The mediator role of hierarchical distance on social processes-HRM practices: An empirical analysis of Spanish firms

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ABSTRACT

The literature pays little attention to non-linear models, especially regarding dimensions such as organizational culture. Therefore, the purpose of this paper is to test the role of hierarchical distance in the relationship between HRM practices and social processes. With a sample of 102 Spanish firms and using partial least squares structural equation modeling assessed this relationship. Results suggested mediation of hierarchical distance between HRM practices and social processes. Such results recommend that HR managers should consider hierarchical distance more carefully especially when creating HRM practices to improve relationships among employees. Thus, the politics of commitment function better when organizations are more horizontal and when tasks are commonly delegated, managers question employees frequently prior to making decisions, discussions are encouraged, and social relationships – both in and out of work – are valued, appear to provide the most benefit regarding competitive advantages generated through HRM practices.

Keywords: Employee Relations, HRM Practices, Hierarchical Distance, Nonlinear Models, Mediation

Introduction

Today, with intense global competition and changes in the nature of work, the human factor is becoming more important for organizations where the better performance of their employees can be considered as a source of competitive advantage (Barney, 1991). However, the relationship between the management of workers and business results seems to involve multiple variables. Moreover, the management or policies of
human resources management (HRM) implemented and carried out by companies, to a great extent determine the level of commitment (Abdullah, Shamsuddin, & Wahab, 2015; Masihabadi, Rajaei, Koloukhi, & Parsian, 2015) and motivation of their own employees (Boxall & Purcell, 2003). In other words, there are HRM policies that can promote the development of skills and attitudes of employees (Gardner, Moynihan, Park, & Wright, 2001). Their impacts contain the degree of employees’ participation in decision-making, seeking agreement (consensus), and conflict resolution (Somech, 2010). Social processes have an effect on company performance which justifies the use of the Resource-Based View (RBV) as a key approach to understand this study.

According to Hackman (1987), social processes show interpersonal relationships that spread among the members of workgroups and teams, mainly concerning who talks to whom, who argues with whom, and who agrees with whom (Stewart & Barrick, 2000). Processes among employees cover the degree of participation in decision-making and consensuses achieved and conflicts caused (Cronin & Weingart, 2007). Appelbaum, Bailey, Berg, and Kalleberg (2000) indicated the relationship between HRM practices (HRMp) and participation in decision-making. Podsakoff, Whiting, Podsakof, and Blume (2009) showed obvious connection between HRMp and consensus among employees (see also Hadifz, Hoesni, & Fatimah, 2012; Knight et al., 1999). Other studies pay attention to the relationship between HRMp and their influence on employee realizations of fairness (Gupta & Singh, 2010) which effect both attitudes and behaviors (Farndale, Hope-Hailey, & Kelliher, 2011; Masihabadi et al., 2015). As theoretical support for exchange relationships, social exchange theory (SET) determines social mechanisms through which individuals establish relationships reciprocally (Coyle-Shapiro & Conway, 2004) – exchanges among peers or between superiors and subordinates (Zhang & Jia, 2010) mean commitments are generated among them (Abdullah et al., 2015; Cropanzano & Mitchell, 2005; Masihabadi et al., 2015). On the other hand, disparities from those studies recommend contextual and cultural variables condition processes’ effectiveness; to this end, the future studies should take into account the factors that mediate relationships between HRMp and social processes (Chew & Sharma, 2005; Gerhart, 2007; Hartnell, Ou, & Kinicki, 2011; Purcell & Hutchinson, 2007).

However, the relationship between HRM and the satisfaction and commitment of employees will be mediated by the organizational culture and condition affecting the success or failure of HRMp (Abdullah et al., 2015; Ahmadnia Chenijani & Yaghoubi, 2013; Moynihan & Pandey, 2007). The cultural dimensions proposed by Hofstede (1980) are individualism/collectivism, risk aversion, masculinity/femininity, and hierarchical distance. Nevertheless, in our work, among cultural dimensions proposed by Hofstede (1980), we have only considered the hierarchical distance (HD). Otherwise, a hard macro model of research could be difficult to explore. The election of HD is due to its special emphasis on horizontality of modern
organizations and therefore, the dynamics of the working groups as well as the processes that are generated inside and outside the working groups. Thus, firstly we try to find out if HD is involved throughout the process and, where appropriate, how it affects the relationship between HRMp and social processes.

