Employee perceptions of management relations as influences on job satisfaction and quit intentions

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Abstract In this paper we use a relational approach to investigate how employee perceptions of their relationships with three types of managers—senior, line, and human resource managers—are related to employees' job satisfaction and intention to quit. Based on an employee survey (n = 1,533), and manager network data (n = 140) in ten organizations operating in Australia, we found that the extent of agreement between employees' perceptions of their relations with senior and line management was positively related to these outcome variables. In addition, we found these relationships were strengthened in organizations where HR and line managers reported high-frequency communication between the two groups. Implications of our findings are briefly canvassed.

Keywords Senior management \cdot Line management \cdot HR management \cdot Job satisfaction \cdot Intention to quit

Strategic human resource management (SHRM) focuses on identifying ways to encourage and harness employee capabilities to the organization's strategic goals. Theorizing the relationship between HR (human resources) and performance has led

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to the voluminous sub-field known as high performance work systems (HPWS). Although there is no consensus on the exact measures of HR practices that have been found to contribute to organizational performance, numerous studies show a positive relationship between HPWS and organizational performance (Becker & Gerhart, 1996; Collins & Smith, 2006; Combs, Liu, Hall, & Ketchen, 2006; Delery & Doty, 1996; Huselid, 1995; Huselid & Becker, 1996; Macky & Boxall, 2007). The key argument is that these practices encourage employees to be more productive by participating in decision-making, improving skills, and/or strengthening work motivation (Combs et al., 2006; Subramony, 2009; Takeuchi, Wakabyashi, & Chen, 2003).

Most HPWS research relies on reports of HR practices and performance by management respondents despite the assumption that it is employees who contribute to improved performance. Acknowledging this, recent research has begun to pay attention to employee responses (Kehoe & Wright 2011; Li, Frenkel, & Sanders, 2011; Nishii, Lepak, & Schneider, 2008; Sanders, Dorenbosch, & De Reuver, 2008; Takeuchi, Chen, & Lepak, 2009), showing that employees' perceptions of management and associated attitudes and behavior varies within and between organizations and is complicated by different levels of management (Kehoe & Wright, 2011; Takeuchi, Lepak, Heli, & Takeuchi, 2007).

The SHRM paradigm motivating most HPWS research has three noteworthy limitations. First, it implicitly privileges a single stakeholder—senior management—who are primarily concerned with strategy and organizational performance (Van Buren, Greenwood, & Sheehan, 2011). Employees are seen solely or primarily from the perspective of managers formally representing shareholder interests. Second, there is limited recognition that management is a differentiated category with varying interests and agendas that may take precedence over the formal goals of the organization. Third, because HR policies and practices are assumed to be critical, social relationships have received limited attention (Combs et al., 2006), as noted below. This has resulted in underestimating the role of relationships in establishing and maintaining effective HR practices. In other words, the gap between HR policy and HR practice cannot be closed except through relationships based on common understandings among managers and between management and employees (Bowen, & Ostroff, 2004).

In this paper we argue from a perspective that gives equal status to employees and senior management as critical stakeholders. Hence our focus on job satisfaction, and intention to quit, outcomes that are associated with employee well-being and employee performance (Cropanzano, Rupp, & Byrne, 2003; Halbesleben & Buckley, 2004; Judge, Thoresen, Bono, & Patton, 2001). In contrast to the resource-based, SHRM perspective that concentrates mainly on HR policies and practices, we adopt a relational approach, examining how the effects of relationships between different types of management—strategic, operational, and HR specialists—as perceived by employees, influence job satisfaction and intention to quit. In so doing we acknowledge both the content of HR practices and the communication processes that influence employees' perceptions.

Our primary contribution is to demonstrate that employee perceptions of their relationships with various management functionaries significantly impacts employee well-being, and by implication, organizational performance, as indicated by the



outcome variables. In particular, we show that where employees' extent of agreement concerning favorable treatment by senior (strategic) management and line (operational) management, employees will experience higher job satisfaction and be less inclined to quit. In other words, the greater the extent of congruence of employee perceptions that these two important categories of management are treating employees in a similar, favorable way, the more likely employees are to enjoy their work and prefer to remain with their present employer. In addition, we expect that these relationships will be stronger where employees' perceive that HR managers are providing considerable support to line management rather than where support is limited or absent. Furthermore, we show that more social interaction between HR and line managers strengthens the relationship between extent of agreement regarding employee perceptions of their relations with senior and line management and the outcomes—job satisfaction and intention to quit.

By demonstrating the importance of the above-mentioned relationships for understanding two important employee attitudinal outcomes, our findings highlight the advantages of a relational perspective, including its potential for theory building in the Asia Pacific context (Budhwar & Debrah, 2009). Our research was undertaken in Australia, an advanced, liberal market type of capitalism characterized by open, competitive markets, a relatively high degree of organizational formalization and role professionalization, low power distance, social egalitarianism, and an emphasis on universalism and individual achievement (Hall & Gingerich 2004; Hofstede 1991). As noted in the discussion section, our analysis invites comparison, applying the relational framework to firms in societies with contrasting characteristics where very different types of relationships are likely to prevail. Furthermore, it should be possible to refine the framework and identify the role of particular factors in accounting for cross-national and inter-industry differences in relationships and outcomes.

