# HR-Line Relationship in Integrated and Devolved HRM and Agency Theory: A Conceptual Analysis

[1,2]Nadia Newaz Rimi and [2]YuslizaMohd Yusoff
[1]Department of Management Studies, University of Dhaka, Bangladesh
[2]Graduate School of Business, Universiti of Sains Malaysia, Penang, Malaysia

**Abstract:** Researchers identify integration and devolution as two paradoxical elements of Human Resource Management (HRM). Integration is related with centralization of HRM and linking HRM strategies with business strategies. HR professionals are responsible for integrating HRM that is widely referred as strategic HRM. On the other hand, devolution is the involvement of line managersto take administrative or technical HRM decisions. Thus, both HR professional and line managers are found agents for HRM and performing differing HRM. However, both agents need to cooperate each other in performing their contradictory HR tasks. For strategic contribution, HR managers need to work with line managers for understanding business strategy and aligning HR strategy with them. Conversely, line managers require HR managers assistance and support in developing line competency to perform administrative HRM consistently. The present study reviews extant literatures on integration and devolution and accumulates the scattered comments on HR-line relationship. HR professionals and line managers are found to work in a partnership relation while performing differing HRM. Moreover, this study contributes to relate agency theory as a theoretical basis for creating partnering relation between HR professionals and line managers.

**Key words:** Integration, devolution, technical HRM, strategic HRM, HR-line partnership, agency theory

## INTRODUCTION

The nature of contribution of Human Resource Management (HRM) to the organization changes along with the expectations of the organizations from it. Earlier HRM is considered to perform administrative supports for workforce management (Yusliza, 2011). However, modern organizations view HRM as a sustained source of competitive advantage alongside other sources by making Human Resources (HR) rare, valuable, inimitable and nonsubstitutable (Abhayawansa and Abeysekera, 2008; Liu et al., 2007) by facilitating the development and utilization of human competency in organization (Wei and Lau, 2005; Han et al., 2006) and by being an integrated and coherent package or bundle of practices in the organization (Bach, 2001; Chang, 2005). Thus, today HR is considered an important resource that has the competency to develop and sustain competitive advantage through an integrated approach of HRM for organization.

Organizations seeking competitive advantage must develop a strategic focus of HRM that suggests for an integration of HRM into business strategies, thereby raising the concept of Strategic Human Resource Management (SHRM). SHRM is largely concerned with integration of HRM into the business strategy and adaptation of HRM at all levels of the organization (Sheehan 2005; Budhwar and Aryee, 2008). Therefore, HR managers need to be involved in business planning process to provide HR inputs to business strategies. On the other hand, Kulik and Bainbridge (2006) opine that in transition toward HR strategic role, most of the HR responsibilities can be devolved to line managers. As line managers are in regular contact with and better aware of their employees, strategically they are in right positions to take people related decisions (Mayrhofer et al., 2004). Due to the closeness of line managers to the employees (Mayrhofer et al., 2004), they can take some responsibility of managing employees. Literally devolution refers to this transfer of HR activities from the HR managers to line managers (Budhwar, 2000; Cascon-Pereira et al., 2006; Kulik and Perry, 2008). The concepts of devolution and integration have opened up new avenues for study as researchers have focused on exploring the significance of both integration and devolution aspects of HRM in business (Azmi, 2010a, b).

Integration between HRM and business strategy contributes to the improvement in organizational performance (Richard and Johnson, 2001; Chang and Huang, 2005; Andersen et al., 2007; Ngo et al., 2008) and creates competitive advantage by developing unique HRM (Collins and Clark, 2003; Michie and Sheehan, 2005; Inyang, 2010). On the other hand, analyzing literatures, Brandl et al. (2009) point out three benefits of line

**Corresponding Author:** Nadia Newaz Rimi, Department of Management Studies, University of Dhaka, Bangladesh

involvement in HR; for HR specialists, devolution can liberate them from operative routine work (Cunningham and Hyman, 1999) to focus on strategic HR work (Francis and Keegan, 2006), line responsibility for HR duties means immediate and local responses to HR challenges (Whittaker and Marchington, 2003), finally line managers skills at handling HRM influence employee commitment to the job and the employer (Purcell and Hutchinson, 2007; Gilbert *et al.*, 2011).