Jacques (1951) defines organizational culture as the traditional way of thinking and doing things in an organization and forming values shared by all members (to greater and lesser degrees); so, members learn and accept them (Ahmadnia Chenijani & Yaghoubi, 2013; Pheng & Yuquan, 2002). Organizational culture reflects behaviors, beliefs, attitudes, and values which should be considered when designing and implementing HRM systems (Detert, Schroeder, & Mauriel, 2000; Triguero-Sánchez & Peña-Vinces, 2013). Along the same lines, other studies have shown the effects of organizational culture. For instance, collectivist cultures foster compromise of employees or risk aversion assumptions due to the difficult balance between work life and personal life (Hofstede, 1980, 2004). Horizontal cultures (i.e. low-power distance) support some HRMp which help to make employees autonomous (Costigan, Insianga, Berman, Kranas, & Kureshov, 2011). Fischer and Mansell (2009) found that low-power distance correlates positively with employee commitment and negatively with thoughts of leaving the organization. We infer the importance of both organizational culture and managers’ perceptions of that culture since their decisions determine the quality and efficiency of HRM (Pheng & Yuquan, 2002; Triguero-Sánchez, Peña-Vinces, & Sánchez-Apellániz, 2013) which influence organizational outcomes (Carroll, Dye, & Wagar, 2011). However, the literature is unclear regarding how cultural dimensions condition the relationship between social processes and HRMp (Osman-Gani et al., 2013) including their impact on firms’ performance (Carroll et al., 2011). Therefore, our study aims to fill this gap found in the HRM literature. Considering extant literature, this study addresses the mediating role of the HD in the relationship between social processes (i.e. participation, consensus, and conflict) and HRMp.

Thus, to study HRMp, we followed the classification proposed by Guest, Michie, and Conway (2003) which covers effective recruitment, training, progress and development, evaluation and assessment, remuneration flexibility, job design, communication, job security, equal opportunities, and quality management.

The Literature Review
It has been widely accepted that competitive advantages substantiated in technological and/or physical resources are easier to imitate than human resources (Wright & McMahan, 1992). In addition, when the rules and regulations concerning HRM become part of business values, the characteristics of aspects which are valuable, unique, and difficult to imitate that make organizational culture an important factor for managers are accentuated (Richard & Johnson, 2001). RBV suggests that the survival of an organization is
based on its ability to manage its resources in general and HR in particular (Barney, 1991). Such theory (RBV) postulates that the corporate decision to invest in human and material resources is influenced by economic incentives so that companies and employees establish a relationship of mutual exchange (Richard, Murthi, & Ismail, 2007). However, to understand the relationship between HRMp and social processes, it is necessary to resort to another theory (i.e. Social Exchange Theory) which is based upon the exchange processes between subjects.

Social Exchange Theory (SET) can offer a significant contribution (Homans, 1958) and, as RBV, based on a cost–benefits analysis and comparison of alternatives, it became evident that there is a bidirectional relationship between company and employees. Homans (1958) and later Blau (1964) advanced the concept of exchange between company and employees through the idea of social exchange. Social exchange involves two main dimensions including an expectation of productive efficiency and one of mutual trust between the two parties. Therefore, the parties expect more than a simple exchange. For example, employees invest in the organization because they are involved with work and show recognition and loyalty and expect similar treatment from the other party. This new investment could result in a further recognition by the organization that, in turn, could renew the employee’s desire to reciprocate.

In the case of HRMp, this implies that a company that focuses its action on political compromise, predictably will get higher levels of commitment from its employees (Abdullah et al., 2015; Ahmadnia Chenijani & Yaghoubi, 2013; Masihabadi et al., 2015). Consequently, a greater employee participation in decision-making encourages the proliferation of conflicts of tasks (positive) and provokes the reducing the number of interpersonal conflicts (negative) (Fortado, 2001).

