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The message and the messenger: Identifying and communicating a high performance 'HRM philosophy'

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a high performance ‘HRM philosophy’**

Introduction

Over recent years, the body of scholarly evidence examining HRM and performance has grown substantially, increased in complexity and sharpened in focus. Attention has shifted from HRM practices to systems in the pursuit of establishing the most effective bundle of practices to improve performance outcomes (Huselid 1995, Subramony 2009). Similarly, many scholars have shifted focus to organisational (as opposed to individual) performance, often highlighting the pertinence of the ‘fit’ between HRM systems and organisational strategy or more broadly, with factors such as national context, industry sector or firm size (Purcell 1999, Jackson and Schuler 1995). Despite ever increasing interest in strategic HRM, the majority of research assumes or implies a relationship between HRM ‘content’ (practices and policies, etc.) and firm performance, failing to acknowledge important elements of the ‘process’ that are integral to this outcome (Bowen and Ostroff 2004, Guest 2011, Monks et al. 2013).

While organisational and HR strategy, practices and policies are physical content that can be (at least theoretically) linked to performance, conceptualisation of an ‘HRM process’ implies less tangible components also influence this relationship. Organisational climate has been identified as a key component of the HRM process that signals to employees the desirable behaviours expected in the organisation (Bowen and Ostroff 2004, Neal et al. 2005, Sanders et al. 2008). While HRM philosophy has also been acknowledged as an intangible concept that expresses the role employees play in achieving success (for instance Schuler 1992, Lepak et al. 2007), it has not received due consideration as an important component of HRM *process*. Few authors have acknowledged the “important and permeating role” of HRM philosophy on employee behaviours and attitudes (Monks et al. 2013: 13), or considered how, exactly, it is conveyed from managers to employees.

We respond to calls for further discussion of HRM philosophy, and define and locate it within the theoretical framework developed by Bowen and Ostroff (2004). We expand on the concept of ‘HRM messages’ as a mechanism by which HRM philosophy is communicated

within organisational hierarchies. Eight case organisations with high performing HRM systems are examined, and our findings present a common HRM philosophy and messages and illustrates how these tie into HRM policies and practices. Furthermore, we discuss ‘who’ delivers HRM messages and the important attributes of an effective message. Analysis of detailed reports on the HRM system, combined with quotes from interview data, suggest that the cases share an HRM philosophy that is communicated via three consistent messages. These messages are conveyed primarily by executive management rather than frontline managers or HR department employees, and effectiveness can be explained by a focus on distinctiveness, consensus and consistency of the message (Kelley 1967).

HRM philosophy and a ‘strong system’

Understanding of the mechanisms by which HRM practices affect performance – through creating a strong HRM system that impacts employee behaviours and attitudes – draws upon the work of Bowen and Ostroff (2004). Specifically, the authors highlighted ‘organisational climate’ as a key mediating variable in the relationship between HRM and performance, suggesting employees’ perceptions of climate are inextricably linked to the HRM system. Following Bowen and Ostroff we adopt the definition of climate as the shared perception between employees about what the organisation is like regarding behaviour that is expected and rewarded (Bowen and Ostroff 2004, Monks et al. 2013, Sanders et al. 2008). Where employees have a similar interpretation or perception about a workplace situation, they deem this situation to be a strong climate. This cause-effect attribution is a result of workplace communication, and for accurate attribution, messages sent to staff must be unambiguous. Confident attributions of the cause-effect relationship are distinctly tied to three important factors, namely, *distinctiveness*, *consistency* and *consensus*. These three features are adopted from Kelley’s (1967) co-variance model, and expanded upon by Bowen and Ostroff as meta-features of the HRM system required to establish a strong climate.

A strong HRM system promotes a strong organisational climate, whereby employees understand and enact expected behaviours which align with the organisations strategic goals and values, thereby improving performance (Bowen and Ostroff 2004, Monks et al. 2013, Sanders et al. 2008). An HRM system is strong when it effectively communicates the “types of information needed” to create a strong climate (Bowen and Ostroff 2004: 208). Distinctiveness, consensus and consistency are integral to conveying these ‘types of information about the HRM system’, which the authors frequently refer to as ‘HRM

messages’. However what is less clear is what these ‘HRM messages’ are, or the characteristics that describe how they are communicated to staff.

Bowen and Ostroff suggest that to achieve distinctiveness, HRM messages must be delivered from a legitimate authority that acts as a credible message source, and that the message must come with significant and visible upper management support. To gain consensus, there must be clear “agreement among principal HRM decision makers”, whereby managers are seen to be “strongly agreeing amongst themselves on the message” (p 212). Finally, employees must perceive senior management’s communication about organisational goals and values to be consistent with their own perceptions of organisational goals and values, which in turn are consistent with HRM practices. Top decision makers must “delineate the strategic goals related to HRM and the intended messages of the HRM practices (e.g. promote innovation and risk taking, promote loyalty and longevity, promote safety)” (p. 217). Whether these messages are typically conveyed to employees via HR managers, executive managers, middle managers or front-line managers, however, is a question that requires further investigation.

This review aims to clarify the notion of ‘HRM messages’, and marry it with a small body of literature on HRM philosophy. For more than two decades, scholars have suggested outcomes associated with performance-oriented HRM likely result from a broader ‘HRM architecture’ (Becker and Gerhart 1996), a framework that often acknowledges existence of an intangible *philosophy* about how people are managed (Kepes and Delery 2007a, Lepak and Snell 1999). ‘HRM philosophy’ is a term arguably similar to or even synonymous with guiding principles (Becker Gerhardt 1996), messages (Bowen and Ostroff 2004) or signals (Haggerty and Wright 2009), that exists at a ‘level above’ HRM policies or practices. While we explore the meaning and definition of this term shortly, we first present our *HRM philosophy to performance model* to guide the reader through our conceptualisation of HRM philosophy and associated features.