Relevant research

SHRM theory motivates most empirical HPWS research which emphasizes the role of incentives, rules, and norms as the primary behavioral influences underlying the impact of HR practices on employee performance. However, as noted above, some studies within the SHRM paradigm highlight the importance of social relationships. In one set of studies the focus is on lateral or collegial relations, while in a second set, employer–employee relationships are highlighted. Gant, Ichnioski, and Shaw (2002) showed that particular HR practices used in several steel making units facilitated networking among co-workers which was associated with higher performance. Collins and Clark (2003) concentrated on the social network characteristics among top managers showing how these networks mediate the relationship between HR practices and organizational performance. These authors argued that large and diverse internal social networks increased available knowledge about available information and enabled improved information sharing among colleagues. In a subsequent study of knowledge workers, Collins and Smith (2006) provided evidence that particular HR practices influenced co-worker relationships as indicated by trust, cooperation, and shared understandings, which in turn increased knowledge sharing and use, and firm performance. In several studies Gittell et al. (Gittell, 2002; Gittell, Seidner, &



Wimbush, 2010) demonstrated that co-worker task coordination characterized by close collaboration and understanding (termed relational coordination), mediates the relationship between particular HR practices and organizational performance. These studies support Lengnick-Hall and Lengnick-Hall's (2003) argument that HR policies should be designed to improve social capital because social capital contributes to organizational performance.

Regarding studies of vertical relations (i.e., between management and employees), Tsui et al. (Tsui, Pearce, Porter, & Tripoli, 1997; Tsui & Wang, 2002; Tsui, Wang, Xin, Zhang, & Fu, 2004) showed that variations in HR practices reflect management intentions to create different kinds of relationships with employees which in turn have a variable impact on performance. These relationships were shown to vary from management beneficence ("overinvestment" and "mutual investment") to exploitation ("underinvestment" and "quasi spot" relations). Some recent studies found that HR practices are associated with cooperative social relationships that in turn contribute to performance. For example, Zhang, Tsui, Song, Li, and Jia (2008) reported that a "mutual investment" employee-organization relationship is associated with superior performance, suggesting that employees acknowledged and reciprocated management's actions based on a social exchange relationship. Similarly, Sun, Aryee, and Law (2007) demonstrated that service-oriented performance, arising from an open-ended, supportive management-employee relationship, partially mediated the relationship between high-performance HR practices and organizational performance.

Other studies have emphasized the importance of leader–follower relations. Research by Guest and Conway (2004) and Purcell and Hutchinson (2007) showed a strong relationship between lower level line management leadership and employees' organizational commitment, while Uhl-Bien et al. (Uhl-Bien, 2006; Uhl-Bien, Graen, & Scandura, 2000) used insights and results from leader–member exchange research to advance a series of propositions regarding the relationship between HRM, high quality relations between different stakeholders and performance.

Our review indicates that particular HR practices are related to lateral and vertical social relations that contribute to performance mainly through improved information sharing and social exchange processes. It is assumed that the direction is from HR practices to social relations, yet the reverse is also plausible (i.e., that social relations enable particular HR practices to be implemented). In sum, studies in the SHRM tradition pay too little attention to social relations as a key independent variable. Furthermore, employees' interests are secondary: organizational performance is considered the most important explanatory problem.

Theoretical framework and hypotheses

A relational framework offers an approach that highlights the impact of relationships on outcomes of importance primarily but not exclusively to employees. While HR practices may influence and be influenced by these relationships it is the relationships and not the practices that are assumed to be critical. In seeking to identify key relationships we distinguish between different categories of management that exist at multiple levels and are charged with leading, motivating, and regulating employee



behavior (Graham & Tarbell, 2006). Employee attitudes are likely to be influenced by relations with these different management functionaries.

Employee relationships with three categories of management are deemed to be critical. The first concerns *senior management*—the heads of business units or departments who typically report to the CEO of the organization or a subsidiary. At this strategic level, senior management develops and communicates values, policies, and procedures that influence employees' attitudes to management legitimacy and extent of support for management. Senior management set the organizational tone; they may treat employees as valuable resources worthy of investment or as expendable factors of production. The former view is likely to include long-term, open-ended expectations and responsiveness to employees' expressed needs (see Mossholder, Richardson, & Settoon, 2011; Sun et al., 2007). According to social exchange theory (Blau, 1964), favorable treatment will lead to higher levels of job satisfaction, affective commitment, organizational citizenship behavior, higher performance, and lower turnover (Allen, Shore, & Griffeth, 2003; Maertz, Griffeth, Campbell, & Allen, 2007; Organ, Podsakoff, & Mackenzie, 2006; Rhoades & Eisenberger, 2002; Wayne, Shore, Bommer, & Tetrick, 2002).

