcement regarding a dispute in which it mediates, if such dispute attracts the interest of the public. The Ministry's announcement will be objective and of an informative nature and, where possible, it will be prepared in consultation with the two sides. Nevertheless the Minister of Labour and Social Insurance may make a public statement without consulting either side, if the dispute affects public interest.

3. Provided that the provisions of the foregoing paragraphs do not prevent the two sides from making public statements with a view to popularising their claims or their official position thereon so long as such statements do not refer to the proceedings at specific negotiation meetings.

E. Conventions and Recommendations of the International Labour Organisation

Strict adherence is hereby affirmed to the provisions of all International Labour Conventions which the Government of Cyprus has ratified. With regard to the Recommendations accepted by Cyprus' both sides declare that they will make every effort to conform to their provisions as far as possible.

PART II: PROCEDURAL PROVISIONS

A. Procedure for the settlement of disputes about interests

‘Dispute about interests’ means a dispute arising out of negotiations for the conclusion of a new collective agreement or for the renewal of an existing collective agreement or, in general, out of the negotiation of a new claim.

1. Direct Negotiations

(a) Submission of claims for the conclusion of a new agreement
The recognised union or unions representing the employees of the undertaking concerned may submit to the employer claims in writing, with a view to concluding a collective agreement, covering the class of employees whom they represent, comprising the submitted claims as well as other conditions of employment which may already exist within the undertaking. The employer is obliged to commence direct negotiations with the union/unions concerned on the submitted claims not later than 3 weeks from receiving the claims or, in the case of organisations operating on an island-wide basis (such as employers’ associations and public corporations), not later than one month, provided the union has in the meantime expounded its claims in writing, after giving the unions reasonable notice of his intention to commence such negotiations.

(b) Submission of claims for the renewal of an agreement
(i) In the case of an existing collective agreement the party seeking its modification should give the other party at least two months notice, prior to the expiration of such agreement, of its intention to do so, accompanied by a list of claims and/or modifications, except where, in the case of small-size undertakings, it is otherwise stipulated in the collective agreement.

(ii) Generally, in the event of renewal of existing agreements and, provided both parties agree, it is not necessary to submit claims two months in advance provided notification is given in writing of the intention to do so and provided the claims are submitted at any time before the expiration of the agreement. In such cases the existing collective agreement will continue in force for a period equal to the length of the delay in the submission of the claims, unless such delay does not exceed 15 days.

(iii) Provided that where the party seeking the modification of an existing agreement has failed to give notice of his such intention to the other side before commencement of the two-month period prior to the expiration of the agreement, as is provided by paragraph 1(b), the collective agreement shall remain in force for another year.
2. Mediation

(a) In the case of negotiations for the conclusion of a collective agreement for the first time and where it is established that all possibilities of direct negotiations have been exhausted, both sides, either jointly or separately, may, after the lapse of a reasonable period from the commencement of the negotiations, which should not be shorter than 6 weeks from the date of receipt of the claims by the employer but not longer than three months, except where direct negotiations have been carried on in good faith during that period, submit the dispute to the Senior Industrial Relations Officer or the District Labour Officer, as the case may be, (from now on referred to as "the Ministry") for mediation.

(b) As regards negotiations for the renewal of a collective agreement, a dispute shall not be submitted to the Ministry for mediation earlier than 21 days from the date of expiration of the existing collective agreement. However, no dispute over the renewal of an existing collective agreement shall be submitted to the Ministry later than two months from the date of the expiration of the agreement unless negotiations started without delay and have been carried on in good faith beyond that period.

(c) Submission of a dispute to mediation by one side, by virtue of sub-paragraphs (a) and (b) above, implies an obligation of the other side to accept the mediation.

(d) The Ministry offers to mediate in a dispute, even where such mediation has not been requested, if it considers it expedient to do so. In such a case acceptance of the offer for mediation by one side implies a similar obligation of the other side.

(e) The Ministry will make every effort to deal promptly with the disputes and to see that they are settled the soonest possible.