[INSERT FIGURE 1 AROUND HERE]

The HRM philosophy to performance model, which has been adapted from work by Kepes and Delery (2007a), locates HRM philosophy as a component of an organisational process that begins at the conceptualisation of strategy. Organisational strategy captures the competitive objectives of the firm, setting the tone for all subsequent activity and (ideally, in

an aligned system) informing climate and HRM philosophy. While Kepes and Delery (2007a) conceived climate as part of the HRM architecture, we agree with other authors who conceptualise it as a separate and broader construct that influences the way work is done across the organisation on a day-to-day basis (for further discussion, see Cheyne and Loan-Clarke 2009, Reichers and Schneider 1990). HRM architecture is often a poorly defined term, which some authors apply synonymously to HRM philosophy (Becker and Gerhart 1996, Kasturi et al. 2006). We agree with others who have adopted the term to describe a greater HRM framework, encompassing the HRM content and processes, e.g. the HRM system and its components, combined with the HRM philosophy and associated messages (Lepak and Snell 1999, Kepes and Delery 2007a). Feedback loops exist between elements of this process, whereby, for example, the philosophy influences the climate, or the HRM system reinforces the philosophy.

The final element of the model illustrates that the end result should be an impact (be it negative or positive) on employee performance. This can occur either directly as a result of HRM messages on behaviours and attitudes (Bowen and Ostroff 2004) or indirectly through the HRM system (Monks et al. 2013). As explained in greater detail in the following pages, we propose that HRM messages assist employees to understand their purpose within the firm and the meaning behind the HRM system, positively impacting their performance. The indirect relationship illustrated between HRM system and employee performance outcomes is still debated in the literature, and we acknowledge the multitude of theoretical explanations, and inconsistency in empirical results. However, in keeping with the logic of Bowen and Ostroff and subsequent authors (see for example, Nishii et al. 2008), we agree that where there is a high degree of ‘internal vertical fit’ (Kepes and Delery 2007b) or alignment between key elements shown in the model, positive employee performance in line with strategic objectives should arise. Such alignment would see HRM philosophy and messages guide the development of the HRM system; the policies, practices and processes reinforce the policy; and – a point not illustrated in the model but emphasised by Bowen and Ostroff – the HRM philosophy is clearly and consistently *communicated* to employees via associated messages. Conversely, where there is inconsistency between HRM philosophy and other components of the system – such as strategy, policies and practices – the system will not align or ‘make sense’ to employees, and performance will be affected (Kepes and Delery 2007b, Kepes and Delery 2007a, Neal et al. 2005). Hence where identical HRM systems

implemented in multiple organisations lead to vastly different results, it is likely that inconsistency or poor alignment of elements of the model is a critical causal factor.

Defining the HRM philosophy and messages

Having located HRM philosophy among other key elements in our model, we now seek to define it more concisely. There has been considerable divergence in defining HRM philosophy (and similar terms) in previous literature and we seek to overcome this limitation. Firstly, we identify the HRM philosophy - not as part of the HRM ‘content’ (practices, processes, policies) - but as an intangible element of the HRM ‘process’; “...that send signals to employees that allow them to understand the desired and appropriate responses and form a collective sense of what is expected” (Bowen and Ostroff 2004: 204). The role of organisational climate in the HRM process has been well established by Bowen and Ostroff and subsequent authors (see for example, Haggerty and Wright 2009, Neal et al. 2005, Sanders et al. 2008), who agree it captures *employees’ shared views* of expected and rewarded behaviours in the organisation. While we wish to emphasise that an effective HRM philosophy *reinforces* the organisational climate, it is a distinct and separate construct.

We define HRM philosophy as a guiding principle *developed and shared by management*. It has a twofold effect; firstly, to help employees make sense of the HRM system; and secondly, to directly shape the HRM system itself. When communicated by management to employees it can guide understanding about how strategic values or goals of the organisation relate to and shape HRM content, for instance by encouraging innovation through HRM practices (Bowen and Ostroff 2004). We propose that the overarching HRM philosophy (e.g. to promote innovation), which is inextricably tied to organisational strategy, is communicated to employees through multiple, more digestible *messages* (e.g. take creative risks), akin to the “*intended messages* of the HRM content” described by Bowen and Ostroff (2004: 217). Where HRM philosophy and messages are effective, they are closely tied in to the tangible elements of the HRM system (e.g. creative risk taking behaviour is supported by performance management and reward policy). Hence the HRM philosophy identifies “what role the [human] resources play in the overall success of the business, and how they are to be treated and managed via the HRM system” (Schuler 1992: 21). In this way, the managerial perceptions communicated by the HRM philosophy can mutually reinforce the employees’ shared perceptions of the climate.

