Assessing HR department effectiveness: managerial perspective in Polish firms

Magdalena Majowska*

*University of Economics in Katowice, Human Resource Management Department, 1 Maja 50, 40-226 Katowice, Poland.
E-mail: magdalena.majowska@uekat.pl

Abstract

Purpose. This paper aims to determine variations in how different groups of stakeholders, such as top managers, HR managers, and line managers, perceive HR department effectiveness. Additionally, it explores the relation between different views on HR department effectiveness and multidimensional firm performance, encompassing proximal and distal outcomes.

Design/methodology/approach. The study comprised 150 Polish firms, with questionnaires collected from top managers, HR managers, and line managers within each organization. The analysis involved regression analysis and testing for two regression coefficients to confirm the hypotheses.

Findings. Research highlighted variations in how stakeholders perceive HR department effectiveness and its influence on organizational outcomes. Notably, top managers exhibited a strong association between HR department effectiveness and firm performance, especially concerning organizational and market performance. Surprisingly, assessments by HR managers and line managers did not display a stronger correlation with proximal outcomes, such as employee productivity and firm growth, compared to top managers, indicating a convergence in perspectives between different managerial levels.

Originality/value. Viewed through a managerial perspective, this paper emphasizes the significance of (dis)agreement in perceptions of HR department effectiveness at various hierarchical levels. In particular, this article enhances our knowledge of how top managers perceive HR department effectiveness, which has been relatively underexplored in prior research. Furthermore, it underscores the importance of top management as a critical stakeholder in HRM.

Keywords HR department effectiveness, top management, lower-level managers, proximal and distal outcomes, managerial perspective.

Human resource management (HRM) and performance literature has extensively explored the link between HRM function and a range of individual and organizational outcomes (Jiang et al., 2012). Research has often been conducted without directly considering the influence of the HR department (Chadwick & Li, 2018). However, as Jo et al. (2024, p. 2) indicate, “if HRM ‘matters’ for firm performance, then HR department, which delivers HRM expertise, should also matter. This contention is far from universally accepted”. Scholars have paid much less attention to the department itself and its ability to deliver value to the organization, highlighting a need for further studies into the department’s role in shaping organizational outcomes (Farndale et al., 2017; Hailey et al., 2005).

To contribute business value, HR departments must deliver their services efficiently and effectively (Gao et al., 2016). Thus, the effectiveness of an HR department should be evaluated. However, this raises the question: who should evaluate it? The literature indicates that subjective judgments from key stakeholders’ groups, including top managers, HR managers, line managers, and employees, are important indicators of HR department effectiveness, reflecting a diverse range of perspectives within organizations (Teo & Crawford, 2005).

These differing perceptions are crucial, as they influence strategic and operational decisions. Despite a growing focus on employee perceptions (Meijerink et al., 2021; Van Beurden et al., 2021; Wang et al., 2020), a strong rationale persists for adopting a managerial perspective in HRM (Steffensen et al., 2019). Among these managers, top-level managers play a crucial role. Despite the widespread agreement that their involvement is pivotal for the success of HRM activities, our understanding of top managers’ perceptions has been limited (Boada-Cuerva et al., 2019), highlighting a gap in HRM research.

This study seeks to address this gap by focusing on HR departments’ effectiveness from the perspectives of various managerial levels: top managers, HR managers, and line managers. Considering the distinct hierarchical levels these groups represent, their perceptions regarding HR department effectiveness differ due to varying evaluations, expectations, and criteria (De Winne et al., 2013). This discrepancy addresses the significance of (dis)agreement in perceptions of HRM content or process.
Differences in Perceptions of HR Effectiveness and Its Influence on Organizational Outcomes