Construct Definitions

HRM Practices and Social Processes
HRMp has a relationship with the performance of the employees by their commitment to the organization (Kirkman & Shapiro, 2001; Triguero-Sánchez, Peña-Vinces, González-Rendón, & Sánchez-Apellániz, 2012), thus affecting the degree of their cooperation and enthusiasm to get agreements with other employees (Knight et al., 1999). Among several configurations of HRMp, we can find those who have considered holistic work models, high-performance work systems (Applebaum et al., 2000; Boxall & Macky, 2007; Tomer, 2001), and those concerned with high involvement of management (Lawler, 1986) whose final objectives often coincide in the need to contribute to achieving better business results (Gardner et al., 2001). However, research into HRM and its effects on employee performance are incomplete (Paauwe, 2004; Purcell & Hutchinson, 2007) and the gap between them – the black box – is being studied through intermediate variables (Gerhart, 2005). Generally, both theoretical and empirical HRM research suggests it is
important to explore those components of the work system that contribute to organizational success, namely employee skills, work systems (i.e. individual and collective employee contributions), and mechanisms that motivate employees by encouraging participation and overcoming difficulties at work (social processes) (Purcell, Kinne, & Hutchinson, Rayton, & Swart, 2003; Schneider, 1990).

Social processes refer to interpersonal relationships among members of workgroups and teams (Stewart & Barrick, 2000). Processes such as decision-making, cohesion, cooperation, conflict resolution, and communication – that determine the results of work teams – are included in this term (W. E. Hopkins & A. A. Hopkins, 2002). Thus, participation in decision-making, consensus-making, and conflict resolution (i.e. social processes) require management systems that allow open discussions (Gautam & Davis, 2007). Bowen and Ostroff (2004) and Kehoe and Wright (2013) address the relation between HRMp and commitment (Ahmadnia Chenijani & Yaghoubi, 2013) and employee behavior (Yukl, 2011).

Pro-commitment policies relate to increased employee satisfaction (Jeanquart & Mangold, 2002), better integration/identification with workgroups, and lower perceptions of injustice (Milliken & Martins, 1996; Schneider, 1990); relationships that according to Benschop (2001) strengthen employee trust with both workgroups and the organization. Among the HRMp that have been explored and included here are training (Combs & Luthans, 2007; Yap, Holmes, Hannan, & Cukier, 2010), evaluation and assessment (Cannella, Park, & Lee, 2008), compensation (Heywood & O’Halloran, 2004) and job design (Webber & Donahue, 2001).

For our research, we have followed Guest et al. (2003) with a version adapted by Triguero-Sánchez et al. (2013) for Spanish case, such authors considering nine HRM practices comprised of related groups of actions targeted at workforce management. The central arguments behind the study of social processes pertain to group processes that can affect the efficiency of the organization (e.g. reducing costs and quicker decision-making) and we have examined three processes from existing research such as conflict, consensus, and contribution to decisions (Jehn, 1997; Jehn, Northcraft, & Neale, 1999; Knight et al., 1999).

We define contribution to decisions as behaviors that produce relevant information, sharing with a group, and processing and integration of information and perspectives (Hinsz, Tindale, & Vollrath, 1997). Decision quality refers to the degree to which a decision allows achievement of objectives (Triguero-Sánchez et al., 2013). For example, such a relationship has been found in studies of information systems (Grover & Segars, 2005), production (Dowlatshahi, 2005), marketing decisions and corporate strategic decisions (Hiller & Hambrick, 2005). On the other hand, Goll and Rasheed (2005) provide empirical evidence regarding the role decision-making plays in organizational performance.

We define consensus as agreement-seeking that leads to greater member satisfaction with a group and higher acceptance of group decisions (Knight et al., 1999). Although there are many causes of a lack of
workgroup consensus, what is important is that the group is incapable of making decisions, possibly leading to conflict (Pitcher and Smitch, 2001). Lack of consensus during decision-making slows information flows, eventually influencing the organization’s ability to respond quickly (Ancona & Caldwell, 1992). Conflict influences development, group performance, and subsequent success or failure of decision implementation (De Dreu & Weingart, 2003). Traditionally, conflict during decision-making has been conceived as a negative element (Hackman & Morris, 1975), hurting group performance (Gladstein, 1984) and causing frustration (Thomas, 1976). However, most contemporary research reorganizes conflict as a complex variable (Pinkley, 1990). It is occasionally presented as bi-dimensional, with cognitive, functional components or tasks focused on the task as the object of decision-making, and a useful component, dysfunctional or relational, motivated by personal or emotional disagreements (De Dreu & Weingart, 2003). Jiatao and Hambrick (2005) provided initial empirical evidence of the affective conflicts leading to a worse outcome. Conversely, functional or cognitive conflicts collaborate to improve outcomes (Jehn, 1997).