**Present focus:** Brewster *et al.* (1992) recognize the two elements of integration and devolution as paradoxical because of inconsistency between them. According to them, integration is often linked with centralization and senior management responsibility, devolvement with decentralization and the passing of responsibility to junior management levels. The researchers further add that integration is a policy issue, requiring the close involvement of HRM specialists with senior line management in the development of business policy. On the basis of such involvement, policies can be created which relate HRM and the business strategy to each other, allowing HRM practices to be more easily understood and undertaken by line managers.

The present attempt is to review how two opposite elements of HRM that is integration and devolution work together that extend the HR-line relation to a new height of partnership. These two contradictory concepts require cooperation between HR managers and line managers for making effective and successful utilization of human potential in the organization. Available relevant literatures study will enhance the understanding of these issues, thus would facilitate to explore the cooperative relationship between the HR managers and line managers in performing contradictory tasks. This study reviews some remarkable research works on SHRM and devolution. The discussion begins with the examination of the idea of integration from which the notion of devolution has arrived. Then, an explanation of the concept of devolution is given to understand what it stands for. The specific role of both HR and line in integration and devolution are identified from the review as shown by the experts. Finally, HR line relationship will be explored in doing HR tasks by themselves. Additionally, agency theory will be explained to assess how HR managers and line managers should partner their joint HRM responsibilities.

## MATERIALS AND METHODS

Extensive literature study is the basis for knowledge development on particular issue. The present study adopts literature review approach to develop a knowledge base on SHRM, devolution and HR line relationship. In order to collect the relevant literatures, the researchers

Table 1: Period-wise distribution of the reviewed studies

| Periods | Frequency | Percent |
|---|---|---|
| Pre 1990-1994 | 11 | 13.09 |
| 1995-1999 | 15 | 17.86 |
| 2000-2004 | 21 | 25.00 |
| 2005-2009 | 17 | 20.23 |
| 2010-2013 | 20 | 23.81 |
| Total | 84 | 100.00 |

Table 2: Journal-wise distribution of reviewed papers

| Name of journals | No. of papers |
|---|---|
| Personnel Review | 12 |
| Human Resource Management Journal | 11 |
| International Journal of Human Resource Management | 8 |
| Human Resource Management | 6 |
| Journal of European Industrial Training | 4 |
| Asia Pacific Journal of Human Resources | 2 |
| Academy of Management Review | 2 |
| Industrial Relations Journal | 2 |
| Journal of Management Studies | 2 |
| Academy of Management Executive | 2 |
| Human Resource Management review | 2 |
| International Journal of Human Resource Studies | 2 |
| Other Academic Journals (one for each) | 22 |
| Total | 77 |

use two types of search. First, SHRM and devolution literatures are looked for by using different key terms like, strategic integration, HR strategic role, business partnership of HR, line involvement, devolvement, devolution and HR-line relationship. Second, all the citations of the most relevant papers (Andersen *et al.*, 2007; Shehaan, 2005; Renwick, 2000, 2003; Perry and Kulik, 2008; Terhalle, 2009; Bos-Nehles, 2010; Gilbert *et al.*, 2011) are gone through. Table 1 shows a period-wise distribution of related papers reviewed for this study. Almost 70% of these documents are taken from the present decade. Table 2 shows the journal-wise numbers of the academic papers reviewed here. Earlier *et al.* (2011) also follow the same methodology to review HR-line relationship and future directions.

**Literature review:** The presents review discusses the literatures in several steps as the present context requires. First, the study focuses on the literatures on integration or SHRM and devolution. Such, literatures discuss about HR strategic role and view HRM tasks as centralized to and integrated with business decision making process along with an illustration of devolution concept. Next, researchers discuss both line role and HR manager role of HRM in the case of devolution and integration strategy. In order to enhance, the understanding about the line engagement in HR, these discussions highlight line activities in HR that is being devolved to them. On the other hand, HR manager role in devolved context is also identified as strategic focus of HRM. Finally, a straight forward explanation relating to the HR line relationship that illustrates why and how both HR managers and line

managers co-operate each other is given. Most of the research materials are taken from the last decade. Few studies are found related with the discussions of more than one concepts. This review will help us to get a maximum under standability of HR line relationship by providing a systematic compilation of the piecemeal comments on how HR and line managers work in opposing tasks that need mutual cooperation. This review presents the extant literatures to cover all important works based on which HR line relationship can be explained from the agency theory perspective.