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3 Additionally, the HRM philosophy provides a template to guide decisions about the HRM
4 system. Monks and McMackin (2001: 70) suggest the HRM philosophy “may provide the
5 infrastructure required to support the policies and practices and to convert them into... the
6 concrete manifestations of the system”. In this sense, the HRM philosophy provides an
7 important framework for reference in developing, reviewing and modifying the HRM system.
8 A strong HRM system, then, reinforces HRM messages (and philosophy) consistent with
9 organisational climate, and ultimately, reflects key organisational objectives. Achieving a top
10 performing HRM system and related employee or organisational level outcomes, requires a
11 high degree of alignment between all components of the HRM philosophy to performance
12 model. However, “It is a very difficult task to actually design an internally consistent HRM
13 system in which all HRM practices are internally aligned and reflect the policies and overall
14 HRM philosophy of the organisation” (Kepes and Delery 2007b). The difficulty in achieving
15 this ideal increases interest in understanding those organisations that can. Hence, we focus
16 our study only on ‘top organisations’ that exhibit a high degree of alignment, demonstrated
17 by excellent HRM system performance. Our first research question asks: *What are the HRM
18 philosophy and messages associated with high performing HRM systems?*
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31 Our review of the literature also indicates that *communication* of the HRM philosophy and
32 messages is integral to supporting the alignment of elements of the model. Effective
33 communication processes help create consistent shared perceptions between employees
34 (Ostroff et al. 2003) and where employees receive clear and uniform communications about
35 HRM, this can create a strong situation and positively influence organisational performance
36 outcomes (Haggerty and Wright 2009, Bowen and Ostroff 2004). As detailed earlier, this
37 communication should be characterised by three features: *distinctive* in its delivery from a
38 credible source; demonstrates *consensus* among key managers; and is *consistent* with
39 employees’ perceptions of strategic objectives (Bowen and Ostroff 2004, Kelley 1967).
40 While our conceptualisation of HRM philosophy and messages suggests communication is
41 ‘top-down’, the deliverer of the message and its format are characteristics we are yet to
42 understand. Therefore our second research question asks: *How are the HRM philosophy and
43 messages communicated in organisations with high performing HRM systems?*
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54 Methods

55 This study has been conducted in the Australian healthcare industry. The industry plays a
56 significant role in the Australian economy, employing almost a million people, and
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accounting for nine per cent of gross domestic product (AIHW 2012a). Hospitals in particular account for almost half of this spending, (AIHW 2012b) and labour costs in multi-professional organisations such as these are generally much higher than in in most service and manufacturing organisations (Buchan 2004). As hospitals face increased pressure to improve the effectiveness and efficiency of clinical care, influential and innovative approaches to managing staff costs and improving performance are becoming more pertinent and prevalent (Author reference removed). Performance outputs in the healthcare industry differ from other types of organisation in that they typically centre on quality and safety. In Australia, hospital performance on these criteria is regulated by participation in accreditation programs, the primary provider of which is the Australian Council on Healthcare Standards (ACHS). The program administered by the ACHS assesses and rates key hospital systems, including HRM systems, and hence, independently identifies a group of high performers which are the focus of this research.

This study combines multiple data sources: (a) national accreditation performance data, (b) detailed individual hospital HRM accreditation reports, and (c) primary interview data from eight case organisations. The first part of this multi-data study comes from a sample of 389 hospitals that participated in the fourth iteration of the ACHS' organisation wide survey, conducted between 2007 and 2011. During this program, trained external surveyors visit and assess each participating hospital on a range of criteria and produce a detailed qualitative report and numerical ratings of effectiveness. From this total population of hospitals, the top five per cent of cases were drawn, based on their performance on HRM criteria. These are 'extreme cases', chosen purposefully for their performance characteristics to help us better understand the research phenomena (Yin 2008). All of the high performing hospitals were contacted and a convenience sample of eight organisations were chosen, based on the research team's ability to visit the localities which were dispersed throughout regional and metropolitan Australia.

While studies of top performing organisations can suffer disadvantages related to self-selection bias, this study seeks to overcome such issues by selecting from a sample recognised by external accreditors as high performers on HRM criteria. These HRM criteria relate to: (1) workforce planning; (2) recruitment, selection and appointment; (3) continuing employment and performance development; (4) learning and development; (5) and workplace relations. Hospitals were ranked by surveyors on an achievement rating system from one to

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3 five, where for example, one is Low Achievement (awareness of the standard without
4 implementation), three is Moderate Achievement (the standard is implemented and
5 performance is self-evaluated) and five is Outstanding Achievement (excellence and
6 leadership in the practice area). More detail on the ACHS HRM criteria and rating system is
7 provided in Appendix 1. Hospitals in the sample achieved an average rating of 3.6 or higher
8 across the five HRM criteria. Perhaps not coincidentally, all eight cases were also ranked as
9 high performing (average rating of 3.6 or higher) on measures of clinical performance.
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16 Organisation-wide detailed qualitative reports were produced by the ACHS for all
17 participating hospitals and obtained by the research team for each of the eight cases. In part,
18 these contained information obtained from the HR department on the extent and quality of
19 policies and practices, alongside surveyor's comments, assessment and final ratings for each
20 HRM criteria. These reports varied from around 200-300 pages with approximately 30 pages
21 dedicated to HRM. The HRM section specifically reported the hospital's activities relating to
22 each five HRM criteria, outlining policies and practices that evidenced where the hospital
23 was meeting and exceeding industry benchmarks, and demonstrating leadership. The survey
24 reports and company documents enabled us to cross check interviewee information, provide
25 verification of details regarding HRM policies, and gain a more accurate and detailed
26 understanding of the HRM system.
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36 To provide greater depth to our national accreditation data and qualitative accreditation
37 reports, we conducted interviews within all of our eight case organisations. Interviews
38 centred on identifying and understanding the factors that influence high performance in
39 HRM. Analysis of interview data by multiple team members suggested that an underlying
40 philosophy of HRM was a topic alluded to by almost all interviewees as important to their
41 hospital's success, and clear themes presented in our data. Given the focus of the study on
42 high performing hospitals, we did not include poor performing hospitals in our sample,
43 although we acknowledge that a comparative study would likely have yielded interesting
44 results and is marked for future research.
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53 A semi-structured interview protocol focussed on identifying factors that may explain
54 exceptional performance in HRM from a managerial perspective. The contact person in each
55 organisation was asked to arrange interviews with the most senior HR manager, another
56 executive or departmental level manager involved in HRM, and at least two ward-level
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managers. Due to size differences between the hospitals, in some cases were able to gain access to the CEO or upper level managers. The upper level managers were selected for their strategic role and intimate knowledge of the HR system, and ward managers were included for their practical experience in implementing policy and processes.