The second relationship refers to operational or *line management's relationship with employees*. These middle and junior managers interpret and implement HR and other policies that affect employees. Line management relations with employees influence the latter's general work experience (Ng & Sorensen, 2008; Rhoades, Eisenberger, & Armeli, 2001) and strongly predicts employee attitudes, particularly affective commitment (Liden, Sparrowe, & Wayne, 1997; Stinglhamber & Vandenberghe, 2003). Line management behavior towards employees is not simply determined by senior management expectations. It is shaped by incentive structures, the meaning attributed to senior management communications, role priorities, competence, and salience accorded to employee relations and associated HR tasks and relations with HR managers (McGovern, Gratton, Hope-Hailey, Stiles, & Truss, 1997; Purcell & Hutchinson, 2007; Truss, 2001). In short, line managers are unlikely to simply follow senior management decisions and expectations; they will have their own views and preferences for developing particular relationships with employees.

The third relationship concerns *HR managers and employees*. These managers have been seeking a more central role in strategic decision-making, however they remain preoccupied with advising and supporting line managers in solving people-related problems and building employee capability (Larsen & Brewster, 2003; Ulrich & Brockbank, 2005). In addition, part of their role is to provide information and advice to individual employees to supplement information obtained through intranet and other standardized sources (Ulrich & Brockbank, 2005)

Where both senior and line management convey a common message of favorable treatment to employees on employee job satisfaction and quit intentions will differ from a situation where messages are either vague or contradictory. According to Bowen and Ostroff (2004), messages need to be distinctive (i.e., attractive), clear and consistent, and subject to consensus by key management stakeholders. In other words, HR policies formulated by senior management and executed by both senior and line management with assistance from HR managers, should convey a shared understanding of HR goals, priorities, and associated practices to employees. Where this occurs the visibility of the message is amplified and management legitimacy is enhanced as



this condition demonstrates effective coordination and a commitment to fair employee treatment. Agreement is not easy to realize however because different functional managers—marketing, sales, purchases, finance, etc.—have different priorities and may face dissimilar labor markets presenting different problems of recruitment, motivation, and retention (see Sanders & Frenkel, 2011). When agreement between these various categories and levels of management occurs employee satisfaction is likely to increase and intention to leave the organization will decline. On the other hand, lack of agreement will tend to encourage sectional bargaining at the expense of a unified HR policy ultimately leading to arguments about fairness, employee dissatisfaction, and a stronger intention to quit. Accordingly, our first hypothesis states that:

Hypothesis 1 The extent of agreement between senior management and line management as perceived by employees regarding their treatment is positively related to employees' job satisfaction (H1a), and negatively related to employees' intention to quit (H1b).

In addition to advising senior management, HR managers are expected to provide support to line management. This comprises informational, instrumental (technical), and emotional support (House, 1981; Vaux, 1985), the purpose of which is mainly to promote corporate rather than employee interests. HR managers are under pressure to meet senior management's staffing, organizational change and cost containment goals (Hall & Torrington, 1998; Ulrich & Brockbank, 2005; Yeung & Berman, 1997), while responsibility for HR outcomes has been devolved to line management. However, if HR policy is to succeed, HR managers must be seen by employees as legitimate and trustworthy. Employees draw conclusions from observing relations between HR managers' and their immediate line manager and from line management relations with employees.

These relationships vary because of differences in line manager commitment (Harris, 2001; Kulik & Bainbridge, 2006), competence and credibility, (Graham & Tarbell, 2006; Kulik & Perry, 2008; Ulrich & Brockbank, 2005). These problems have sometimes made HR managers' reluctant to devolve responsibilities to the line (Purcell & Kinnie, 2007; Whittaker & Marchington, 2003). In sum, devolution has met with variable success (Hailey, Farndale, & Truss, 2005; Kulik & Perry, 2008; Renwick, 2003).

Meanwhile, HR managers' consulting and change management roles have expanded in scope and complexity as line managers seek support from HR managers in implementing HR policies aimed primarily at increasing efficiency or customer value, and where possible, improving employee well-being (Caldwell, 2003; Kulik & Bainbridge, 2006). Streamlining administrative systems, including enhanced employee HR intranet access, and outsourcing of discrete systems (e.g., payroll) have enabled HR managers to play a more significant role in advising on employee motivation, recruitment and exiting of staff, employee development, and organizational change, making them potentially valued partners (Van Buren et al., 2011; Wright, McMahan, Snell, & Gerhart, 2001).

Employee perceptions of HR support to line management are likely to vary depending on resourcing of the HR function and inter-personal relations between line managers and their HR counterparts. Assuming HR managers are competent, the more emotional and instrumental assistance provided by the HR manager to line management, the more likely HR policy will be effectively implemented and HR



problems satisfactorily resolved to the satisfaction of both management and employees. This will be evident to employees who are familiar with the HR managers in their business units, often seeking information from them informally on employmentrelated matters. These considerations suggest the following hypothesis:

Hypothesis 2 Employees' perceptions of HR–line support strengthens the relationship between the extent of agreement between line and senior management relations as perceived by employees and job satisfaction (H2a), and weakens the relationship with intention to quit (H2b).

Research on social capital, networks, norms, and social trust highlights the relevance of relationships in organizations. Social relationships comprise resources that yield various kinds of return on investment. These include learning, facilitated by open communication (Cross & Parker, 2004), problem-solving by combining different perspectives (Hargadon & Sutton, 1997), and trust and collective identity building (Ibarra, Kilduff, & Wenpin, 2005) which contribute to better informed, faster decision-making (Uzzi, 1997) enabling more effective organizational responses to environmental change (Adler & Kwon, 2002; Podolny & Page, 1998).