## RESULTS AND DISCUSSION

**Strategic Human Resource Management (SHRM):** The concept of SHRM has evolved over the late 1980's and the early 1990's with an increased emphasis on a proactive and integrative approach to HRM (Schuler, 1992). It is defined as how HRM is intended and integrated with business strategies to achieve organizational goals (Truss and Gratton, 1994; Bennett *et al.*, 1998; Wright and McMahan, 1992). SHRM views HR as assets for investment and the management of HR as strategic and central to strategic business planning process (Buyens and De Vos, 2001; Budhwar, 2000). Wright and Snell (1991) view SHRM from the perspective of management of competencies and behavior. The role of SHRM is to align HR competency with business strategy and producing expected behavior to implement strategy (Wright and Snell, 1991). This view of SHRM is consistent with other scholars who feel the need for HR strategy that best suit business strategy (Dyer, 1992; Tichy *et al.*, 1982; Schuler and Jackson, 1987) and thereby focusing on implementation role of SHRM (Azmi, 2010a).

On the contrary, Schuler (1992) views SHRM as it is largely about integration and adaptation and it ensures that:

- HRM is fully integrated with the strategy and the strategic needs of the firm
- HR policies cohere both across policy areas and across hierarchies
- HR practices are adjusted, accepted and used by line managers and employees as part of their everyday research

Schuler (1992) proposes the 5-P model of SHRM in which HRM is linked with organizational strategy. Bennett *et al.* (1998) and Wright and McMahan (1992) are also in support of integration view of SHRM that concentrates on the link between HR strategy and business strategy from the beginning of the strategic planning process.

Brewster *et al.* (1992) define SHRM is the extent to which HRM is considered during the formulation and implementation of corporate/business strategies. To make HR a strategic partner, HR managers should be involved in strategic planning process together with other senior managers from the very beginning of the decision making process, thus providing them with greater opportunity to match HR goals, strategies, philosophies and practices with corporate objectives and the implementation of business strategy (Ulrich, 1997; Buyens and De Vos, 2001). Such involvement of the senior HR manager in a firm's senior management team creates an open environment for communication between HR managers and senior management team. Budhwar (2000) recognizes the mutual relationship between business strategy and HR strategy. Lawler and Mohrman (2003) support the contribution of HR in business strategy formulation, enactment and implementation.

Sheehan (2005) contributes to SHRM by developing a framework of strategic integration. This framework shows three expected HR outcomes such as HRM integration with business strategy, integrated HR policy design and integration of HR responsibilities within line management activities. To get these outcomes organizational responses are HR managers representation at the senior management team, HR managers direct reporting relationship with CEO and increase in line management HR responsibilities. HR managers must have commitment to strategic HR initiatives, business value and they must have business knowledge with the supports of top management and corporate culture commitment to HR initiatives. SHRM is an integrative and value-driven approach to HRM (Andersen *et al.*, 2007). Andersen *et al.* (2007) find that SHRM has a focus on the integration of the HR function in the strategic management process, the devolvement of HR practices to line managers and the influence of these practices on firm performance.

SHRM is based upon the recognition that organizations can be more effective if their HR aremanaged with human resource policies and practices that deliver the rightnumber of people with the appropriate behaviours, the needed competenciesand the necessary level of motivation to the organization (Caliskan, 2010). Researchers conceptualize SHRM based on resource-based view in explaining the role HR plays in achieving business performance (Collins and Clark, 2003). Thus, SHRM is the value adding approach of HRM making HRM more strategic through integration. Therefore, integration between HR strategy and business strategy is the fact not fashion for the organization. Thereby, SHRM has achieved staying power in the

organization (Lengnick-Hall *et al.*, 2009). In this study, researchers focus on the integration of HRM in the development and implementation of business strategy as SHRM following the concept of Brewster *et al.* (1992).

**Devolution of HR activities to line managers:** The delegation of HRM to line managers or to say in other way, the involvement of line managers in the execution of administrative HRM is termed as devolution of HR activities such as recruitment, selection and training of employees, performance management and leadership development (Andersen *et al.*, 2007; Budhwar, 2000). Both models of HRM, outcome model (Guest, 1987) and contingency model (Schuler and Jackson, 1987) support the shifting responsibilities of people management back to the line management functions. Brewster *et al.* (1992) define devolvement as the degree to which HRM practices involve and give responsibility to line managers rather than personnel specialists. Line managers, not the specialists are the appropriate places for locating HR responsibilities. They represent the management of the company so they can appraise and reward their immediate subordinates effectively.