(f) If the Ministry cannot effect a mutually accepted solution to a dispute it shall, at the request of either side, declare the dispute as having reached deadlock and either side will be free to take any lawful measures in furtherance or support of their claims or interests. However, before such measures are taken, 10 days notice should be given to the other side and communicated to the Ministry. Provided that the Ministry may not declare a dispute about interests as having reached deadlock before the lapse of at least six weeks from the date of submitting the dispute to the Ministry, unless, in the opinion of the Ministry, no useful purpose is served by further mediation.

3. Arbitration

(a) Without prejudice to the provisions of paragraph 2(f) of Part IIA, where both sides so agree, they may refer all or any of the issues of a dispute to arbitration, at any point in time either before or after the submission of the dispute to the Ministry. (b) Where both sides agree to submit a dispute to arbitration they undertake to accept the arbitrator's award as binding.

4. Public Inquiry

(a) Any dispute may be referred to a Board of Inquiry with the agreement of both sides.

(b) Neither side shall take industrial action during the course of the inquiry. (c) Where either side has taken industrial action before reference of the dispute to a Board of Inquiry (this refers to cases where the procedures laid down by the present Code have been adhered to) every effort will be made to suspend such action Nevertheless such industrial action will not be a reason for not conducting the inquiry.

B. Procedure for the settlement of grievances

‘Grievance’, means a dispute arising from the interpretation and/or implementation of an existing collective agreement or of existing conditions of employment or arising from a personal complaint including a complaint over a dismissal. Subject to the provisions of Part I, Chapter B. 5, 6 and 7 of the present Code, the procedure for the settlement of grievances will be as follows:-

1. Direct Negotiations

(a) Grievances arising from the Interpretation or Implementation of a Collective Agreement

(i) The grievance should be presented to the employer by the union in writing. Provided that if machinery for the settlement of grievances exists in the undertaking concerned, the procedure envisaged by such machinery should be followed.
(ii) Representatives of the Trade Union and employers’ association concerned and/or of the Cyprus Employers' Federation may participate in the discussion of a grievance.

(b) Personal Complaints

(i) The complaint should be presented in the first instance by the employee to his immediate supervisor/foreman.

(ii) If the complaint is not settled at level (i) above or if the complaint is of such nature that direct discussion between the employee concerned and his immediate supervisor/foreman is not considered appropriate the employee has the right to demand that his complaint may be examined at one or more higher levels, depending on the nature of the complaint and the structure and size of the undertaking. Provided that if machinery for the settlement of grievances exists in the undertaking concerned the procedure envisaged by such machinery should be followed. Provided further that at every step of examining the complaint there is a real possibility of settling it.

(iii) A settlement of a personal complaint achieved at stages (i) or (ii) above may be challenged by the employers’ or workers’ organisations which are signatories to the relevant collective agreement as being contrary to the provisions of the said agreement, in which case the procedure specified in paragraph 1 (a) above is followed.

(iv) At all steps of the examination of a complaint the employee concerned is entitled to be accompanied, if he so wishes, by a local trade union representative or a trade union official. Similarly, the employer is entitled to be assisted or represented by an official of the relevant employer's association and/or of the Cyprus Employers' Federation.

(c) Time Limits for Discussing Grievances

The procedure for examining a grievance should be completed within a month at most.

(d) Violations of Collective Agreements

If an employer or employee, against a recommendation by the Ministry of Labour, flagrantly violates the provisions of an existing collective agreement, the procedure provided for by this paragraph will not apply and the aggrieved party may resort to any lawful action, including a strike or lock out, in defence of its interests.

2. Mediation

(a) A grievance not settled at the stage of direct negotiations should be submitted either to the Ministry for mediation or to binding arbitration.

(b) If the dispute is submitted to the Ministry for mediation the Ministry undertakes to deal with it within a reasonable time and in any case not later than 15 days from the date of submission. If no settlement of the dispute is achieved by the Ministry within 15 days of the date it began dealing with it the dispute should be submitted to binding arbitration.