We did not intend to assess and compare variations between individual interviewees and instead treated our sample as a fairly homogeneous group, within which we would identify and understand common perceptions and experiences (Guest et al. 2006). Accordingly, in this situation four to twelve (Kuzel 1992, Guest et al. 2006) or up to fifteen (Kvale and Brinkmann 2009) interviews are deemed sufficient. We conducted 34 interviews across eight cases, ranging in duration from 30 to 90 minutes and averaging 50 minutes. Interviewee numbers and organisational case details are shown in Table 1.

[INSERT TABLE 1 HERE]

Interviews were continuously transcribed and analysed during data collection. Transcripts were uploaded to the NVivo software package where one member of the research team performed the initial analysis. Given the lack of extant research in the area, we did not seek to apply *a priori* themes to the data. Rather, data were analysed using a two-step coding technique typically referred to as ‘inductive analysis’ (as described by Patton 2002). This process involves reading and re-reading passages of text and assigning keywords (second-order themes), which are sorted into emergent themes (first-order categories). As the researcher becomes more familiar with the data, the keywords and themes evolve and change, with new categories arising, some merging and some being deleted. Particular attention was given to the development and application of themes and keywords, similar to the ‘codebook approach’ applied by other authors (MacQueen et al. 1998, Guest et al. 2006). A definition and description for each keyword (or ‘node’) and notes on when to apply the node were recorded. A running list of nodes was maintained and use of each node was checked after each interview was coded.

Once the researcher was comfortable with the final list of keywords and themes, a second researcher performed the same process with a selection of data. This approach addresses potential for bias associated with independent analysis (Patton 2002) and is a technique commonly adopted by other qualitative researchers (Carsten 2010, Kreiner 2009). The

researchers then compared analysis and cross-checked codebooks, resulting in a process of creating, deleting, merging and dividing categories. Following confirmation with the remaining three research team members, the researchers agreed that there was one overarching HRM philosophy (first-order category), and three consistent HRM messages (second-order categories) evident in the data across all eight cases. Furthermore, the researchers identified some passages of data that addressed communication of the HRM philosophy and associated messages (first order category), which upon later engagement with work by Kelley (1967) was re-categorised according to sub-themes of distinctiveness, consensus and consistency (second order categories).

Findings

The findings are presented in two sub-sections according to each research question. Drawing from interviews and documentary evidence, the first section identifies the three messages that communicate HRM philosophy in these cases, and demonstrates how messages are associated with HRM content (i.e. policies and practices). The second section uses interview data to illustrate how the HRM philosophy was communicated to employees.

Capturing the philosophy

As noted previously, data analysis suggested a shared philosophy and messages between the cases. Given that all of our cases demonstrated high clinical performance it was logical that the HRM philosophy identified related to achieving high performance in HRM. To uncover this philosophy we worked backward from the HRM messages, which emerged as themes in the data: *continuous improvement*, *best practice* and *innovation*. Upon familiarisation with these themes it became clear that they all related to achieving high performance outcomes through the HRM system and employees. Given that our research design focussed on managerial (rather than employee) experiences, we acknowledge our data is stronger in demonstrating the influence of HRM philosophy and messages on the HRM system than employees' understanding of the system or their role in the organisation. In this section, we illustrate how each of these messages shapes HRM content and practice through examples from our interview data and HRM reports.

The managers' approach to HRM was to seek out and implement improvements to the system, as well as other systems of management, rather than simply accept an approach of compliance or the status quo. How the 'continuous improvement' message is ultimately tied

to ensuring the strategic goal of optimum clinical outcomes for patients is explained by the following interviewee:

If I have good HR processes, I'm going to achieve my goal of excellent patient safety and satisfaction and care and treatment. That's what drives me to have good HR processes ... We have a bit of culture here that we all say "there must be a better way". We come up with a problem, and it's usually one of the first things thought, "there must be a better way of doing it." And we work to find out how we can do things a better way and we try to make it creative and fun and it's usually effective. That's what I think drives [high HRM performance]. **Director of Nursing, Case Five**

The focus was not simply to improve HRM content but to do so with the intent of improving performance more broadly. Ward managers from one hospital explained how they strived to better their scores on measurable items like absenteeism, turnover and training completion:

We have 'SDEs', Staff Development and Education [measurements]... We've gone through and done a big drive to ensure people are coming back up to benchmark. The hospital benchmark is 85%, but as a division we aim to be at 90%.

Ward Manager 1, Case Two

We're identifying [HR] processes that aren't necessarily working for us and then we will look at what we can do about it. I really feel like we're working well. But there's always room for improvement.

Ward Manager 2, Case Two

These efforts appeared to be well supported by the HR departments. Front-line managers consistently reported their HR departments provided timely feedback on performance of their team in measurable HRM items. For example:

We have got such good compliance, and then [the HR department] are coming along behind and actually measuring our compliance and using that to provide further education. That's the way things should be done, and that is something that we just don't have the resources to do ourselves.

Nurse Unit Manager, Case One

The internal drive to improve processes and performance is complemented by external ideas about 'best practice' from other organisations. As identified in the accreditation process, these organisations were achieving scores on many HRM criteria that indicated they were meeting, exceeding, or even creating industry benchmarks for practices related to recruitment

or training. The HR Director from Case Four summarises: "... our predominant driver in our HR and learning systems would be industry best practice".

HRM policies and practices were benchmarked externally, not only with leading healthcare organisations but also other industries. For example, the HR Director in Case Three explained how they had implemented an online application to capture data on unscheduled absences, and how implementing such initiatives "shows we are leaders in that area." He continued with another example of how the department used the results from an annual externally-conducted survey:

We use the survey as an organisational climate satisfaction survey. We've been doing that for five years, and we have progressively improved every year, not only our own performance, but one of the good things about the survey is you get benchmarked against other organisations, and now we are the outstanding performer in most of those areas that they measure, but particularly around employee engagement, job satisfaction. When we show people those results, they think "oh shit ... it is an external measure."