Hoogendoorn and Brewster (1992) define devolution, as the allocation of tasks formerly undertaken by the personnel specialists to line managers. Poole and Jenkins (1997) address the issue of devolution as line management assuming greater responsibilities for personnel responsibility. Cunningham *et al.* (1996) view redistribution or devolution of HR decision making power to line managers as empowering line managers in HRM. Gennard and Kelly (1997) comment that SHRM gives line managers back the responsibility for people management to improve the organization's product market competitiveness. Under devolution, line managers are given the responsibilities of people management, thus making them more accountable for their actions in this arena (Hope-Hailey *et al.*, 1997). Harris *et al.* (2002) view devolution as a business model of HRM where line managers are seen as the key decision-makers in HR issues. Truss *et al.* (2002) comment that the strategic management of people can be diffused throughout an organization and can be owned and directed by line managers outside the domain of formal HR strategic and or policy initiatives.

Cascon-Pereira *et al.* (2006) have explored the concept of devolution into different dimensions and define devolution as the reallocation of personnel tasks or activities and the related decision making power, financial power and the expertise power required to carry out these tasks from other agents to line managers. Nevertheless, in recent years line managers are given additional

responsibilities of the active execution of employee performance management HR (Den Hartog *et al.*, 2004). Line managers are in the central position in realizing core business objectives and they have direct impact on subordinates motivation, commitment and discretionary behavior (Andersen *et al.*, 2007), therefore they can be made responsible for effective execution of HR policies. The present study, uses the concept of devolution as line empowerment in HR tasks (Cunningham *et al.*, 1996). Naderi and Hoveida find that line managers empowerment is effective for service delivery in higher education.

The devolution of HRM responsibilities from HR managers to line managers is both a growing and global trend (Perry and Kulik, 2008). Today, line managers need to appraise, appreciate and train their employees in completing their daily business activities (Farrell, 2010). Because of the strategic positions of the line managers to implement the HR policies properly, a great deal of HR work can be devolved to line managers. Due to the strategic importance of HR in formulating HR strategies in line with business strategies, HR managers sacrifice some HR tasks to line managers. Line managers accept some HR roles related with management of their own subordinates who directly report to them. So in practice, it is logical and wise to distribute HR tasks between line and HR managers.

**Role of line managers:** Guest (1987) examines the area of HRM and industrial relations and finds the importance of the attitudes and behavior of line managers in implementing employee relation issues in HRM. Schuler (1992) asserts that to be SHRM, HRM should be adjusted, accepted and used by line managers and employees as part of their everyday work. Cunningham and Hyman (1995) identify considerable changes in the roles of line managers caused by HRM approach to personnel matters and these include allocating individualized pay awards, appraisal, training and development, motivating teams, on-the-job coaching, reducing costs, improving quality, responding to customer need, continuous improvement and deploying HR.

McGovern *et al.* (1997) provide an examination of the prospects for devolving HR activities (recruitment, performance appraisals and career development) to line managers. Line managers play a key role in the execution of day-to-day HR activities. Bredin and Soderlund (2007) recommend that being a legitimate player in the HRM of a firm, a line manager should be given HR-oriented management role in addition to traditional hierarchical bureaucratic role. Kraut *et al.* (2005) mention the roles of line mangers as they are responsible for supervising their employees (managing individual performance

and instructing subordinates). Managing individual performance includes motivating and disciplining subordinates, keeping track of performance and providing feedback and improving communications and individual productivity. The study of Purcell and Hutchinson (2007) reveal that line managers HR duties of selecting, appraising, developing, communicating and involvingare inextricably linked to their leadership behaviors which influences employee attitudes and behavior.

Perry and Kulik (2008) explore that organizations are actively engaged in devolving to the line activities that previously were the exclusive domain of HR specialists. These activities include, among others, recruitment activities, career planning, occupational health and safety compliance and organizational culture development and maintenance. Within the trend in devolution in Table 3 shows early research on devolving specific HRM task to line managers.