Diverse Evaluations and Expectations of Managers
The multiple constituency framework offers a valuable perspective for understanding the HR department's effectiveness (Tsui, 1987, 1990). This approach conceptualizes the HR department's environment as a complex network of clients, customers, and other stakeholders who depend on, and exert control over, the HR department (Tsui & Milkovich, 1987). Effectiveness in this context is measured by the department's ability to fulfill the varied expectations and needs of these groups, aligning with the political influence perspective (Kanter & Brinkerhoff, 1981). From this perspective, organizations are viewed as battlegrounds, with stakeholders competing to influence critical decision criteria in a way that furthers their own interests (Chen et al., 2011). The multiple constituency framework explains the variability in constituents' expectations and assessments, shaped by their roles and positions in the organizational hierarchy (Tsui & Milkovich, 1987). It reveals that various groups have distinct preferences, with the greatest differences noted between the constituencies that are most distant in the organizational hierarchy. Furthermore, it indicates that stakeholders at different organizational levels have diverse preferences but also assess the HR department's overall effectiveness differently, depending on how closely it meets their individual expectations (Gao et al., 2016). This means that the HR department must navigate a landscape of diverse and sometimes conflicting expectations, trying to fulfill the varied needs of these groups to be considered effective.

When the HR department meets or even exceeds stakeholder expectations, it is more likely to be seen as effective, fostering satisfaction that leads to positive attitudes toward the department's contributions and tailored HR systems (Chadwick & Li, 2018). Conversely, dissatisfaction among stakeholders can lead to a lack of support for HR initiatives and a resistance to adopt new HR practices. Recent studies show that support from the HR department leads to a social exchange relationship with the organization, and line managers feel obligated to help achieve its objectives (Bos-Nehles & Meijerink, 2018). This interplay of expectations and satisfaction emphasizes the importance of managing perceptions within an organization (van Rossenberg, 2021). The perceptions of managerial groups at different levels about the effectiveness of the HR department can influence how managers allocate resources, how HR practices are implemented, and how strategic and operational decisions are made (Nguyen et al., 2019). Thus, these perceptions can be pivotal in shaping the HR department's role in contributing to the firm's value (Buyens & de Vos, 2001).
The Role of the HR Department in Adding Value to the Organization

The HR department plays a significant role in an organization (Chadwick & Li, 2018). Research highlights the HR department’s influence on organizational decision-making processes (Buyens & de Vos, 2001) and its role in firm success as a “strategic partner” (Ulrich, 1997). As strategic partners, HR departments are pivotal in developing human resource attributes that provide a competitive advantage (Guthrie et al., 2011) and ensuring the alignment of HR business interests with organizational goals (Mitsuhashi et al., 2000). This strategic positioning is beneficial for enhancing the organization’s competitive edge. Moreover, Chadwick & Li (2018) demonstrated that HR departments add value to the organization by eliminating inconsistencies in HR practices for “internal fit,” and by customizing and tailoring HR systems to align with firm’s strategy, industry, key stakeholders, and market demands, for “external fit”.

Continuing in this line of research, Trullen et al. (2016) observed that HR departments shape business success by effectively implementing HR practices, which is a foundation of overall HRM effectiveness. Such active involvement in HR practice implementation is critical for achieving desired outcomes. Supporting this, further research suggests that HR departments can create internal conditions for successful HRM implementation by line managers (Bos-Nehles & Meijerink, 2018), thereby influencing firm performance by effectively managing human capital, with HR systems acting as a pivotal tool for this impact (Chadwick & Li, 2018).

To sum up, the role of HR departments in organizations is complex, involving the management of diverse stakeholder expectations, and the strategic alignment of HR activities with organizational objectives (Nguyen & Teo, 2018). Based on the above, it can be assumed that when an HR department meets the diverse expectations of stakeholders and is thus perceived as effective, the likelihood of positively influencing business success and manifesting the value of the HR function to the firm increases. Delving deeper into understanding these perceptions and their implications for organizational outcomes can be beneficial.

Different Perspectives of HR Managers vs. Line Managers

HR managers’ and line managers’ perceptions of HR department effectiveness differ (Guthrie et al., 2011). Research has shown that HR managers consistently rate their effectiveness more positively compared to line managers (Gao et al., 2016; Mitsuhashi et al., 2000; Yusoff et al., 2009). This discrepancy can be explained by the bounded rationality problem (Chen et al., 2011; Dearborn & Simon, 1958). According to this perspective, line managers, with their focus primarily on their specific functional areas, might not fully recognize or value the broader contributions of the HR department to the organization. This can lead them to undervalue the HR department’s effectiveness in comparison to HR managers’ assessments.