3. Arbitration

(a) If a dispute is submitted to arbitration, the Ministry sees that a mutually accepted arbitrator is appointed within a week of receiving a request to this effect by either side and assists him to carry out his task speedily by providing such facilities as may be requested by him e.g. a conference room, clerical staff and necessary information.

(b) The Ministry sees that the arbitrator's award is issued within 15 days of the last arbitration session; however, in cases concerning dismissals, the award should be issued within three days of the last session.

(c) Arbitration costs should be shared equally by the two sides; however, the arbitrator may, in consultation with the Ministry, issue special directions on this matter. This also applies to grievances.

(d) Model arbitration rules for the guidance of arbitrators and of all interested parties will be prepared by the Ministry in consultation with the parties to this Code.
C. Dismissals

Without prejudice to the right of any employee to have recourse to the Industrial Disputes Court, both sides agree on the following procedure:-

1. Dismissals for reasons of redundancy

(a) The employer should notify the union of his intention to effect dismissals at least two months before the date of the proposed dismissals. In the event of mass dismissals, it is desirable that the notification is given as soon as is practically possible, taking into account the number of employees to be dismissed, the chances of their re-employment, the need to retrain them etc. After the said notification consultations should be carried out with the unions and/or the employees in accordance with the provisions of I.L.O. Recommendation No. 119.

(b) Grievances over dismissals should be dealt with as expeditiously as possible and the time limits prescribed in paragraphs 1 (c) and 2(b) of Part 11.8 will be halved.

2. Making Provision for Dismissals in Collective Agreements

It is desirable that collective agreements should contain provisions on the issue of dismissals.

PART III: COPIES OF CLAIMS AND COLLECTIVE AGREEMENTS

The unions undertake to furnish the Ministry with the following:-

(a) A copy of all claims submitted to employers, to the District Labour Officer if the dispute is of a local nature, with a further copy to the Senior Industrial Relations Officer. In the case of an island-wide dispute only one copy should be sent to the Senior Industrial Relations Officer.

(b) Copies of all collective agreements concluded without the assistance of the Ministry as follows:- Two copies to the Senior Industrial Relations Officer and one to the District Labour Officer concerned.

PART IV: DURATION OF THE PRESENT CODE

(a) The present Code comes into force immediately upon signature. The party wishing its modification or termination should give a six-month notice to the other parties and to the Ministry:- Provided that no party can ask for its modification or termination before the lapse of at least two years from the date of signature.

(b) From the date of the signature of this Code the provisions of the ‘Basic Agreement of 1962’ cease to be apply.

*Signed at the Ministry of Labour and Social Insurance, in Nicosia, on the 25th April 1977.*
**Appendix 8: The Union’s Links with International / European Associations**