From these studies, it can be said that today's organization cannot ignore line responsibilities of HR tasks. Rather, it is practical for the organization to strategically involve line managers in HRM. Line managers are the real users of the HRM strategies. So, organization should devise specific policies regarding formal assignment of HRM duties to line managers.

**Role of HR managers:** Though HR managers are specialists in HRM, their roles have undergone considerable changes in response to business changes and to advances in technology and they are still developing dynamically (Ghiyasvand *et al.*, 2013). The present study, focuses on the changing nature of HR roles of HR managers resulting from devolution of HR activities to line managers. Table 4 shows previous studies on HR managers role following devolution and integration strategy.

The literature study reveals that under devolution, HR managers increase their advisory or consultancy role in providing information, training and advice to line managers for consistent application of HR policies. This policy frees HR managers from the burdensome toil of conducting routine technical tasks to concentrate on strategic HR activities. Thus, HR's strategic role can be enhanced. On the other hand, line managers need to perform business role, as well as HR role in devolved cases. So, the dual roles of both HR managers and line managers have introduced a new HR-line relationship.

**HR-line relationship under devolution-integration:** Devolution has changed the traditional roles of HR managers and line managers as well. HR managers can participate in organization's strategy making process while line manager is empowered to deal with the issues relevant to the management of their own people. Consequently, HR and line share their responsibilities in managing the human resources that can make the difference for the organization. Thus, partnership between HR and line (in people management issues) has given a new direction to people management activities within the organization. Mindell (1995) comments that line manager's involvement in and commitment to training and development is significant and they can manage their business effectively through their people with the support from HRD managers.

Gennard and Kelly (1997) find that today's line managers demand higher value contribution from the HR manager by working jointly with the line managers in a situation of financial stringency, fiercely competitive markets and pressure from maximum utilization of their resources. Thornhill and Saunders (1998) observe that the absence of a designated HR specialist role may adversely affect the quality of product of human labor, thus feel the need for coordinating role of HR and line under devolution. Renwick (2000) stresses on cross functional team working and reciprocal exchange of information between HR and line to resolve organizational issues and to strengthen their own survival where line execute operational works and HR managers develop people to deliver services at affordable cost.

Currie and Procter (2001) discuss the relationship between HR managers and middle line managers from partnership perspectives. Bond and Wise (2003) assert positive relationship between line managers and HR managers where HR specialists should provide information, training and support to line managers to minimize inconsistencies in the application of family leave policy thus necessitating the collaboration between HR and line. The research findings of Harris *et al.* (2002) indicate that devolution should consider HR processes as the product of a shared development process and joint ownership by HR staff and line managers. Whittaker and Marchington (2003) report from their study that most line managers work closely with their HR counterparts and see their relation moving toward partnership. A summary on research justification on HR-line relationship is given in Table 5.

Moreover, line managers are the vital communication channel between senior management and employees (McHugh *et al.*, 1999). Therefore, close collaboration between HR managers and line managers can determine the most effective implementation of HR policies through line managers. Line managers accept the variety of HR tasks if devolution is supported from HR department with the recognition from the top and middle managers (Gilbert *et al.*, 2011). Therefore, literature study confirms

Table 3: Devolved HRM with references

| Researchers | Devolved HRM |
|---|---|
| Mindell (1995) | Training and development |
| Heraty and Morley (1995), Watson *et al.* (2006), Siugzdinien | Human Resource Development (HRD) |
| Currie and Procter (2001) | Pay |
| Redman as cited in Cascon-Perreira *et al.* (2006) | Performance appraisal |
| Industrial relations services (2001) as cited in Cascon-Perreira *et al.* (2006) | Grievance and discipline |
| Fenton-O'Creevy (2001) | Managers empowerment and their support to practice employee involvement |
| Dunn and Wilkinson (2002) | Absence management |
| Bond and Wise (2003) | Family leave policies |
| Renwick and MacNeil (2002) | Employee career development |
| MacNeil (2004) | Learning and development |
| Beattie (2006) | HRD (workplace learning) |
| Dick and Hyde (2006) | Work-life balance and career development |
| Goodhew *et al.* (2008) | Management of poor performance |
| Chocqueel-Mangan (2010) | Leadership development |
| Teague and Roche (2012) | Management of workplace conflict |
| Leisink and Knies (2011) | Social support for older workers |