Research confirms these assumptions. Line managers generally focus on short-term operational outcomes (Ryu & Kim, 2013), evaluating HR department effectiveness based on these immediate results (Sikora & Ferris, 2014; Teo & Rodwell, 2007). They evaluate the services of the HR department based on their perceptions of the reliability, responsiveness, empathy, and assurance of the HR department (Bos-Nehles et al., 2020). Moreover, line managers base their assessment of HR department’s effectiveness on their own experiences and understanding HR practices (Nguyen & Teo, 2018), often overlooking HR’s strategic value (Chen et al., 2011; De Winne et al., 2013; Yusoff et al., 2009). In contrast, HR managers are more likely to recognize or value the broader contributions of the HR department to the organization compared to line managers. This is attributed to the nature of their work, as HR managers are engaged in policy development, and aligning HR strategies with corporate goals (Valverde et al., 2006). They act as “boundary spanners,” managing critical information to navigate organizational challenges (Sheehan et al., 2007). Consequently, they are better positioned compared to line managers to fulfill the strategic role of the HR department within the organization (Hailey et al., 2005; Pereira & Fontinha, 2016; Sheehan et al., 2016; Teo & Rodwell, 2007).

Thus, given the role of HR managers, their hierarchical position, and their intermediate status between managerial and operational levels (Bos-Nehles & Meijerink, 2018), their higher satisfaction with the department’s effectiveness could indicate HR’s better strategic integration and operational success. The expectations and preferences of HR managers, shaped by their strategic involvement and a broader organizational perspective, are likely to offer deeper insights into the contributions of HR to firm success than those of line managers. Hence:

Hypothesis 1: The assessment of the HR department effectiveness by HR managers will demonstrate a stronger association with firm outcomes than that by line managers.

Different Perspectives of Top Managers vs. Lower-Level Managers

Top managers’ rating of HR department effectiveness differs significantly from the assessment provided by lower-level managers. Limited research has examined top managers’ perceptions of HR department effectiveness and compared them
with other stakeholders (Buyens & de Vos, 2001; Teo, 2002; Teo & Crawford, 2005). Findings indicate that top managers often view the HR department more positively than both HR and line managers (Tsui, 1987, 1990). This favorable view might be explained by resource dependency theory, which suggests that HR departments will pay more attention to the concerns of top managers who control their resources (Tsui, 1990). Given that organizations typically respond to vital contingencies for success or survival, HR departments, according to this theory, are likely to prioritize meeting the expectations of top managers.

The importance of addressing the needs of top managers is crucial. Owing to their position at the apex of the organizational hierarchy, top managers play an important role in HRM. They significantly influence the organization's HR philosophy, as well as the adoption of specific HR policies and practices (Boada-Cuerva et al., 2019; Brandl & Pohler, 2010). Decisions made by top management not only shape the strategic direction of HRM (Bennett et al., 1998; Sheehan et al., 2016) but also determine the operational autonomy and strategic positioning of the HR department within the organization, elevating or diminishing its role (Mirfakhar et al., 2023).

The discrepancy in effectiveness ratings of the HR department between top and lower-level managers may stem from the unique position of top management within the organization. Being responsible for setting the firm's strategic direction, top managers are more likely to acknowledge the strategic importance of HR in achieving organizational goals (Stanton et al., 2010). In the realm of HRM, top management's primary roles encompass strategic decision-making and leadership (Valverde et al., 2006). As indicated by Gao et al. (2016), the evaluation of strategic roles should be conducted by stakeholders at higher management levels, who are expected to maintain a comprehensive and unbiased perspective on the contributions of HR departments.

Thus, top managers' favorable views on HR department effectiveness, shaped by their broad organizational perspective and strategic decision-making role, may underscore HR's contribution to strategic objectives and competitive advantage. This positive assessment may suggest that when top managers consider the HR department effective, it reflects a recognition of HR's contribution to the organization's strategic objectives and competitive advantage. Hence:

**Hypothesis 2:** The assessment of HR department effectiveness by top managers will demonstrate a stronger association with firm outcomes than that by HR managers and line managers.