<table>
<thead>
<tr>
<th>The Union’s Associated International / European Links</th>
<th>Key Characteristics / Main Objectives</th>
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<tbody>
<tr>
<td>Union Network International</td>
<td>UNI International provides a voice and a platform for workers at the international level in a wide spectrum of jobs. With 20 million workers in 900 unions worldwide, UNI fosters international solidarity and provides a voice at the international level for all its members. UNI is focusing on Global Agreements to achieve power and parity for workers at multinational corporations (<a href="http://www.uniglobalunion.org/Apps/iportal.nsf/pages/homeEn">www.uniglobalunion.org/Apps/iportal.nsf/pages/homeEn</a>).</td>
</tr>
<tr>
<td>UNI - Europa</td>
<td>UNI Europa is a European trade union federation. It unites trade unions organising in services and skills sectors in 50 different countries. With over 320 affiliated trade union organisations, UNI Europa represents 7 million workers. The belief of the association is that European integration and globalisation mean that trade unions can no longer be effective if they work solely at national or local level. In order to win better conditions for their members, unions representing workers in specific industries have to act together across Europe and internationally (<a href="http://www.uniglobalunion.org/Apps/iportal.nsf/pages/reg_20081016_gca9En">www.uniglobalunion.org/Apps/iportal.nsf/pages/reg_20081016_gca9En</a>).</td>
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<tr>
<td>OTOE / INE (Institute of Employment - Association of Banking Institutions in Greece)</td>
<td>OTOE / INE was established in Greece in 1991 and is the body responsible mainly for the training and professional development of the employees of the banks, the completion of research activities and publications in relation to the banking sector. Until today the association has developed a significant research and training wealth from which important publications have derived. Its main aims are to communicate and express the voice of the banking employees, to support its members and to protect and promote their benefits (<a href="http://www.ine.otoe.gr/">www.ine.otoe.gr/</a>).</td>
</tr>
<tr>
<td>Trade Union Education in Europe</td>
<td>ETUI Education is an education and training agency committed to support and assist all its affiliated trade union confederations and industry federations throughout Europe. For the association, education is considered as ‘key’ for strengthening the European trade union movement, building solidarity and shaping a European trade union identity. By making its resources and expertise available to trade union leaders, officers and representatives, ETUI Education plays a leading role in this collective task and in supporting European social dialogue. The association through its activities provides a wealth of information and resources about trade union education throughout Europe, including information on courses and events, training materials and web-based resources, information on EU funding programmes and newsletters (<a href="http://www.etui.org/education/">www.etui.org/education/</a>)</td>
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Source: Compiled by the author / Information drawn from related websites as cited in the table
### Appendix 9: Summary of Main Implications

<table>
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<tr>
<th>‘Content’ of HRM</th>
<th>Suggestions for Improvement</th>
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</table>
| Employment Security and Internal Labour Markets | • Employment security is taken for ‘granted’ and indeed is granted for the workforce. Through different practices (i.e. motivational schemes / incentives, training / development opportunities etc.), HRM can keep employees stimulated so this guaranteed ‘no-matter-what’ job security is not turned against the organisation.  
• Indeed, ‘having the right person at the right place’ is a nice slogan, but cannot be achieved only with talk. Strategic planning and informed decisions about employees’ future career progression and universal (not selective) implementation of ILM-related provisions are important for best utilising workforce’s capabilities. |
| Selective Hiring and Sophisticated Selection | • Efforts to minimise as much as possible ‘external influences’ in the process of recruiting and selecting employees; the transparent procedures and the maintenance of an objective recruitment and selection system are important for minimising criticisms. |
| Extensive Training, Learning and Development | • These practices are highly appreciated by employees. Offering training programmes not at the expense of employees’ personal time and in a more ‘convenient’ manner will boost employees’ willingness to participate.  
• Surveying employees to discover general training gaps or outlining the main training needs of each department can help the management to come up with more accurate / valuable programmes and overcome the problem of ‘relevance’.  
• More practical; on-the-job training from more senior members is a ‘strong’ tool highly appreciated by employees. Thus, line managers’ dedication and involvement in this aspect is important. Consequently, ‘train the trainer’, motivate and reward his/her efforts in order to promote this practice. |
| EIP, Information Sharing and Worker Voice | • Schemes such as ‘suggestion box’ are appealing at a policy level but ineffective in real practice. Look what it is inside that box, deal with employees’ problems and follow their suggestions. Management practices illustrating genuine interest to employees’ concerns can expect a reciprocal response.  
• Employees at the ‘receiving end’ are a great source of information regarding the effectiveness of the actions originating from the top of the pyramid. Establishing effective communication channels, allowing speak-up schemes and maintaining regular meetings at a departmental / divisional / organisational level can be beneficial both for the management and the employees.  
• Also, empower line managers as ‘liaisons’; inform them to be able to inform employees. Through strong information sharing update all employees about organisation’s immediate and future objectives, communicate the plans; the focus areas; and the potential challenges that the bank may encounter. Allow the workforce to gain a spherical understanding of ‘what is going on’. This in turn will facilitate employees to develop a collective identity; a sense of being a member in the small society of the bank. |
| Performance Review, Appraisal and Career Development | • Appraisals is one of the most important but least effective practices. One of the problems is subjectivity that impairs their objective application. A suggestion to eliminate this is to appoint a special committee responsible for the appraisals of the entire workforce. In this way appraisals will not be compromised by ‘personal sympathies’ or line manager’s biased judgment. |
- Also, employees being able to appraise their own appraisers (i.e. line managers) can be a valuable practice, since in this way line managers will be in a position to receive useful feedback from those who manage.
- Line managers’ ability to effectively carry these schemes is also important. Effectively appraise your appraiser in this aspect. Also, proper support and guidance, regular control and training of line managers can improve the way that appraisals are currently practiced.
- Another proposition is to appraise and give feedback to employees in ‘real time’; even this is done in a more informal approach. Immediate feedback upon the completion of an assigned task is much more valuable to employees rather than waiting at the end of the year to formally present appraisals’ outcome and general comments.