HR Director, Case Three

Managers were actively seeking out ways to be seen not only as top performers, but 'leaders' exhibiting 'innovation' in HRM. An interviewee from Case Four summarised this HRM message adding an example from their approach to learning and development.

You have to be a leader in the field. So you're doing something that no one else has done. For us, in learning and development, we developed all these postgraduate courses, but there wasn't a provider so we created one. So that's what made us a leader in the field.

Accreditation Coordinator, Case Four

This theme was especially evident in discussion with interviewees about their approach to HRM in the accreditation review process. The CEO from Case Eight explained that "for us it's not about ticking the boxes... We want to be seen as the best." This statement also reflects the importance of creating a public perception and being "seen as the best"; not only the best hospital but an employer of choice. Acknowledgement as an industry leader was a key driver of performance:

There is a fear of failure and I'm tremendously competitive, and that's why I'm working in this hospital, because I know that we're setting benchmarks not only in [the state] but across Australia. It's that competitive thing...

Ward Manager 3, Case Two

In my experience elsewhere, [accreditation] has been around compliance. But here it's around leading and innovation, and gaps creating opportunities to pilot something and use elsewhere. It's exciting and dynamic, and at times I think we are leading the way.

Prenatal Manager, Case Three

Leadership and innovation is a theme that initially appeared to contrast with best practice; where one is associated with meeting benchmarks, the other pertains to exceeding them or creating new standards of achievement. However, participation in the ACHS quality improvement process is aimed firstly at ensuring benchmark levels of achievement are met; continuously improving ratings in each iteration of the survey process; and encouraging participants to eventually develop innovative approaches to managing people. Therefore, it is possible for hospitals to be meeting benchmarks on some HRM criteria, and leading and innovating on others. In fact, we found some variation in ratings across the five HRM criteria in all cases (e.g. hospital achieved OA in learning and development but EA on workplace relations), and of the entire population there were no cases that achieved the highest rating (OA) across all criteria. This finding reflects the continuous nature of HRM system development and improvement.

Further evidence of how particular HRM messages applied to different practice areas of HRM is demonstrated in Table 2. This table also helps to illustrate how the HRM philosophy manifests as tangible elements of the HRM system (Monks and McMackin 2001). Note that some of these surveys were conducted as early as 2007, so certain policies and practices acknowledged as ‘innovative’ would currently be deemed best practice or standard.

[INSERT TABLE 2 AROUND HERE]

Communicating the HRM philosophy

Our research design combined extensive report data with interviews at a senior, middle and front line manager level. We acknowledge that omission of employees from this project limits us from providing a ‘complete’ picture about communication of the HRM philosophy. However, given that discussion of HRM philosophy is quite limited, we include this section

as it does help to develop our understanding about the persons central to communicating HRM messages, and to how categorise the characteristics pertinent to these communications.

Our findings are consistent with elements of Kelley's (1967) covariance model as it was applied by Bowen and Ostroff to explain how 'types of information' about HRM (what we have termed, HRM messages) must exhibit certain features to be effective. In particular, our interviewees demonstrated that a fundamental factor in effective communication of HRM messages was what Kelley (1967) termed 'distinctiveness'. In this context, we argue distinctiveness is achieved by delivery of the HRM message from a person with legitimate power and authority in the organisation, who acts as a credible source. Furthermore, managerial support for the message must be 'visible' to employees, a characteristic that was prominent in analysis of the data.

We observed the HRM philosophy as enacted in practice or "living" in the organisation and reinforced by "strong leadership and a very effective executive team" (HR Manager, Case Seven). While we expected communicating the HRM philosophy to be a key role of the HR department, in these cases it was heavily supported and facilitated by executive leadership. In all cases, 'word from the top' - or the executive team - was crucial in disseminating the philosophy that provided the foundations for the HRM system. This is consistent with Haggerty and Wright's (2009) notion that a 'top-down' approach of delivering clear signals about HRM can lead to a 'strong HRM situation'. Instilling the philosophy from the highest levels of the organisation allowed messages to filter down to influence employees and the lower levels of HRM architecture.

Basically there is a good team leader at the top. If you've got that guidance and direction coming down and the thrust is coming from HR. The point is the leadership and guidance is coming down ...

Nurse Manager for HR, Case Two

[The Hospital] have good processes... Who has driven it to be there? And I don't necessarily know that it's HR 'per se', it's more the drive and the understanding of the executive people ... I think here it's certainly the desire of the management to have good HR systems.

Ward Manager, Case Five

Our findings suggested that there were one or a few key persons who were "very visible" and well regarded that acted as message bearers in these high performing cases, and although it

did not appear to be a strategic decision, these individuals were all members of the executive team. In a few cases, it was particularly evident that the CEO was the most significant and credible figure in terms of communicating the role employees play “in the overall success of the business, and how they are to be treated and managed” (Schuler 1992: 21).

I think probably the CEO [drives HRM]. There’s a culture of learning and doing better, and giving things a go. It’s not ‘all done this way’... There’s a sense here to be a step ahead of the game... What sort of care do we need to give and what sort of people do we need to be able to do that?

Prenatal Manager, Case Three

I think if you’re high performing in HR, it might be that you have a great HR team, but for this organisation - once again probably from the CEO and executive down - is that they’re all driven...our CEO is very supporting of staff ... He would walk through the hospital and say hello by name to every staff member, and he’s very visible, and really interested, and the staff love him. That really affects the way the organisation operates.