**Performance as a Multidimensional Construct: Proximal vs. Distal Outcomes**

Performance represents a multidimensional construct (Rogers & Wright, 1998) that operates on multiple levels. Strategic human resource management (SHRM) research acknowledges this complexity, noting that employees react differently to the HRM function, encompassing affective, cognitive, and behavioral reactions (Choi, 2014b). Consequently, HRM's influence on firm performance is mediated by factors like improved employee productivity, lower turnover, and beneficial social outcomes (Huselid, 1995), and can be grasped from the perspective of proximal and distal measures (Azmi, 2011). Thus, this indicates that the impact of the HRM may differ based on its proximity to the desired outcomes and the level of performance aggregation.

Empirical studies exploring the link between HR departments and organizational performance, especially concerning different outcome levels or their proximity to the desired outcomes, are scarce. Farndale et al. (2017), for example, observed that the size of the HR department can moderate important organizational outcomes such as employee turnover and HR expense per employee. Similarly, Gilbert et al. (2011) found a positive correlation between employees' perceptions of HR service quality and their affective commitment. Chadwick & Li (2018) emphasized that HR departments shape employees' views of management's motivations in implementing HR practices, which correlates positively with labor productivity. These findings, though limited, highlight the importance of analyzing different outcome levels and their proximity to desired results.

Based on the previous discussion, top managers, with their strategic focus, probably tend to evaluate HR department effectiveness in terms of long-term, broad organizational outcomes. In contrast, line managers, closely involved in day-to-day operations, are more likely to assess HR effectiveness based on immediate, proximal outcomes. HR managers, balancing their dual role as both implementers and recipients of HR practices (Pereira & Fontinha, 2010), develop a nuanced view that integrates both strategic and operational aspects (Sheehan et al., 2014). HR managers uniquely blend line managers' operational focus with top managers' strategic perspective, yet their daily operational involvement aligns their HR department's effectiveness evaluations more with line managers. Consequently, HR and line managers' evaluations will show a stronger correlation with proximal outcomes, whereas top managers’ assessments are expected to align more with distal outcomes, highlighting the complex interplay of managerial perspectives in assessing HR department effectiveness. Hence:

**Hypothesis 3:** Proximal outcomes will exhibit a stronger association with the effectiveness ratings of HR department effectiveness by HR managers and line managers than with the ratings of top managers.
Method

Sample and Data Collection
Hypotheses were tested with a randomly collected sample from Bisnode (formerly the Hoppenstedt & Bonnier database). The research was conducted in 2020 among Polish firms employing between 50 and 249 employees and more than 250 employees. The sample was nationwide. A total of 490 firms were randomly selected. All the selected firms were contacted, resulting in 150 firms being surveyed; 129 firms refusing to participate in the survey; 82 firms stopping the survey without a possibility of continuation; 118 firms agreeing to be surveyed outside of project deadlines; 2 firms not meeting the criterion of employment size; finally, in 9 cases it was not possible to contact the decision maker. The response rate was 0.47.

Three surveys were carried out in each firm, one for each group of employees: group 1, executive/top management level; group 2, line manager; group 3, HR manager or person responsible for HR issues in the organization. Surveys were conducted with 150 top managers, 149 HR managers, and 145 line managers. The vast majority of the organizations in this study (77%) were in the production sector; the median firm lifetime was 24 years; the median organization comprised 372 employees in 2019, 364 employees in 2018, and 325 employees in 2017; and 21.6% had at least one-quarter of the total number of employees who belonged to a union.

Measures

HR Department Effectiveness
Based on the work of Tsui (1990), in this paper HR department effectiveness was characterized as the extent to which respondent agreed with three statements using a five-point scale ranging from 1 = strongly disagree to 5 = strongly agree: “(1) HR department is performing its job the way he/she would like it to be performed, (2) HR department met his/her expectations in its human resource management roles and responsibilities, and (3) to what extent would he/she change the manner in which HR department is doing its job? (scale reversed)” (Tsui, 1990, p. 469). Strong evidence of this tool's reliability and validity has been established through numerous studies (e.g., Wright et al., 1998). The questionnaire was originally created in English; therefore, it was translated into Polish using the back-translation method. The internal consistency reliability of this scale was $\alpha = .93$ among top managers (two items; $\alpha = .72$ for three items); $\alpha = .90$ among HR managers (three items); and $\alpha = .86$ among line respondents (three items). For top managers, the analysis was conducted using two items.