The Mediating Effect of Hierarchical Distance
Hierarchical distance as a dimension of organizational culture is determined by organizational structures and relationships established within their framework (e.g. supervision, wages, privileges, etc.), employee participation in decision-making or establishing guidelines for relationships and conflicts that arise (Fischer & Mansell, 2009). In organizations with high HD, performance assessment is usually limited to top-down and unilateral evaluations, given the task requires low HD and high participation (Fletcher & Perry, 2001) and employees do not normally share information with superiors (Huo & Von Glinow, 1995). In these organizations, internal staff members usually perform training because the instructor is perceived as an authority who should provide guidelines and answers to follow (Wright, Szeto, & Cheng, 2002). The same goes for career decisions; a manager knows what is best for the professional development of employees (Aycan & Fikret-Pasa, 2003) and employee participation in workgroup decisions is generally lower than in low-HD contexts (Aycan, 2005) which hinders consensus among workgroups (Knight et al., 1999). Conversely, low HD fosters both communication between employees, and participation and implication in workgroups (Hartnell et al., 2011). Values that dominate in high-HD organizations maintain hierarchy and status, and values in low-HD organizations promote egalitarianism and participation (Aycan, 2005).

In low-HD contexts, an employee and their superior frequently determine training needs jointly (Wilkins, 2001), and in high-HD cultures (Sinha, 1997), training is often provided to employees with whom good relations are maintained (Sinha, 1997). Costigan et al. (2011) argue that HD has a positive effect on the relationship between HRM and employee participation in workgroups.
The literature review developed previously provides a robust theoretical framework to analyze how HD mediates the configuration and management of HRM practices (Waldman, Sully de Luque, Washburn, & House, 2006) and its effects on the efficiency of social processes within organizations (Curtis, Conover, & Chui, 2012).

**Research Hypothesis**
Considering the objective of this study, the following hypothesis guided the study:
- HD mediates the relationship between HRM practices and social processes such that when HD is low, the relationship is positive.

**Method**
This study used a questionnaire as the main instrument according to approaches Dess and Davis (1984) suggest for investigation of HRM. HR managers, HR chairs, and general directors completed the questionnaires. Although HR research often uses a single company informant due to difficulties of obtaining multiple participants, we recognize the potential for mono-method bias. Consequently, we increased confidence in our data by conducting a factor analysis that demonstrated absence of a single factor that accounted for most of the covariances in our variables, suggesting the absence of common method variance (Podsakoff & Organ, 1986) and by identifying qualified respondents (e.g. HR managers). Extant literature suggests that the views of a single, well-qualified informant capture a firm’s approach better than views from several respondents when decisions are centralized (Aragón-Correa, Hurtado-Torres, Sharma, & García-Morales, 2008).

Participants were contacted by telephone, and we assured them of the importance of participating in the study. If requested, we promised to send them the results of the study. They were also assured that all information would be confidential, anonymous, and pooled. We also highlighted the importance of the suggestions that the interviewees proposed to us and our gratitude for participation. All of these aspects were emphasized in an introductory letter that accompanied both the questionnaire and a prepaid envelope for returning the questionnaire once completed. Companies were selected from the Iberian Balances Analysis System (SABI) database. Among registered companies, 1,300 companies had between 100 and 2,000 employees in 2007 and 1,169 were established before 2003. The resulting population was 902 companies.
with balanced representation of all economic sectors. One hundred and three questionnaires were returned variously – by email, postal mail, online (web survey), and personal interviews with a response rate of 11.42%. Of the sample, 93% belonged to the private sector and the remaining to the public sector (i.e. the Spanish Government). Table 1 and 2 present descriptive statistics for the sample.