Partnership, based on strong relations between HR and line managers (Ulrich & Brockbank, 2005), enables social cohesion across groups promoting openness (Beal, Cohen, Burke, & McLendon, 2003) and facilitates a common frame of reference, transfer of tacit knowledge, sharing of complementary explicit knowledge (talent-oriented versus operational) and ultimately higher joint team performance (Kaše, Paauwe, & Zupan, 2009). These considerations suggest that where HR and line managers interact frequently and have strong relationships with one another, they are more likely to promote inter-group cohesion with attendant advantages that increase relations between line managers and employees leading to improved employee outcomes. Accordingly, our third hypothesis, which refers to managers' perceptions (rather than employees' perceptions) of relationships between managers, states that:

Hypothesis 3 HR-line management relations strengthens the relationship between the extent of agreement between line and senior management relations as perceived by employees and job satisfaction (H3a) and weakens this relationship with intention to quit (H3b).

The hypotheses advanced above are summarized in Figure 1.

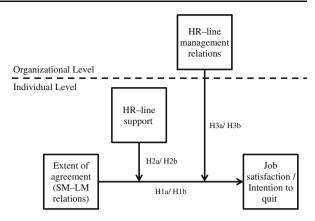
Methods

Data were collected from ten firms with strong reputations as "good employers" based on advanced HR policies in their respective industries in Australia. These include financial services (three organizations), hospitality (three organizations), communications (two organizations), and beverages (two organizations). We examined

¹ The firms' reputations as "good employers" was confirmed in discussions with six senior officials and members of the major HR professional association, the Australian Human Resource Institute.



Figure 1 Theoretical model explaining two employee attitude variables



documentary evidence and conducted semi-structured interviews averaging 1.3 hours with HR managers, senior managers, and line managers who are in immediate contact with employees. The interviews included a network questionnaire that summarily described relationships between HR and line managers. Our main data-gathering instrument was an employee survey administered at each firm to assist in exploring employee perceptions of management influence and worker attitudes to aspects of their job and organization. Details of the firms and respondents to the network and survey instruments are summarized in Appendix 1.

Employee survey

Of the total 1,553 participants, ² 51.2% were male, the mean age being 32.91 years (SD = 9.89). The average organizational tenure of respondents was 4.88 years (SD = 5.61) and average working hours was estimated to be 42.41 hours per week (SD = 10.36). Survey participation was voluntary and confidential. Surveys were administered either on-line or in paper-and-pencil format. Based on comparisons of theoretically relevant variables and demographic data, no significant differences were found between employees responding via the different formats.³ Respondents had two weeks to complete the survey with one reminder. A total of 3,787 surveys were distributed, and 1,553 were completed, indicating an overall response rate of 35.7%.

Measures

Multi-item scales were used and unless otherwise specified, the response format for all items, excluding the demographic variables and HR-line support, was a 5-point Likert scale (1 = strongly disagree; 5 = strongly agree). Scale scores for each participant were calculated by taking the mean of the associated items. All scales had acceptably high reliabilities (Cronbach's α) as shown on the diagonal in Table 1.

³ The relevant statistics are: Senior management relations F = .287; Line management relations F = 2.64; Job satisfaction F = .08; and Intention to quit F = .13.



 $^{^{2}}$ In four organizations employee respondents were randomly drawn from the main workplace and in the case of six large organizations, respondents were randomly sampled from the main workplace in the strategic business unit(s) being studied.

Table 1 Means, standard deviations, and correlations among the variables.

	Variables	Mean	SD	1	2	3	4	5	9	7	8	6	10
-	Extent of agreement (SM-LM relations)	.82	89.	I									
7	HR-line support	3.39	.83	**20.	.93								
3	HR-LM relations	1.77	.54	*40.	.04	ı							
4	Job satisfaction	3.9	.74	*50.	.42**	.02	.83						
5	Intention to quit	2.44	1.08	*90	39**	01	**89	90					
9	Sex	.48	κ.	90.	*90	03	.03	01	ı				
7	Age	33.71	10.2	02	*60'-	*80.	*80`	13**	17**	ı			
∞	No. hours a week	42.83	9.92	.01	14**	*50.	.01	01	19**	**	ı		
6	No. months position	31.88	48.2	.01	15**	.16**	05	.01	12**	**8*	01	I	
10	No. months organization	62.57	9.07	.01	12**	.12**	*40.	10**	16**	.58**	.11**	.62**	ı
Π	No. months sector	95.47	8.06	01	07*	.11**	**60.	13**	21**	.64**	.18**	**05.	**91.

N=1,553; HR-LM relations is measured at organizational level, n=10; * p<.05; * p<.01; Cronbach alphas are displayed along the diagonal.



Details of items, including sources relating to each variable are included in Appendix 2.

Employee perceptions of the extent of agreement between senior management and line management was calculated as the additive inverse of the absolute deviance score between senior management relations and line management relations (Burke & Dunlap, 2002). Average deviance scores have been used widely to measure agreement (e.g., Henri, 2006; Sanders et al., 2008; Smith-Crowe, Burke, & Landis, 2003). They are thought to be an informative measure as they are highly correlated with other measures of agreement, but measure agreement in the metric of the original scale (Burke, Finkelstein, & Dusig, 1999).