Firm (Distal) Outcomes
A range of firms' outcomes has been included in this study. Firm objective performance was assessed by sales growth measured as annual sales growth over the 2017–2019 period. Firm subjective performance was assessed by two variables that reflect organizational and market performance operationalized by Delaney & Huselid (1996). The first subjective variable was constructed from seven items assessing respondents' perceptions of their firm's performance over the past three years relative to that of similar organizations ($\alpha = .95$). Respondents were asked the following:

How would you compare the organization's performance over the past 3 years to that of other organizations that do the same kind of work? What about… (1) quality of products, services, or programs? (2) development of new products, services, or programs? (3) ability to attract essential employees? (4) ability to retain essential employees? (5) satisfaction of customers or clients? (6) relations between management and other employees? (7) relations among employees in general?

The second subjective variable was constructed from four questions concerning respondents' perceptions of their firm's performance over the past three years relative to product market competitors ($\alpha = .82$). Respondents were asked the following: “Compared to other organizations that do the same kind of work, how would you compare your organization’s performance over the last three years in terms of: 1) marketing, 2) growth in sales, 3) profitability, and 4) market share” (Delaney & Huselid, 1996, p. 956). Each of these dependent variables was based on questionnaire items answered on Likert scales ranging from 1 “much worse” to 5 “much better”. All firm outcome data were obtained directly from respondents. Measures to assess subjective criteria for measuring firm performance (organizational and market performance) were collected from top managers; measures to assess objective criteria were obtained from HR managers.
Operational (Proximal) Outcomes
Among the operational outcomes used in this research were two variables: (1) employee productivity and (2) firm growth. Data were obtained directly from the HR manager and acquired for the years 2017, 2018, and 2019. Firm growth was measured as the average annual employment growth rate over the past three years. This measure is often indicated as a key indicator of a firm’s organizational effectiveness and can be linked to firm viability. Employee productivity was measured as the natural logarithm of net sales per employee. There are three reasons for including this variable in the study. First, labor productivity reflects the extent to which a firm’s employees efficiently produce output. Second, this output measure reflects the contributions of employees that are isolated from changes in the environment (Richard & Johnson, 2004).

Control Measures
Several control measures were incorporated into the analysis. These encompassed firm size, represented by the natural logarithm of the total number of employees (Ge & Zhao, 2020); firm age was measured as the logarithm of the number of years since the company was established (Choi, 2014a); industry classification was controlled using dummy codes for each industry (Klaas et al., 2012); union status was indicated with dummy variable 0/1 (Shih & Chiang, 2011) with trade union coverage that described the percentage of a firm’s employees belonging to a union (1, 25% or more employees belonging to a trade union, 0, otherwise) (Guest & Conway, 2011).

Results
In addition to descriptive statistics and correlations, regression analysis was conducted together with the test for two regression coefficients. The means, standard deviations, and correlations among the research variables are presented in Table 1 and Table 2. Results for the relationship between variables are presented from Table 3 to Table 6.

<table>
<thead>
<tr>
<th>Table 1. Means, Standard Deviations for Study Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Descriptive Statistics</strong></td>
</tr>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>HR Dept. effectiveness (top)</td>
</tr>
<tr>
<td>HR Dept. effectiveness (HR)</td>
</tr>
<tr>
<td>HR Dept. effectiveness (line)</td>
</tr>
<tr>
<td>Org performance</td>
</tr>
<tr>
<td>Market performance</td>
</tr>
<tr>
<td>Employee productivity</td>
</tr>
<tr>
<td>Firm growth</td>
</tr>
<tr>
<td>Sales growth</td>
</tr>
</tbody>
</table>

Source: Own study based on Stata 15 output.