Work-Life Balance

- Employees’ excessive responsibilities is a barrier to the utilisation of work-life balance provisions. An effective / informed allocation of duties could alleviate some of their workload.
- Also, being constantly busy with assignments, employees are at risk of ‘burnout’. Allocating team-based tasks; interchanging the degree of difficulty and the nature of tasks assigned to employees; allowing for formal / informal ‘breaks’ can be useful tools for enhancing WLB.

‘Processes’ of HRM

Visibility & Understandability

- Improving communication and transparent information sharing can have a positive impact on HRM’s visibility and understandability. What are the vision and the mission of HRM department? How it goes about it? Let employees know about HRM’s strategic role and come closer to the workforce. Being ‘visible’ can be achieved by maintaining systematic informative presentations (i.e. what are the schemes that the department is planning? Why? Any updates? Alterations? Forthcoming changes? Available internal positions?). This will help combating also conservativism and employees can foster greater trust to HRM authorities.

Legitimacy of authority

- HRM started wrong (as being an administrative unit) and still heading the wrong way. Establish the ‘identity’ of HRM and communicate its role in the bank. Administration-related duties mostly harm the way that HRM is perceived. Detach administrative with strategic matters, restrain or isolate administration in a single unit. Reclaim the department’s value and importance and focus on what really matter to employees.
- Also, employees feel that the department is trapped with routine-everyday tasks and follows a reactive instead proactive behaviour. Planning ahead and publicising a future strategy (and meeting this strategy) is important for communicating those messages that the workforce expects to receive. The needs of people are changing and the needs of the organisation are changing. HRM has to acknowledge that it is a living system that has to constantly be subjected to revisions, alterations and updates.
- Another problem is that power is centralised in the highest levels in the bank. Employees feel that no matter what, important decisions will be taken ‘from above’. Demand greater authority and involvement in decisions affecting the workforce and ensure that this involvement and contribution is known to the workforce.

Relevance

- The bank is ‘accused’ of not concerned with achieving an alignment between employees’ and organisation’s goals. It is important to have these mechanisms that will make feasible to hear employees’ own aspirations. A useful tool can be an employee survey identifying their interests, ambitions and future aims.
- Furthermore, implementing counseling - mentoring service can be a useful practice allowing both employees and the management to discuss
and be informed about each side’s plans. While it may be difficult to achieve perfect alignment of goals for the entire workforce, at least employees will feel that the bank is willing and has a genuine interest in them and that efforts are done for their own benefit.

| Instrumentality                      | Find ways to motivate employee not necessarily in monetary terms. By understanding what is important for employees it is easier to satisfy and motivate them. Beyond employment security, practices related to quality training and work-life balance are mostly sought by the workforce. Offering the opportunity for an employee to participate in a training programme of his / her preference may well be a ‘motivating’ mechanism and not necessarily costly.  
|                                   | A main source of de-motivation is the fact that the majority of the employees dedicate themselves and achieve a piece of work, and the minority of the managers enjoy the recognition. So, tackle the issue of ‘employees’ work - managers’ credit’ by allowing employees to participate and present their own work. This is a simple and yet highly stimulating and rewarding experience for employees. |