Table 1
Survey Technical Data

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>902</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universe</td>
<td></td>
<td>HR Manager, HR Chair, and CEO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Place of Study</td>
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<td>Andalucía (Spain)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sampling Method</td>
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<td>Survey: via email, postal survey, and personal interviews</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sample Size</td>
<td></td>
<td>102 surveys (discounting ineligible and incomplete.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period</td>
<td></td>
<td>June 2009 to October 2009</td>
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Table 2
The Statistics-Characteristics of the Sample

<table>
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<tr>
<th>Characteristics</th>
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<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
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<tr>
<td>Years of Operation</td>
<td>97</td>
<td>7</td>
<td>86</td>
<td>20.90</td>
<td>12.28</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>102</td>
<td>30</td>
<td>1,72</td>
<td>218.03</td>
<td>265.59</td>
</tr>
<tr>
<td>Total Assets in Euros (€)</td>
<td>102</td>
<td>327,393</td>
<td>416,598,667</td>
<td>37,051,984</td>
<td>65,657,472</td>
</tr>
<tr>
<td>Business Membership (Private)</td>
<td>102</td>
<td>0</td>
<td>1</td>
<td>0.93</td>
<td>0.25</td>
</tr>
<tr>
<td>Manager's HR Department</td>
<td>102</td>
<td>0</td>
<td>1</td>
<td>0.68</td>
<td>0.47</td>
</tr>
<tr>
<td>Gender Male</td>
<td>102</td>
<td>0</td>
<td>1</td>
<td>0.66</td>
<td>0.25</td>
</tr>
<tr>
<td>Gender Female</td>
<td>102</td>
<td>0</td>
<td>1</td>
<td>0.34</td>
<td>0.26</td>
</tr>
</tbody>
</table>

Note: SD. Standard deviation N= it referred to number of firms

We consulted the literature to identify reliable instruments that have been validated broadly and contrasted in previous studies. To avoid ambiguity in the measurement scales, two native Spanish speakers who were familiar with HRM terminology translated items, adapted from English language literature, from English to Spanish. The variables used to measure HRMp are supported in the extant literature using Guest et al.’s (2003) items (7-point Likert scale) and verified by a Spanish researching work developed by Triguero- Sánchez et al. (2013). In the study, number 1 indicated high control and little commitment to the organization and number 7 indicated high commitment and little control. Aspects such as personnel selection, training, evaluation, wage flexibility, job design, communication, job stability, equal opportunities, and HRM quality were measured.

Jehn et al.’s (1999) scale were used to measure social processes and we measured processes related to contribution to decisions, consensus, and conflict. It must be indicated that of the three items that form the construct "Conflict", one of them has been coded inversely, given that this is a measure of dysfunctional conflict (item 3). Thus, the entire construct is calculated from 1–7 points in terms of worst to best situation or process.
To analyze HD, Baker, Carson, and Carson’s (2009) scale was used (7-point Likert scale), comprised of themes such as subordinate participation in important decision-making, use of authority, and empowerment of positions. Six items were used for this dimension and the statements were of the kind: “The great majority of decisions are made by managers without consulting with subordinates.” For treatment in PLS, the HD’s items were coded reversely which allowed us to verify that the less hierarchical cultures must record values close to 7 scale. According to social processes literature, nearly 100% of HRM studies include control variables. A primary reason is that when studying some aspects of businesses, control variables are required, since organizations operate as systems and not as isolated parts (Triguero-Sánchez et al., 2012). Following Peña-Vinces, Cepeda-Carrión, and Chin’s (2012) recommendations, we used PLS and included control variables to model realistic behaviors in the firms. Firm size was measured by the number of employees (Gonzalez & Denisi, 2009) and industrial sector (Giardini & Kabst, 2008) and followed categorization from the National Institute of Statistics in Spain which classifies economic sectors into agriculture, industry and construction, trade and restoration, transportation and communications, services to firms, and other services. Following Gooderham, Parry, and Ringdal (2008), economic sectors were classified in terms of contribution to the Spanish GDP using a 7-point Likert scale (1=least important, 7=most important).

Results
Data were analyzed using structural equation modeling. The PLS procedure has garnered interest and has been used by researchers in recent years because of its ability to model latent constructs under conditions of non-normality and small to medium samples (Chin, 1998). PLS analysis is conducted in two stages (Hair, Sarstedt, Ringle, & Mena, 2012). The first step requires an evaluation of a measurement model and the second of a structural model. The model (Figure 1) evaluates HD mediation between HRMp and social processes which is comprised of four variables with two second-order constructs (i.e. HRMp and PROS). The construct was operationalized using molecular approximation (Lohmöller, 1988).