<table>
<thead>
<tr>
<th>Table 2. Correlations for Study Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Correlations</strong></td>
</tr>
<tr>
<td>Variable</td>
</tr>
<tr>
<td>-------------------------------------------</td>
</tr>
<tr>
<td>HR Dept. effectiveness (top)</td>
</tr>
<tr>
<td>HR Dept. effectiveness (HR)</td>
</tr>
<tr>
<td>HR Dept. effectiveness (line)</td>
</tr>
<tr>
<td>Org performance</td>
</tr>
<tr>
<td>Market performance</td>
</tr>
<tr>
<td>Employee productivity</td>
</tr>
<tr>
<td>Firm growth</td>
</tr>
<tr>
<td>Sales growth</td>
</tr>
</tbody>
</table>

Significant estimates are marked with stars: *** p < 0.01, ** p < 0.05, * p < 0.1.

Source: Own study based on Stata 15 output.
Tests of hypotheses

Hypothesis 1 posited that the assessment of HR department effectiveness by HR managers will demonstrate a stronger association with firm outcomes than that by line managers. The results for validating this hypothesis are given in Table 3 and Table 4. For brevity, the table omits the estimates for the control variables (firm size, firm age, industry, union status, and trade union coverage).

Table 3. Regression Results for Associations Between HR Department Effectiveness and Firms’ Outcomes

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Dept. effectiveness</td>
<td>0.942***</td>
<td>0.874***</td>
<td>–35.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(top)</td>
<td>(0.0765)</td>
<td>(0.140)</td>
<td>(31.24)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR Dept. effectiveness</td>
<td>0.184**</td>
<td>0.160</td>
<td>17.91*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(HR)</td>
<td>(0.0804)</td>
<td>(0.109)</td>
<td>(10.41)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR Dept. effectiveness</td>
<td>0.320***</td>
<td>0.440***</td>
<td>4.238</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(line)</td>
<td>(0.107)</td>
<td>(0.142)</td>
<td>(22.04)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>141</td>
<td>141</td>
<td>137</td>
<td>141</td>
<td>141</td>
<td>137</td>
<td>133</td>
<td>133</td>
<td>130</td>
</tr>
<tr>
<td>R-squared full model</td>
<td>0.809</td>
<td>0.370</td>
<td>0.416</td>
<td>0.472</td>
<td>0.240</td>
<td>0.306</td>
<td>0.176</td>
<td>0.170</td>
<td>0.177</td>
</tr>
<tr>
<td>R-squared controls only</td>
<td>0.333</td>
<td>0.333</td>
<td>0.335</td>
<td>0.223</td>
<td>0.223</td>
<td>0.218</td>
<td>0.164</td>
<td>0.164</td>
<td>0.177</td>
</tr>
</tbody>
</table>

Note: In parentheses, robust standard errors are reported. The estimates for the control variables are omitted. Significant estimates are marked with stars: *** p < 0.01, ** p < 0.05, * p < 0.1.

Source: Own study based on Stata 15 output.

The results show (Tables 3 and Table 4) that the beta coefficients of HR managers are not significantly different from those associated with line managers in their association with perceived organizational performance ($\beta = 0.184$ for HR managers; $\beta = 0.320$ for line managers; $p = 0.103$) and sales growth ($\beta = 17.91$ for HR managers; $\beta = 4.238$ for line managers, $p = 0.575$). A similar situation is observed in the case of perceived market performance, where the differences also proved to be statistically insignificant ($\beta = 0.160$ for HR managers; $\beta = 0.440$ for line managers, $p = 0.295$). Given these results, hypothesis H1 is not supported.

Hypothesis 2 posited that the assessment of HR department effectiveness by top managers will demonstrate a stronger association with firm outcomes than that by HR managers and line managers. The relevant results for validating this hypothesis are given in Table 3 and Table 4. The results indicate that the beta weights of top managers are more strongly aligned with both subjective firm performance measures: perceived organizational performance ($\beta = 0.942$ for top managers, $\beta = 0.184$ for HR managers; $\beta = 0.320$ for line managers; both $p < 0.001$) and perceived market performance ($\beta = 0.874$ for top managers, $\beta = 0.160$ for HR managers; $p < 0.001$; $\beta = 0.440$ for line managers, $p = 0.030$). However, contrary to the initial assumptions, the beta weights for top managers do not show stronger alignment than those for HR managers and line managers in terms of their association with sales growth ($\beta = -35.84$ for top managers, $\beta = 17.91$ for HR managers, $p = 0.310$; $\beta = 4.238$ for line managers, $p = 0.118$). Thus, hypothesis H2 receives partial support from the empirical data.