Employee perceptions of HR-line support was measured using ten items on a 5-point Likert scale (1 = not at all, 5 = very effective). Note that all ten firms employed HR advisers or internal consultants within business units. These managers were visible and usually well-known to employees. Job satisfaction and intention to quit were both measured with three-item scales.

Several demographic variables were included to control for the effects of individual differences (Eisenberger, Cummings, Armeli, & Lynch, 1997; Tsui et al., 1997). Age was measured in years. Gender was a categorical variable with "0" representing male and "1" female. Tenure in current position, in the organization, and in the industry, was measured by number of months. Working hours was measured as hours a week and like number of months, was treated as a continuous variable.

Social network survey

Social network questionnaires aimed at measuring interaction between HR and line managers on various topics were administered in the course of interviewing managers in the ten organizations. Questionnaires were distributed to HR managers and corresponding line managers whom the former claimed to work with frequently and who were in immediate contact with employees. The response rate was almost 100 percent; 48 HR and 92 line managers completed the survey, and only one HR and three line managers failed to respond. Regarding the HR managers, 16 men and 33 women were interviewed; however one HR manager did not complete the network survey. The median age of the HR managers was in the 31–40 range. The corresponding data for the line managers were: 51 men and 42 women with one manager not completing the network survey. The median age range of the line managers was similar to the HR managers.

The questionnaire listed all HR and line managers in each organization, including the non-respondents. Managers were asked to rate how frequently they interacted with each of the other managers regarding general communication (Reagans & Zuckerman, 2001; Uzzi, 1996, 1999), and a number of other forms of communication like information sharing, discussing new initiatives, and implementing organizational change. Frequency of each form of communication was measured using a 5-point Likert scale (1 = never, 5 = very often). In this paper we focus on *general communication* based on the question: "In the past three months, how often have you communicated with this person either face to face, over the phone, through email, or SMS?" General communication is the most inclusive of the communication categories, and was found to be highly related to the other communication categories (r > .85). Strong relationships imply not only frequency, but also *quality* of



interaction among the managers (Burt, 1992). *HR-line management relations* therefore refers to the frequency and quality of social interaction between HR and line managers in each organization. Scores were calculated using the Ucinet software package (Borgatti, Everett, & Freeman, 2002).

Data analysis

As the employee-level data was nested in ten organizations across four industries, we first assessed the extent to which job satisfaction and intention to quit differed in each workforce. Intra-class correlations (ICC) for the employee outcomes were all below .03 for the organizations and below .01 for the industries, meaning that less than three percent of the variance in employee outcomes can be attributed to the organization of the respondents, and less than one percent can be attributed to the industry each respondent works in. The low ICC suggests that nesting effects will have a marginal effect on our results.

Because HR–line management (HR–LM) relations (H3) is an organizational-level variable, hierarchical linear modeling (HLM) was used to simultaneously model effects within and between organizations (Raudenbush & Bryk, 2002) to test our hypotheses. Given the small number of organizations we used restricted maximum likelihood (REML) estimation in the different HLM analyses. We used a random intercept and clustered on organization. Since the effects of individual level variables, employee characteristics, and employee perceptions did not differ across the organizations, all variables were treated as fixed effects. Given the differences between the organizations for HR support to the line (F = 13.03, p < .01), we used the group centering method on the HR–line support variable for H2. Since HR–LM relations is an organizational level variable, we used grand centering on this variable for H3.

The factor structure of the data was assessed by conducting a confirmatory factor analysis (CFA). We proposed a five-factor measurement model, comprising the employee-level variables of senior management relations, line management relations, HR-line support, job satisfaction, and intention to quit. (the senior and line management relations measures were later used to compute the variable representing agreement about SM and LM relations). Each item (included in Appendix 2) was associated with a single factor, and all error terms were assumed to be uncorrelated. The model had acceptable fit ($\chi^2 = 1187.742$, df = 199, CFI = .949, RMSEA = .057, SRMR = .036). We assessed the discriminant validity of each factor by fixing the correlations between each pair of factors to 1, and then inspecting the change in model fit using a series of chi-square difference tests. For each pair, fixing the correlation between the two factors resulted in a significantly worse fitting model (smallest $\chi_{\text{diff}}^2 = 467.112$, df = 1, p < .001), providing evidence for the discriminant validity of each factor.

As the predictor and employee outcome variables were both measured using survey response data, common method bias may arise from the use of same-source measures to test the first two hypotheses. Two procedures were used to determine the extent of this bias (Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff, 2003). First, we tested an alternative measurement model in which all of the items were associated with a single factor. This one-factor model fit the data very poorly ($\chi^2 = 7405.887$, df = 209, RMSEA = .150, CFI = .625, SRMR = .115). Second, we used the CFA



marker approach (Williams, Edwards, & Vandenberg, 2003), which assesses whether correlations among the model variables have changed following the addition of a marker variable. The manifest indicators of each of the model variables were regressed on the marker variable, which was specified as being uncorrelated with the model variables. The marker variable comprised the mean of responses to two questions ("Most decisions that affect us are made by senior management" and "Employees here carry out decisions made higher up in the organization"), which were measured using the same 5-point scale as the other model variables. The marker was theoretically unrelated to the other variables, and the observed relationships between the marker and these variables were uniformly small (largest Pearson's r = .08, p = .001). Adding the marker variable resulted in the following model fit statistics: $\chi^2 = 1191.504$, df = 202, CFI = .950, RMSEA = .057, SRMR = .034.⁴ With little change in the correlations among the factors, this and the first procedure led to the conclusion that common method variance had little impact on the relationships between the variables.