Evaluation of the measurement model began with assessing individual item reliabilities (i.e. factor loadings). Carmines and Zeller (1979) suggest that for an item’s measure to be acceptable, it must exceed a threshold of 0.707 (Table 3). The next step is an estimation of composite reliabilities (CR). The three constructs had CR values above the limit (Table 3) suggested by Nunnally (1978) who indicates a value greater than or equal to 0.70. Finally, average variance extracted (AVE) and discriminant validity were evaluated. AVE should be greater than 0.50 (Fornell & Larcker, 1981), and all constructs exceeded this value. For discriminant validity, the square roots of AVE were compared with correlations among constructs and, on average, each construct related more strongly to its own measure than to others (Table 4).
Table 3 and Table 4 show the results of SEM measurement model and the discriminant validity, respectively.

Table 3

<table>
<thead>
<tr>
<th>Constructs/Dimensions/Indicators</th>
<th>λ</th>
<th>CR</th>
<th>AVE</th>
<th>T-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM Practices (HRMp) (Second-Order Common Latent)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Selection</td>
<td>0.726</td>
<td>0.634</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>0.828</td>
<td>13.902***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluation</td>
<td>0.766</td>
<td>28.474***</td>
<td></td>
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</tr>
<tr>
<td>Flexible Remuneration</td>
<td>0.754</td>
<td>19.227***</td>
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</tr>
<tr>
<td>Job Design</td>
<td>0.893</td>
<td>19.700***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bidirectional Communication Construct</td>
<td>0.833</td>
<td>45.383***</td>
<td></td>
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<tr>
<td>Job Stability</td>
<td>0.816</td>
<td>21.047***</td>
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<tr>
<td>Equality</td>
<td>0.861</td>
<td>42.726***</td>
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<tr>
<td>Job Quality</td>
<td>0.947</td>
<td>98.654***</td>
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<tr>
<td>Hierarchical Distance (HD) (Inverted Values)</td>
<td>0.924</td>
<td>0.671</td>
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<tr>
<td>Subordinates' Participation in Business Decisions</td>
<td>0.858</td>
<td>31.193***</td>
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</tr>
<tr>
<td>Scarce Abuse of Authority and Power</td>
<td>0.818</td>
<td>27.580***</td>
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<tr>
<td>Consideration of the Views of Employees</td>
<td>0.878</td>
<td>61.650***</td>
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<tr>
<td>Social Relations between Managers and Employees</td>
<td>0.727</td>
<td>12.453***</td>
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<tr>
<td>Employees Discuss the Decisions of their Managers</td>
<td>0.836</td>
<td>21.666***</td>
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<tr>
<td>Managers Delegate the Important Tasks to Subordinates</td>
<td>0.790</td>
<td>16.728***</td>
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<td>Social Processes (PROS) (Second-Order Common Latent)</td>
<td>0.903</td>
<td>0.758</td>
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<tr>
<td>Contributions to the Decisions Construct</td>
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<td>12.603***</td>
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<td>Consensus</td>
<td>0.832</td>
<td>60.426***</td>
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<tr>
<td>Conflicts</td>
<td>0.761</td>
<td>56.286***</td>
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Control Variable (CV)

<table>
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<tr>
<th>Constructs/Dimensions/Indicators</th>
<th>Weight</th>
<th>FIV</th>
<th>T-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td>0.617</td>
<td>1.027</td>
<td>1.464†</td>
</tr>
<tr>
<td>Firm Size</td>
<td>0.693</td>
<td>1.027</td>
<td>1.495†</td>
</tr>
</tbody>
</table>

Note: † p<.1; (based on t (999), on-tailed test); * p<.05; (based on t (999), on-tailed test); ** p<.01; (based on t (999), on-tailed test) *** p<.001; (based on t (999), on-tailed test); FIV=Variance Inflation Factor

Table 4

Discriminant Validity (Correlations of Latent Variables)

<table>
<thead>
<tr>
<th>Constructs/Dimensions/Indicators</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<td>Control Variable</td>
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<td>HRM Practices</td>
<td>4.052</td>
<td>1.249</td>
<td>0.140</td>
<td>0.796</td>
<td></td>
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</tr>
<tr>
<td>Social Processes</td>
<td>3.452</td>
<td>0.923</td>
<td>0.185</td>
<td>0.786</td>
<td>0.871</td>
<td></td>
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<tr>
<td>Hierarchical Distance</td>
<td>3.543</td>
<td>1.591</td>
<td>0.099</td>
<td>0.778</td>
<td>0.264</td>
<td>0.819</td>
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</table>