Accreditation Coordinator, Case Four

[High performance HRM]] is lead from the top in terms of the fact that our CEO speaks about people management and about outcomes of care just as much as he talks about finance.

HR Director, Case Four

As the final quote illustrates, visibility in these cases did not only pertain to the ‘messenger’ doing the rounds and speaking individually with employees, but demonstrating belief in the philosophy and HRM system by engaging with the topic extensively. Conveying the message effectively however was not only about distinctiveness and visibility of the messenger but about conveying agreement on the messages by the leadership team. Our interviewees, particularly from the HR department, highlighted that executive managers outwardly displayed ‘consensus’ to develop a high performance HRM system that produces high performing employees. For instance:

I think in terms of high performance at the organisational level it is probably feeding off that there is a common goal, a common thing at [this hospital]. And that, I think the trust in the executive organisation, that they are all joined up and all driving in the same direction, if you like, we are all on board with what we are trying to do and can actually then communicate that to the people in a way that inspires.

HR Director, Case One

What drew me to [this hospital] is the investment that they put in people in regards to education. They've got 32 educators. There's a strong focus on people development... Coming into an organisational development HR role, you knew that it was going to be a good job to come into if the CEO and executive board saw the benefits of the people and that they wouldn't tighten the dollar around that.

HR Manager, Case Four

Identification of this perceived consensus between the executive team is likely to be more evident to managers than employees, particularly in larger organisations where interaction with the CEO and executives is limited. In larger firms, the role of front-line manager in conveying the messages to employees may be more pronounced.

Delivery of an inspirational message that achieves consensus among decision makers and is communicated by a highly visible and legitimate source appear to be important factors in the HRM process (Bowen and Ostroff 2004, Kelley 1967). However, we again reiterate the pertinence of internal vertical fit between all components of the HRM architecture, which is critical for consistency and success (Kepes and Delery 2007a, Bowen and Ostroff 2004). A good level of fit between strategy and other components appears to be achieved in these eight high performing HRM systems, as demonstrated by their results on accreditation the survey and reinforced even at lower levels of leadership. As the Nurse Manager for HR (Case Two) said, "...it's all linked. The whole point being is that whatever happens at an HR level it's disseminated through... [High clinical performance is] the driver, the force, which is then driven down and implemented at the base level. The Nurse Manager's colleague adds that:

It doesn't matter what industry you work in... if you have good communication processes you're going to have employees that have a better understanding of the organisation's goals and how they fit into that, and what they can do to move towards better outcomes.

HR Coordinator, Case Two

This final quote highlights that good communication – not only of practical HRM content but the HRM message – is important for employees to understand how HRM links to the organisation's goals. In line with Bowen and Ostroff's (2004) argument, this understanding

enables employees to identify their role in achieving strategic outcomes, and to behave accordingly. In our cases, the high performance approach adopted at a strategic level reflected in excellent clinical outcomes, and as we have demonstrated, was tightly woven through HRM content and process, in particular, through clear and consistent messages. Messages that are unclear or inconsistent with HRM philosophy and organisational strategy will mean that the HRM system does not make sense to employees, their expectations about their role will be unclear, and ultimately, high performance will not be possible (Author reference removed).

Discussion and conclusion

Theoretical implications

This article responds to calls for further investigation into the ‘HRM process’ as opposed to content, specifically, the “features of an HRM system that send signals to employees...” (Bowen and Ostroff 2004). Researchers have been urged to “pay much more attention to how [organisations] communicate *the purpose* as well as the content of HR practices” Guest (2011: 6), and this purpose may be best communicated through HRM philosophy and associated messages. A clear definition of HRM philosophy in the literature has been lacking, and this article responds by clarifying the construct within an existing theoretical framework and locating it among other key elements of the HRM process and content in our model. We also make progress in beginning to explore how the HRM philosophy is communicated to employees in the context of organisations exhibiting high performance systems of people management.

We expand on Bowen and Ostroff’s ‘HRM messages’ as a mechanism for communicating HRM philosophy within the organisation. While a philosophy is a theory or attitude that guides managerial thinking and behaviour, a message is a more digestible bite of information that is easily delivered and consumed by employees. In these cases, a philosophy of achieving high performance through HRM was conveyed by managers through messages about continuous improvement, best practice and innovation through hospital leadership. Particular elements of Kelley’s (1967) covariance model are useful in explaining the important characteristics of communication of HRM messages, specifically, distinctiveness achieved through delivery by a credible executive level manager. It seems HRM messages may “need

to come from the top management not from the HR department” (Guest 2011: 9), a critical potential implication that certainly requires further exploration.

In contrast with research that has attempted to identify a ‘best bundle’ of practices, this paper points to a ‘best philosophy’ and messages for high performance HRM systems. Despite sharing a philosophy, the HR bundles identified in these cases were not the same. There was variation of policies and practices adopted by these organisations that uniquely contributed to their high performance results on external HRM accreditation assessments. While we do not analyse such characteristics in our article, we assume that demographic differences between cases may help to explain variation in HR content. Regional hospitals, for example, may require more aggressive recruitment techniques compared to those in metropolitan areas. Hospital size and access to resources will likely determine their ability to make investments such as state-of-the-art simulation centres or online training and development systems. Additionally, the skill set, prior experience and personal preferences of the HR and senior management team will also influence decisions about how the HRM system ties in with the HRM philosophy and organisational strategy. The cause of differences between HRM content, however, is not central to the purpose of this article. Rather, we highlight that while HRM systems can appear dissimilar, they can achieve comparable performance outcomes where they have adopted the same consistent and well aligned HRM philosophy (Becker and Gerhart 1996, Monks et al. 2013, Lepak et al. 2004).