We also checked the multicollinearity among the independent variables in the regression by examining the variance inflation factor (VIF). The largest VIF value was 2.14, less than the cut-off value of 10 (Chatterjee, Hadi, & Price, 2000) or 5 (Netter, Wasserman, & Kunter, 1990). This result showed that multicollinearity was not a problem in our analyses.

Results

Means, standard deviations, and correlations among the variables are reported in Table 1. The mean scores for SM and LM relations were relatively high (on a scale from 1 to 5, 3.34 and 3.74 respectively; not in the Table) and for SM relations significantly higher means were found for firms in financial services (a large accounting and an insurance firm) and hospitality (three luxury hotels) than in communications and beverages (F = 10.98; p < .01). The extent of employee agreement on SM and LM relations also differed significantly between industries (F = 11.54), following the same pattern, a probable explanation being that management in financial services and luxury hotels prioritize customer satisfaction through the development and maintenance of relationships with high value customers. A service culture complemented by performance metrics encourages agreement among managers leading to a relatively high level of agreement regarding SM and LM relations among employees.

In general, the pattern of zero-order correlations between extent of agreement between SM and LM relations and the two employee attitudes are consistent with our hypothesized predictions. The extent of agreement between SM and LM relations are positively related to job satisfaction, and negatively related to intention to quit. The extent of agreement between SM and LM relations is positively related to HR—line

 $[\]overline{^4}$ An additional test for common method bias was conducted by constraining the correlations among the model variables to their values from the original CFA model without the marker variable. Constraining the correlations did not substantially worsen the fit of the model according to the chi-square difference test: $\chi_{\text{diff}}^2 = .376$, df = 10, p > .10.



support. Because of the strong relationship between various kinds of tenure—in current position, in the organization, and in the industry (all > .50)—only number of months in current position was included in our analyses.

Table 2 presents the results of the HLM regression analyses relevant to the three hypotheses outlined earlier.⁵

In order to test H1, the employee outcomes were then regressed on the variable representing the extent of agreement between SM and LM relations (Model 1). In support of H1, the results indicate that extent of agreement between SM and LM relations significantly influence job satisfaction (positively) and intention to quit (negatively).

In order to test the moderating effect of HR-line support (H2), we add this variable and the interaction between HR-line support and extent of agreement to our model. The results shown in Model 2 indicate significant effects for HR-line support on the two employee outcomes. The main effect of HR-line support is significant for both job satisfaction and intention to quit, however the interaction between extent of agreement between SM and LM relations as perceived by employees and HR-line support is not significant for either dependent variable. Therefore we conclude that HR-line support does not moderate the relationship between the extent of agreement between SM and LM relations and the two employee outcomes. Accordingly, H2 cannot be confirmed.

In order to test H3, which posits HR-line management relations as a moderator in the relationship between extent of agreement between SM and LM relations and the two employee outcomes, we add HR-LM relations as measured in the social network analysis and the interaction between this variable and the extent of agreement between SM and LM relations in Model 3. Although no significant main effect is found for HR-LM relations, the interaction between the extent of agreement between SM and LM relations and HR-LM relations is significant for job satisfaction and intention to quit.

Following recognized procedures (Cohen, Cohen, West, & Aiken, 2003), Figures 2 and 3 show the relationship between extent of agreement between SM and LM relations and job satisfaction, and the same relationship regarding intention to quit, taking into account variations in HR–LM relations.

The graphs support H3, indicating that the relationship between extent of agreement between SM and LM relations on the one hand and job satisfaction and intention to quit on the other hand, is stronger when HR–LM relations are stronger.

Discussion and conclusion

Our research demonstrates how a relational perspective that integrates insights and findings mainly from the SHRM, HPWS, and social capital literatures can be used to explain job satisfaction and intention to quit—two outcomes of

⁵ Due to space limitations, the analysis focused on testing the main and interaction effects. Additional information, such as the intercept and variance between and within each organization, is available from the authors.



Table 2 HLM results with job satisfaction and intention to quit as dependent variables.

Variables	Job satis	faction		Intention to quit		
	M1	M2	M3	M1	M2	M3
Controls						
Gender	.03	.02	.03	03	02	02
Age	.14**	.14**	.14**	19**	20**	20**
No. hours per week	01	02	01	.03	03	.01
No. months in position	10**	09*	04	.06*	.05	.06*
Individual level						
Extent of agreement (SM-LM relations)	.05*	.05*	.06*	09**	06*	09**
HR-line support		.32**			45**	
Extent of agreement × HR-line support		01			01	
Organizational level						
HR-line relations			02			.01
Cross level interaction						
Extent of agreement × HR-line relations			.05*			05*
Intercept	3.93	3.91	3.90	2.41	2.45	2.45
Model fit	3390	3054	3378	3975	3770	3719
Change	13**	336**	12*	272**	205**	156**

^{**} Significant at the 1% level; * Significant at the 5% level.