Variance explained (R²) values were assessed to evaluate the structural model and the stability of the estimates was examined with T-statistics obtained from a bootstrap test with 1,000 resamples. The path coefficients and the T-values were observed with significances achieved from the bootstrap test. Figures 2 and 3 summarize the results of the PLS analysis. R² of the endogenous constructs and the standardized path coefficients (β) are noted. Since PLS makes no distributional assumptions during parameter estimation,
traditional parameter-based techniques for significance testing and model evaluation are inappropriate (Chin, 1998). Predictive relevance was evaluated with $Q^2$ (Geisser 1974; Stone 1974) which exceeded the requirement for a value greater than zero ($Q^2 > 0.00$). Finally, results suggested that the structural model had predictive validity with goodness-of-fit (GOF) close to one (Tenenhaus, 2008) (Figure 2).

![Model without mediation](image)

**Figure 2. Model without mediation**

Note:
† $p<.1$; (based on $t_{999}$, one-tailed), *** $p<.001$; (based on $t_{999}$, one-tailed), n.s. (unsupported), $\lambda$ = factor loadings
$B$ = standardized path coefficients, $T$ = $t$-values

The research model comprised four variables, two of which were second-order constructs – HRMp and social processes. This implies that the items for each dimension were weighted optimally and combined using the PLS algorithm to create a latent variable score, a two-step approach proposed by Hair et al. (2012). As Table 2 shows, the values of the loadings suggested reliability and AVE values indicated good fit as established by rules for testing models with PLS.

Due to the fact that PLS does not apply the same rank order of measurement scales as those used in our study, some of the items, specifically those used to calculate the variables Hierarchical Distance and Social Process, have been measured counterclockwise to PLS. For reasons of operationalization these scales were given a positive character. This was a simple procedure whereby the minor values were replaced by major ones in descending order. For example, 1 was replaced by 7.

Inter-correlations reported in Table 4 indicate that both social processes and HRMp correlated ($r=0.786$, $p<0.01$) and HD also correlated with social processes ($r=0.264$; $p<0.01$). Finally, none of the control
variables correlated with social processes \((r=0.099)\) suggesting that social processes do not depend on industry and firm size. The direct, unmediated relationship suggests an influence of HRM on social processes. Results indicated a positive relationship between HRMp and social processes.

In the same line, our results show how the HRM practices pro-compromise functioning better in organizations fewer verticals; definitely, in organizations, more planes \((B=0.680***; T=9.223)\) so positively influence social processes more efficient. Furthermore, the relationship between HD and PROS \((B = 0.264 ***; T = 3.229)\) indicates that organizations with low HD favor the positive contribution of employees, showing agreement between them and the development of conflict about tasks (positive), and not dysfunctional conflict (interpersonal). (To understand these results it is also very important to know that they were codified in an inverted manner, especially for the HD case.)

Regarding statistical weights \((\lambda_{i..n})\) for each indicator, job quality had the highest correlation, but this does not necessarily mean it plays the most prominent role since all the indicators including job quality, training, evaluation, flexible remuneration, job design, bi-directional communication, job stability, and equality have positive influence as part of HRMp (Table 3).

Results from the mediation model (Figure 3) suggest that HD mediates HRMp and social processes. Variance explained increased by more than three percentage points \((R^2 \text{ from } 0.780 \text{ to } 0.813)\). Values for this relationship \((\beta=0.778; T=20.232)\) and the relationship between HD and PROS \((\beta=0.264; T=3.229)\) support our hypothesis. Values for \(Q^2 (0.602)\) and GOF (0.721) also suggest mediation is appropriate.

**Conclusion**

Results from this study suggest that HRMp influences social processes positively when companies encourage employee commitment. Fewer interpersonal conflicts and more functional conflicts and greater commitment to decision-making, and higher agreement among members occur in organizational cultures that favor employee participation. These effects are realized when managers consider subordinates’
opinions, are in contact with subordinates outside of the workplace, allow subordinates to discuss decisions and delegate important tasks to subordinates. In these cases, conflict resolution becomes more productive and commitment rises.