Managerial/ practical implications

Where we can define and link a successful HRM philosophy with systems, this provides a valuable framework for other organisations in the process of altering practices or implementing a new approach to HRM. Hence, the role of HRM philosophy in system change is of particular practical significance. While the cases evaluated in this article are well established organisations with highly functioning clinical and HRM systems, our findings are of great importance to hospitals – or other organisations – that have poor performing HRM systems or overall firm performance. On paper, organisational and HR strategies may be aligned, but HRM philosophy is intangible and difficult to measure. Where system improvement is implemented, or a significant change is planned, we stress the importance of the managers (particularly executive level) identifying the philosophy and key messages, and considering how these will be changed and effectively communicated (considering distinctiveness, consensus and consistency). In this study, dissemination of the philosophy,

through words and behaviours, appeared to rely less on the HR department and more on the senior executive managers. In a practical sense, this finding reinforces the importance of the relationship between the HR department and senior management, to ensure there is consistency between the tangible and intangible elements of the HRM architecture, strategy and climate (Kepes and Delery 2007b, Author reference removed).

Limitations and future research

There are a number of limitations of this study that provide direction to future research into HRM messages and philosophy. A significant research gap exists around HRM philosophy, and hence we adopted an approach of intensively examining a number of extreme cases to gain clarification of the research phenomena. While we avoided issues associated with self-selection bias, our findings are limited by inclusion of only organisations with high performing HRM systems. Future studies should explore the messages and philosophy adopted in average and low performing HRM systems, documenting implications associated with incongruent or poorly aligned philosophy. Implications of HRM philosophy that is inconsistent, or lacks credibility and distinctiveness is critical to understanding of strategic HRM, and we strongly advocate researchers examine this topic.

We acknowledge that broader analysis - across industries and internationally - are design features that must be considered in future research. While our study focused on managerial perceptions of the HRM philosophy, future studies should also consider outcomes of the HRM architecture, that is, employee attitudes and behaviours (Monks et al. 2013). While we reported on the success of a top-down communication approach, without exploring employees' interpretation of these messages we cannot be sure of their coherence and effectiveness. Finally, it is important to develop a method to clearly identify, define and categorise philosophies and messages more precisely, potentially through large scale surveys or focus groups including employees. Research should also track organisations through processes of HRM system change, to gauge whether philosophy adapts and if so, in what ways.

Conclusion

This article has sought to overcome a limitation of existing knowledge about the relationship between HRM systems and organisational performance outcomes. Researchers in the strategic HRM field have benefited from Bowen and Ostroffs' (2004) work over a decade

ago, but since then we have not adequately progressed in our analysis of the HRM process specifically, our understanding of the role of HRM philosophy and how it is communicated. While we acknowledge that this study is exploratory and does not realise the findings that could come from a larger or broader research design, we have made some gains towards defining and locating HRM philosophy within an existing framework. Furthermore, the philosophy underpinning high performing HRM systems, and the role of organisational messengers, has been introduced, paving the way for further discussion. In ongoing debate around the relationship between HRM systems and organisational outcomes, the continued focus on presence of policies and practices alone is too narrow. The intentions behind these policies and practices is key to improving our understanding (Guest 2011, Nishii et al. 2008), and we support others (e.g. Boxall and Macky 2009, Monks et al. 2013, Lepak et al. 2007, Boxall 2012) who call for further research into the philosophy that underlies systems of HRM.