Figure 2 Interaction between extent of agreement between senior and line management relations and HR-LM relations on job satisfaction

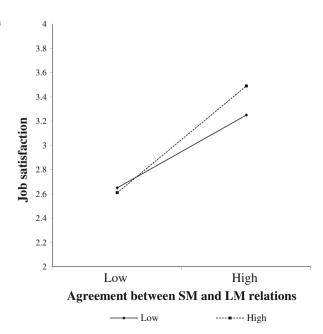
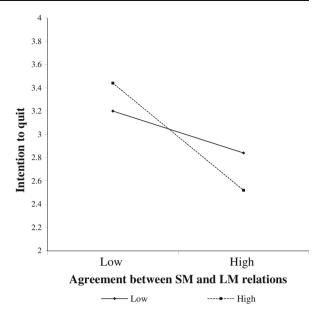




Figure 3 Interaction between line management relations and HR-LM relations on intention to quit



especial relevance to employees' well-being and also of interest to management. We distinguished between different management functionaries in order to explain how HR practices are delivered to, and perceived by employees across a range of organizations.

Supporting H1, we showed that extent of agreement between employees' perception of their senior management (SM) and line management (LM) relations was related to employees' job satisfaction and intention to quit. According to H2, the more employees perceive HR as providing support to line managers the stronger the effect of employee perceptions of extent of agreement between SM and LM relations on employee outcomes. Although we found that employees' perception of HR-line support was significantly related to the two employee outcomes, employee perceptions of HR-line support did not significantly influence the relationship between the extent of agreement among LM and SM and the two dependent variables. Furthermore, as anticipated by H3, we found that HR-line management relations strengthened the relationship between employee perceptions of the extent of agreement between senior and line managers and job satisfaction and intention to quit respectively. These findings emphasize the importance of differentiating between categories of management, with senior management espousing and seeking to enact values and norms aimed at securing employee commitment—what we refer to as senior management relations—and line management relations, the implementers of HR policy, exercising more immediate impact on employees. Senior management may increase their direct influence on employees by encouraging a more focused and uniform approach to corporate values and norms and by more vigorously pursuing an internal branding strategy (Edwards, 2010). However, there are limits to what senior management can achieve without the support of line and HR managers whose interests are likely to differ in some respects from those of the top management team. A strong



corporate culture may nevertheless provide an appropriate context for line managers to exercise leadership and influence employees' job satisfaction, organizational tenure, and emotional stability (Purcell & Kinnie, 2007). This will require appropriate incentives and role modeling, support for leadership training and development (Wayne, Liden, Kraimer, & Graf, 1999) and improvements in trust and credibility (Graham & Tarbell, 2006; Ng & Sorensen, 2008).

An unexpected finding was that perceptions of HR-line support had beneficial effects on both of the employee outcome variables. Given the absence of evidence for H2 (that HR-line support moderates the relationship between SM-LM agreement and the employee outcome variables), these results suggest that employees are likely to ascribe value directly to the work of HR. However, the level of support provided by HR to line managers does not appear to make any difference to the effect of employees' perceptions of SM and LM relations. That is, when employees perceive their manager(s) as providing insufficient support, they do not see HR manager support as making any difference. This is likely where, as in many companies, the HR manager has no formal authority over management, but also because some managers may lack the motivation or the competence to act upon advice proffered by the HR professional. Furthermore, HR managers are likely to avoid involvement with unsupportive managers whose attitude and decisions are likely to make staff problems more difficult to resolve.

The preceding analysis, together with support for the third hypothesis, indicates that it is not the presence of helpful HR managers but rather relations between HR and line managers that strengthens the relationship between employees' perceptions of the extent of agreement between SM and LM relations and employees' job satisfaction and intention to quit respectively. These findings add to the positive effects highlighted in the social capital literature but they also raise questions concerning the enabling conditions for effective HR–LM relations (Rousseau & Fried, 2001). This is an important issue that warrants further research.

Our study and its findings assume greater significance when situated in a wider Asia Pacific context. We have theorized and demonstrated that employee perceptions of particular social relationships have important consequences for employees and managers. This is in a culture where collectivism, particularism, and social ties are relatively weak compared to many Asian countries (Hofstede, 1991). In addition, management is less professionalized in developing Asian countries such as China, India, and Thailand (Budhwar & Varma, in press; Cooke, 2012; Zhu et al., 2008). On account of these characteristics we expect social relationships to have an even stronger influence on employee outcomes in Asian societies. How senior management define and communicate HR policies to line management and employees, and the role played by HR management as perceived by employees will be different in these societies and are likely to vary substantially between indigenous and foreign multinational firms. Employees may perceive that relationships between different categories of managers reinforce rather than counter traditional cultural norms, in effect legitimating subtle discrimination against workers with particular demographic characteristics. Or there may be conflict between managers espousing Western



efficiency versus traditional rhetoric. In either case, the impact on employees and effects on organizational performance will be significant.