| Validity                           | While operational barriers may be an issue to consider, it is imperative to ensure that management’s assertions are converted into actions. Important is to ‘correct’ the already existing practices that seem to disprove theoretical policies (i.e. appraisals; communication schemes). Dedication and will are key for success in this aspect.  
|                                   | It is prudent to ‘think before speak’. It is better not to announce something rather than announcing without being able to meet expectations. Thus, in advance preparation, background work and detailed action plan should all precede of a potential declaration.  
|                                   | Also, line managers have a central role for achieving this. Stress and clarify their role, equip them with the necessary ammunition and ensure that they realise their importance for ‘getting the message across’. |

| Bundles of HR Practices & Consistency of HRM messages | Rethink the way that each HR practice is operated and then try to establish integrations. The idea of a ‘complete HRM cycle’ is tempting. But how true it is? Does selective selection correspond to the strategic management and development that employees receive throughout their careers? Do appraisals really facilitate a more accurate training provisions to employees? To what extent ‘suggestions’ schemes are reinforced by the acceptability of managers at the workplace? Overall, how well does guaranteed employment security (alongside with the rest of appealing provisions) associate with the absence of actual motivating mechanisms and the many HRM-related flaws?  
|                                                   | Moreover, it is suggested that regular changes in board of directors and subsequent alterations cause instability and confusion to the workforce. Steps have to be done in order to establish a long-term philosophy and HR strategy to be followed throughout the years. |

| Fairness                                          | Fairness is one of the most important aspects highly influencing employees’ views not only for the HRM, but also about the bank in general. The way some practices are operated challenge employees’ perceptions about equity and justice. Seek to eliminate bias in every aspect of HRM, universally apply rules and protocols, and equally treat employees from all levels.  
|                                                   | Also, have in mind that employees talk with each other and know what is happening in the organisation. They can easily spot ‘irregularities’ in management and this demolish their trust levels and enhance their resentment. Justify and not hide the rational for decisions. Explain why particular actions were taken for certain cases and not for others. In this way employees will be able to develop a sense of understanding and their suspiciousness will be constrained. |

Source: Compiled by the author
### Appendix 10: Afiouni’s Categorisation: HRM’s Technical and Strategic Efficiency

<table>
<thead>
<tr>
<th>Category 1</th>
<th>Category 2</th>
<th>Category 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM is neither technically nor strategically efficient</td>
<td>HRM is technically efficient but strategically inefficient</td>
<td>HRM is technically and strategically efficient</td>
</tr>
<tr>
<td><em>There is no human resource planning</em></td>
<td><em>Human resource planning is done yearly</em></td>
<td><em>Human resource planning is done yearly</em></td>
</tr>
<tr>
<td><em>There are no career paths for employees</em></td>
<td><em>Career paths exist at the managerial level</em></td>
<td><em>Career paths exist at all levels in the bank</em></td>
</tr>
<tr>
<td><em>Performance appraisal is annual, but not taken seriously by line managers</em></td>
<td><em>Performance appraisal is annual, but not taken seriously by line managers</em></td>
<td><em>Performance appraisal is annual and taken seriously by line managers</em></td>
</tr>
<tr>
<td><em>Compensation is not linked to performance and is lower than the market</em></td>
<td><em>Compensation is linked to performance and is higher than the market</em></td>
<td><em>Compensation is linked to performance and is higher than the market</em></td>
</tr>
<tr>
<td><em>Internal communication is poor</em></td>
<td><em>Internal communication is good</em></td>
<td><em>Internal communication is good</em></td>
</tr>
<tr>
<td><em>There are no human resource measurement tools</em></td>
<td><em>There are some human resource measurement tools, but they are still on an experimental level</em></td>
<td><em>There are some human resource measurement tools, but they are still on an experimental level</em></td>
</tr>
<tr>
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</tbody>
</table>

Source: Compiled by the author / Information drawn from Afiouni (2007: pp66-67)