These findings add to a growing body of literature concerning HRMp. According to Guest et al. (2003), the HRMp analyzed in this study corroborate SET (Cropanzano & Mitchell, 2005) suggesting that when companies commit to employees, employees commit themselves to the firm and reciprocity becomes common between the company and its employees (Gouldner, 1960). When HRMp are oriented towards boosting employee commitment, employees contribute positively to social processes (e.g. participation, consensus, and conflict resolution). Among them are job quality, selection of personnel, training, development, and progress, evaluation, flexible remuneration, job design, bidirectional communication, job stability, and equal opportunities.

Job quality including organizational actions that promote improvement plans with quality assurance at work, encouragement of employee participation in problem solving, and implementation of quality circles. These activities build better work teams and encourage employee commitment through quality at work.

Selection of personnel states that when firms employ recruitment and selection that fills vacancies when they arise, employees perceive commitment-building from the firm which prevents extra workloads due to lack of staff. Similarly, applicants should be encouraged to report negative job aspects.

Regarding, training, development, and progress, formation of key positions relates positively to greater commitment to employees which employees reciprocate. Thus, this HR practice is paramount when training is vital for employee careers within the organization.

Considering evaluation, this HRMp creates much value within an HRM system when it provides information on performance (i.e. feedback), especially regarding non-management employees.

In flexible remuneration, pay based on alone performance links to greater commitment, especially when rewards consider the performance of a workgroup and not the individual. Profit sharing and other economic acknowledgments influence employee engagement positively.

Regarding job design, managers optimize employee skills through good job design. Functional teams and professional worker qualifications develop employees’ common skills.

Bidirectional communication Enhances commitment by providing information about managing a company and its plans for future growth especially when employees are free to voice opinions and provide their viewpoints.

Job stability states that an organization’s commitment to maintaining employees and encouragement of internal promotions relates directly to a commitment to job security. Equal opportunities indicate that firm procedures that ensure equal opportunities promote commitment in both directions.
Our results also suggest that when HRM is commitment-oriented, HRMp promotes positive relationships among employees who create competitive advantages for firms in an indirect manner (Barney, 1991). Therefore, relationship connections between HRMp and social processes can be improved by organizational cultures (Ahmadnia Chenijani & Yaghoubi, 2013) with low hierarchical distance which underpins its role as mediator in the organizational culture.

At an operational level, mutual commitment (between company and employee) benefits a firm when a manager both consults with subordinates on issues that affect them and encourages discussions (e.g. improvement in the social process). These behaviors are about developing habits such as not abusing authority, delegating important tasks, and not avoiding employee relationships both in and out of work. Synergies among pro-engagement policies, horizontal organizational cultures, and manager perceptions of work team dynamics are some of the most powerful commitment-building elements in HRMp.

Regarding the main research objective, our results indicate that some cultural dimensions (e.g. hierarchical distance) are key factors to the carrying out of research as in our study which is in line with the literature proposal (Fischer & Mansell, 2009). In fact, our results show the HD not only determines the success of social relations but also of social groups.

Another contribution involves questioning existing models that link HRMp and social processes directly. Therefore, our model adds to extant black-box literature, which conceptually occupies space between HRM and business performance, since processes and organizational culture partially explain this phenomenon but offer no definite conclusions, further suggests a need for more research that considers organizational culture (Gerhart, 2007). A practical implication for HRM expert and managers is the fact that the HRMp might be a useful tool for improving employee commitment. Such practices over time will have a significant impact on company culture.

An additional important practical implication might be that organizations in which important tasks are commonly delegated; where managers query employees frequently prior to making decisions; where discussions are encouraged; and where social relationships—both in and out of work—are valued, appear to be of the most benefit regarding competitive advantages generated through HRMp.

The non-longitudinal nature of the study might have masked effects that occur over long periods. That is, some effects of personnel management practices will take effect in the medium term so that a longitudinal study would improve the quality of research, delivering more results and conclusions. Results are also specific to one region in Spain (Andalusia), which has a unique culture and that limits extrapolation to other Spanish regions and both cultures and economies outside of Spain. Conducting similar studies in other cultures is needed to elucidate this topic further.
Future research should investigate which cultural variables are involved in the relationships between HRMp and social processes. Identifying and analyzing other mediators and/or moderating variables would contribute to prevailing cultures in organizations, representing new conceptualizations of HRM systems. Studies may help to understand the processes by which HRM could be a critical factor for business success.

References