Table 4: HR managers role in devolution-integration strategy

| Researchers | HR managers role |
|---|---|
| Hope-Heily *et al.* (1997) | More advisory or consultancy role to line managers |
| Gennard and Kelly (1997) | Flexible business managers role in providing quality assurance and education and training to line managers |
| Harris *et al.* (2002) | Proactive contributor to organizational achievements |
| Bond and Wise (2003) | A clear role for HR managers in providing up-to-date information, training and support to line managers |
| Whittaker and Marchington (2003) | HR specialists provide expert support and advice to supplement their own actions devolved to line managers |
| Papalexandris and Panayotopoulou (2005) | Functional expertise and training to line managers |
| Kulik and Bainbridge (2006) | HR's strategic role includes predicting long term HR need based on company growth and competency requirements, developing organization-wide HRIS and benchmarking HR policies |
| Teo and Rodwell (2007) | Participation in strategic planning process and HR's presence at board level |
| Zupan and Kase (2007) | Facilitators to HR integration and devolution |
| Kulik and Perry (2008) | More valuable strategic role of HR unit |
| Conway and Monks (2010) | Regulators of HR activities |
| Power *et al.* (2007) | Advisory support to line managers in the form of a HR-led HRM developmental training program |
| Hall and Torrington (1998) | Strategic role of benchmarking and monitoring and budgetary control on HRM |
| Gilbert *et al.* (2011) | Design and implement relation-oriented leadership behavior training program for line managers |
| Mansor *et al.* (2011) | Enabling factor for devolution |

Table 5: Researchers justifications on HR-line relationship

| Researchers | Justifications |
|---|---|
| Papalexandris and Panayotopoulou (2005) | The synergistic relationship between HR and line managers to jointly develop and implement HR practices that result the advantage for the organization |
| Kulik and Bainbridge (2006) | The cooperation from both line and HR are essential to make devolution a success |
| Zupan and Kase (2007) | The importance of HR interaction with line managers within relational networks is being highlighted |
| Yusoff *et al.* (2009) | Partnership between HR managers and line managers can minimize the HR effectiveness gap |
| Bhatnagar and Sharma (2005) | The partnership allows HR managers better understand the line manager's business needs which in turn, enable HR managers to bring necessary changes and to balance business needs with employee needs |
| Conway and Monks (2010) | Organization should introduce an effective management information system with middle managers access to foster the partnership roles of both HR and line managers |
| Mansor *et al.* (2011) | A partnership relation between HR and line managers is being emphasized |
| Power *et al.* (2007) | A strategic plan for collaboration between HR and line managers through regular formal and informal meetings, networking events and the promotion of cross-functional team-working is illustrated |
| Terhalle (2009) | More focus should be given on how HR professionals can be most successful in their assistance to line managers in order to achieve an effective partnership between HR professionals and line managers |
| Bos-Nehles (2010) | HR builds a partnership with the line in which line managers and HR managers become partners in improving team performance and the well-being of employees |
| Hutchinson and Purcell (2010) | HR-line relationship is critical to HR support to line managers |
| Chen *et al.* (2011) | Organization needs to ensure that HR and line managers collaborate with each other to strike a balance between devolution and centralization of HR tasks |
| Gilbert *et al.* (2011) | Giving emphasis on HR-line relationship, the study proposes some variables to measure general, as well as HR specific relationship quality among HR professionals and line managers |

the cooperative relationship between HR managers and line managers under integration-devolution strategy.

**Agency theory and HR-line partnership:** The key decision makers in the organization (e.g., top managers, HR executives) set the strategic goals and design the set of HRM practices for achieving those goals (Bowen and Ostroff, 2004; Ulrich and Broackbank, 2005). Both HR managers and lower level managers are responsible for HRM implementation (Ulrich and Broackbank, 2005).

Hence, top management (including CEO and senior managers along with HR managers) is the decision maker of HRM policy and practices. On the other hand, the most relevant HR agents in the organizations are line managers and HR managers (Cascon-Pereira *et al.*, 2006; Gilbert *et al.*, 2011; Purcell and Hutchinson, 2007; McGuire *et al.*, 2008; Power *et al.*, 2008; Soens *et al.*, 2012).