Turning to the implications of our findings, theory might usefully be extended in four directions. First, descriptions of relationship patterns may be improved by more systematic application of concepts derived from network theory, for example, tie strength and network centralization, which would help to clarify similarities and differences between social relationships at work (Hanneman & Riddle, 2005). Second, examination of our data revealed that senior HR managers acted as the main bridges between HR and line managers. Future research should further investigate the determinants of successful HR-line partnerships at this level of management, and address the issue of whether providing additional channels of communication will increase the effectiveness of HR-related support. Third, in addition to general communication, network analyses could examine different types of relationships, such as power ties and support networks (e.g., Bu & Roy, 2005). Finally, as hinted at above, following further comparative analysis in Asia Pacific countries, it is necessary to theorize the antecedents of different patterns of social relationships. This would include institutional variables, such as the local adoption of an HRM system from an international parent company (Chen & Wilson, 2003), and cultural variables, such as power distance and collectivism-individualism (Bochner & Hesketh, 1994).

In addition, employees should not be conceived simply as individuals responding to management communications and practices. Future research needs to acknowledge that employees often create their own cultures or work climates that influence individual employee and management expectations and norms. The possibility of bidirectional influence needs to be explored through multi-level analysis where employees' culture or climate is included as a collective construct. Finally, the significance of our relational framework might be increased by considering the impact of relationships on the implementation of HR policies of critical importance to employees. For example, performance management systems are controversial and sometimes ineffective (Nankervis, Compton, & Baird, 2005). This may have a great deal to do with the impact of social relationships on decision-making.

Two management practice implications follow from our findings. First, senior management needs to critically assess the firm's strategy regarding communicating HR policies to different types of manager and employees. Aligning enacted and espoused values and developing HR policies that are relevant, consistent and effectively implemented on a consensual basis is a continuing critical challenge (Bowen & Ostroff, 2004). The various categories of management and employee representatives need to be effectively coordinated so that there are opportunities to build a common understanding and commitment to HR strategy, policy, and practice. This will help employees to understand the organization's intentions. Network analysis could be used to regularly monitor and enhance social ties among managers across different functions and levels (Cross & Parker, 2004).

Our study has several limitations. Based mainly on cross-sectional survey data, it is impossible to confidently distinguish cause from effect. However, we have used



theory to suggest the most plausible forms and directions of relationships (Wright & Haggerty, 2005). Although common method variance arising from reliance on a single source was acknowledged as a potentially significant problem, we showed that this was not the case and we used complementary research methods to provide supporting evidence. A final limitation is the small number of organizations (ten organizations were included in our sample) which limits generalizability of our findings. However, since none of our hypotheses posited a direct effect of an organizational characteristic, the small number of organizations did not affect the testing of our hypotheses.

In summary, the results of our study indicate that employees who hold a consistent view of the level of support offered by line and senior management will experience greater work satisfaction, and will be less inclined to quit their jobs. These relationships are strengthened when communication between senior managers and HR is frequent. Based on these findings, organizations should ensure that all levels of management demonstrate appropriate and consistent levels of support for employees, enable HR to provide sufficient support to line managers for day-to-day tasks, and facilitate strong communication channels between senior management and HR.

Employee survey and network survey respondent characteristics by participating organizations.

Organization	Empl	oyee Survey (?	Network Survey (N = 140)			
	n	Women %	Mean age (years)	Mean firm tenure (months)	HR $(n = 48)$	Line (n = 92)
Financial service						
Investment bank	39	32	40.41	82.55	3	7
Accounting	204	52	31.52	37.7	7	7
Insurance	121	55	38.25	96.02	5	8
Hospitality						
5-Star Hotel, Sydney 1	53	60	30.81	48.85	2	8
5-Star Hotel, Melbourne	128	55	28.86	31.95	5	9
5-Star Hotel, Sydney 2	130	48	29.72	44.42	4	8
Communications						
Telecoms	160	49	32.27	48.69	4	6
Call center outsourcer	185	54	26.53	24.06	4	11
Beverage						
Beverage, regional	97	28	39.87	115.94	9	8
Beverage, global	236	45	38.35	89	5	20



Appendix 1

Appendix 2

Items associated with each variable in the confirmatory factor analysis.

Factor	Associated items				
Line management (LM) relations	Managers show that they have confidence in those they manage				
(Patterson et al., 2005)	Managers can be relied upon to give good guidance to employees				
	Managers show an understanding of the employees who work for them				
Senior management (SM) relations (Patterson et al., 2005)	Senior management pays little attention to the interests of employees (reverse-scored)				
	Senior management cares about employees				
	Senior management tries to be fair in its actions towards employees				
HR-line support (Cardon &	How effective is Human Resources in assisting your manager to:				
Stevens, 2004)	• Introduce new employees to the organization				
	• Train employees				
	• Reward employees				
	Provide effective leadership				
	• Recognise employees' contribution to the organisation				
	• Develop employees for more challenging positions				
	• Enable employees to work more flexibly (e.g., job-sharing; working from home; vary working hours)				
	• Help solve employees' problems				
	Manage employees' performance				
	Recruit new employees				
Job satisfaction (Cammann	All in all, I am satisfied with my job				
et al., 1983)	In general, I don't like my job (reverse-scored)				
	In general, I like working here				
Intention to quit (Firth et al., 2004)	I often think about quitting my job				
	It is very likely that I will actively start looking for a new job next year				
	I am starting to ask my friends/contacts about other job possibilities				

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