Figures and Tables

Figure 1: HRM philosophy to performance model

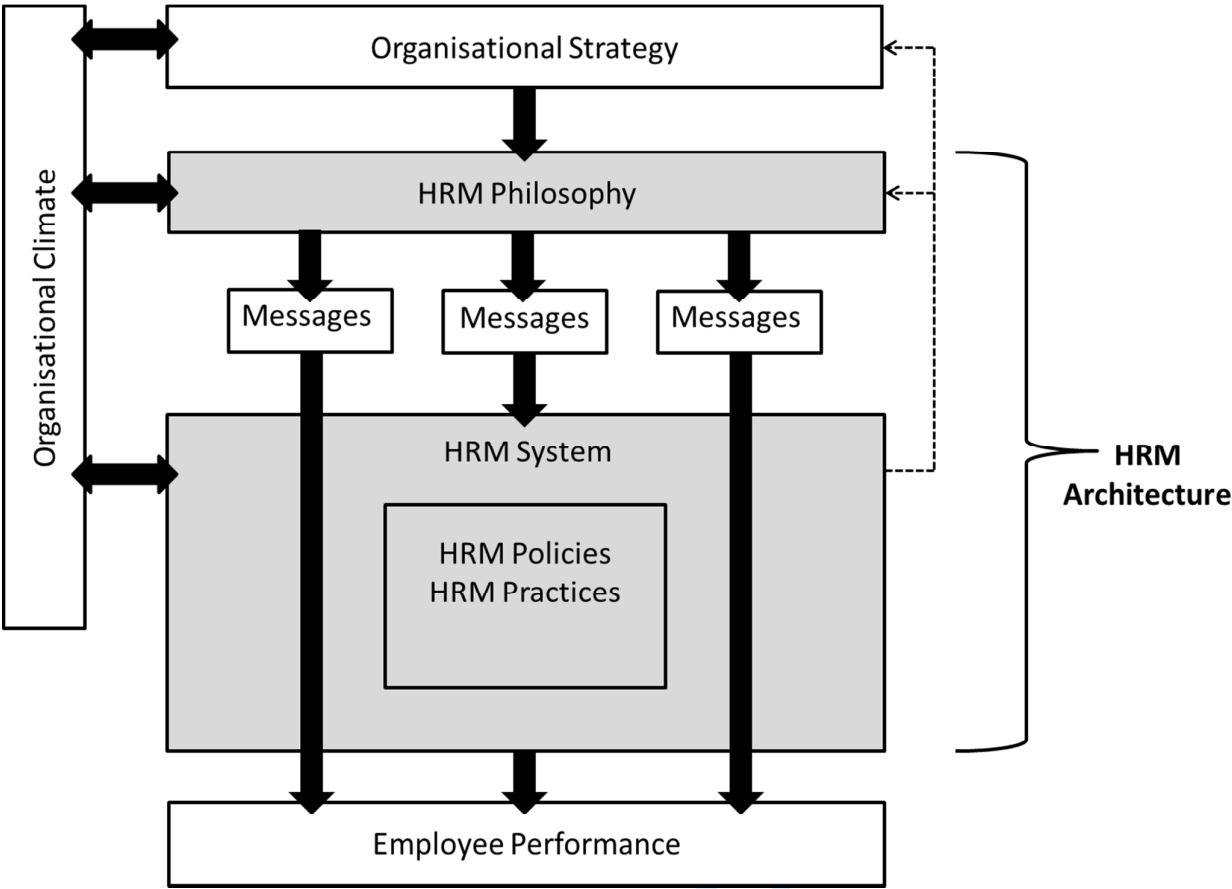


Table 1: Case hospital details

Case	Ownership	State	Beds	Mean score on HR standard	Total Interviews
1	Public	N/East	900-1000	4.2	4
2	Public	West	800-900	3.6	5
3	Public	Main Sth	200-300	4.0	3
4	Private	Main Sth	400-500	4.0	6
5	Private	N/East	< 200	4.0	3
6	Private	West	200-300	3.8	3
7	Private	Middle	200-300	4.0	6
8	Private	Middle	< 200	3.8	4

Table 2: HRM philosophy as translated into the HRM system

Case	Continuous improvement	Best practice	Innovation	HRM policies and practices
1		✓	✓	Exchange program with staff from aged care and Catholic hospitals
		✓	✓	Multiple innovative staff communication mechanisms, e.g. online portal and feedback from hospital accredited Diploma graduates
	✓	✓		Acclaimed internal leadership program central to succession planning
2	✓	✓	✓	On-site simulation centre designed to improve staff clinical competency
	✓	✓		Broad educational opportunities including scholarships for postgraduate study
		✓		Health and lifestyle services including gym with personal trainers, pool and squash courts, and smoking cessation program
3	✓		✓	Unique recruitment strategy led to a waiting list of midwives seeking employment
		✓		Employee Assistance Program also available to employees' family members
		✓		Workplace aggression, violence and conflict program for employees
4		✓	✓	Intensive international employee support program including three weeks accommodation on arrival and one-on-one HR induction
	✓	✓	✓	Offsite simulation team training introduced with excellent staff evaluation feedback
			✓	Hospital has written and delivered nursing education programs in Nepal and Solomon Islands
5	✓	✓		Policy improvements (e.g., maternity leave, training, job flexibility) enabled multiple 'Employer of Choice for Women' awards
		✓	✓	Industry linkage scheme involving tours for high school students interested in a health career
	✓			Integrated staff evaluation mechanism allows for performance development package to be continuously improved
6	✓		✓	Innovative 12 month accelerated workplace-based Diploma of Enrolled Nursing developed by hospital
	✓	✓		Actively sought to achieve 'Employer of Choice' status, with success for over seven years
		✓		Broad, well established recognition, reward and support programs (e.g. subsidised on-site child care and gym membership)
7	✓	✓	✓	Job flexibility and training policies led to nomination in top 20 organisations for mature age workforce strategy
	✓	✓	✓	Hospital career website integrated with end-to-end online e-recruit system that automatically evaluates resume against set criteria
	✓		✓	Two-year fast track Bachelor of Nursing program recognised with 'Excellence in Innovation' Award
8	✓	✓	✓	Employees can self-nominate for 'Future Leaders' program, to identify individuals interested in progression without pressure
	✓	✓		Recruitment program evaluated by staff and benchmarked externally, with vacancy and turnover rates both under one percent
	✓			Financial support provided to enrolled nurses to complete Endorsed Enrolled Medication Program with 100% completion

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Appendix 1

ACHS Human Resource Management Criteria

HRM is the policies, practices and systems that influence employees’ behaviours, attitudes and performance. The standard for HRM contains five criteria:

- 1. Human resources planning supports the organisation’s current and future ability to address needs.
- 2. The recruitment, selection and appointment system ensures that the skill mix and competence of staff, and mix of volunteers, meet the needs of the organisation.
- 3. The continuing employment and performance development system ensures the competence of staff and volunteers.
- 4. The learning and development system ensures the skill and competence of staff and volunteers.
- 5. Employee support systems and workplace relations assist the organisation to achieve its goals.

ACHS Rating System

Rating	Definition of Rating
Little achievement (LA)	Awareness or knowledge of responsibilities and systems that need to be implemented but may have only basic systems in place. Compliance with legislation and policy that relates to the criterion.
Satisfactory achievement (SA)	All elements of LA achieved and implemented systems for the organisation's activities. Very little or no monitoring of outcomes or efforts at continuous improvement.
Moderate achievement (MA)	All elements of LA and SA achieved; efficient systems in collecting relevant outcome data, monitoring, evaluation procedures and methods of improvement are in place.
Extensive achievement (EA)	All elements of LA, SA and MA achieved. Additionally organisation satisfies one or more of the following: internal or external benchmarking and subsequent system improvement, and / or; conduct of research relating to criterion, and / or; implement advanced systems relating to criterion, and / or; proven, excellent outcomes in particular criterion.
Outstanding achievement (OA)	All elements of LA, SA, MA and EA achieved. Additionally, demonstration of leadership in criterion. Leadership does not necessarily mean the organisation is the best in Australia. It may mean the organisation can demonstrate it is one of the best or outstanding amongst peers.

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