Based on agency theory as applied to HRM whoever initiates the HRM decisions is principal (CEO top management or middle management along with HR manager as representative of organization) and HR managers and line managers are the agents in HR responsibilities in organization (Eisenhardt, 1989). As both are considered HR agents, both must have cohesive message from the organization to perform HRM tasks equivalently to achieve unified HRM goal. Both agents must be in agreement and consensus in performing in similar arena. However, line managers are mainly responsible for business objectives and bottom line performance (Hales, 2005; Khan, 2011). On the other hand, line managers are also given HR authority and responsibility for effective people management (Perry and Kulik, 2008; Khan, 2011). Therefore, line managers may feel being caught up in a conflicting situation regarding priority assignment between business and HR tasks. On the other hand, as HR managers need to be involved in business strategy planning to provide HR inputs to link HRM strategies with business strategy (Kulik and Perry, 2008), hence HR managers expects line managers to share HR tasks because of their proximity to employees and their better understanding in taking local HR decision (Khan, 2011). Therefore, there is a divergence between the goals of two HR agents creating a potential conflicting scenario between HR agents and agency problem.

To avoid agency problem, organization can adopt partnership strategy to create relationship between HR manager and line manager. In a partnering relation, both HR manager and line manager will be involved in joint responsibility of HRM there must be clear organizational policy stating how both will cooperate each other in performing HRM tasks HR managers must train and educate line managers in HR tasks HR managers support for line managers must be made visible in the organization and line managers must have institutional incentives to take HR responsibility. Additionally, line managers need to understand their HR role to offer scope for HR strategic contribution. From broader organizational policy, line managers feel organizational pressure and job responsibility to accept HR role and extend their cooperation for making HR managers involved in strategic process. Partnership approach in organizational policy will help both HR agents to develop unified goal of HRM and to endeavor for achieving the same outcomes.

The conceptual model developed by Farrell (2010) can be referred in making clear-cut HR-line partnership relationship under agency theory. According to this model, organizations should have well-defined HR strategy and policy, HR structure, HR system, HR communication between HR managers and line managers, skill and training of HR performer and commitment from the staff to be managed by line managers and HR managers who have given similar attention to the employee management. These components of the model can help both HR managers and line managers to assume a cohesive HR message from the organization for whom they are HR agents and jointly responsible for HRM. By designing and implementing a comprehensive HRM model, organization will be capable enough to minimize agency problem arising from conflict between the HR agents.

In analyzing HR-line responsibility of HRM tasks, previous studies focus on social exchange theory (Power *et al.*, 2008; Soens *et al.*, 2012), role theory (Gilbert *et al.*, 2011, Khan, 2011) and agency theory (Khan, 2011). However in explaining HR-line relationship, Power *et al.* (2008) illustrate social exchange theory. The present study, considers using agency theory to base HR-line relationship important and relevant as HR and line managers are the HRM agents of the organization. As a gap in literatures is found in relating agency theory in HR line relationship, the present focus may be a contribution toexploring HR-line partnering relationship through the lens of agency theory.

## CONCLUSION

Literature studies portray a clear picture about the new approach of HR line relation in performing HRM in the organization. HR responsibilities are not the sole and prime responsibility of HR managers rather they are distributed between HR managers and line managers. In such circumstances, collaboration between these two groups is a must. This realization has moved the relationship to partnership approach of people management. Such finding is consistent with the view of Power *et al.* (2007) commenting that changes in the business environment in terms of increased regulations and competitive pressures requires organizations to take decisions on collaborative efforts between HR managers and line managers to design and implement HRM. Thus, HRM can be considered as a comprehensive approach that requires the participation of both HR managers and line managers to develop a distinct competitive workforce that will be able to make a difference for the organization in the competitive business arena. In this sense, agency theory is also found relevant to extend partnership approach between HR managers and line managers. As

HRM agents of the organization, both HR managers and line managers must have a unified HRM goal in performing SHRM and administrative HRM. They will develop their relations from partnership perspectives in designing how HR managers will participate in business strategic planning process and provide support to develop line capacity in HRM. On the other hand, line managers will apprehend their role through taking administrative HR responsibility in creating opportunity for HR strategic involvement. Thereby, consistent HRM goal can be achieved through the joint and cooperative involvement of both HR agents of HR managers and line managers in the organization.

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