Hypothesis 3 posited that proximal outcomes will exhibit a stronger association with the effectiveness ratings of HR managers and line managers than with the ratings of top managers. The relevant results for validating this hypothesis are given in Table 5 and Table 6.
### Table 5. Regression Results for Associations Between HR Department Effectiveness and Operational Outcomes

<table>
<thead>
<tr>
<th>Variables</th>
<th>Employee productivity</th>
<th>Employee productivity</th>
<th>Employee productivity</th>
<th>Firm growth</th>
<th>Firm growth</th>
<th>Firm growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Dept. effectiveness (top)</td>
<td>-0.330 (0.288)</td>
<td></td>
<td></td>
<td>4.019 (6.791)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR Dept. effectiveness (HR)</td>
<td>0.130 (0.185)</td>
<td></td>
<td></td>
<td>15.95*** (5.503)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR Dept. effectiveness (line)</td>
<td>-0.0854 (0.152)</td>
<td></td>
<td></td>
<td>18.54** (8.196)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Observations: 133 133 130 141 141 137 137
R-squared full model: 0.253 0.246 0.292 0.132 0.186 0.189 0.133
R-squared controls only: 0.253 0.246 0.292 0.132 0.186 0.189 0.133

Note: In parentheses, robust standard errors are reported. The estimates for the control variables are omitted. Significant estimates are marked with stars: *** p < 0.01, ** p < 0.05, * p < 0.1.

Source: Own study based on Stata 15 output.

### Table 6. Results of the Tests for Equality of the Regression Coefficients for Firm Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Top managers = HR managers</th>
<th>Top managers = line managers</th>
<th>HR managers = line managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Z statistics</td>
<td>p-value</td>
<td>Z statistics</td>
</tr>
<tr>
<td>Employee productivity</td>
<td>1.34</td>
<td>0.179</td>
<td>0.75</td>
</tr>
<tr>
<td>Firm growth</td>
<td>1.36</td>
<td>0.172</td>
<td>1.36</td>
</tr>
</tbody>
</table>

Source: Own study based on Stata 15 output.

The results (Tables 5 and 6) indicate that the beta coefficients of HR managers and line managers exhibit a stronger relation with firm growth compared to the ratings from top managers (β = 4.019 for top managers, β = 15.95 for HR managers; β = 18.54 for line managers) but the differences are not statistically significant (in both cases, p = 0.172). Contrary to the initial assumptions, the beta coefficients of HR managers and line managers do not exhibit a stronger relation with employee productivity compared to the ratings from top managers (β = -0.330 for top managers, β = 0.130 for HR managers, p = 0.179; β = -0.0854 for line managers, p = 0.452). Considering these results, hypothesis H3 should be rejected.

### Discussion

A managerial perspective was adopted to address the significance and consequences of (dis)agreement in perceptions of HR department effectiveness for the organization. Consequently, the aim of this study was to establish differences in HR departments’ effectiveness among various managerial groups, and to examine the association between these perceptions and firm performance. Overall, the findings support the conclusions of Chadwick & Li (2018, p. 1) that “HR departments are an important part of the general SHRM story”.

In detail, findings have shown that two managerial groups (top managers and non-top managers) hold different perceptions of HR department effectiveness and its influence on operational and firm outcomes. This paper reveals that top managers’ ratings of HR department effectiveness, compared to the ratings of HR managers and line managers, have a stronger association with the organizational and market performance of the firm. Moreover, it is demonstrated that minimal discrepancies exist between HR and line managers’ assessments of HR department effectiveness. However, contrary to the initial expectations, when assessing the impact of HR department effectiveness on more proximal outcomes such as employee productivity and firm growth, the assessments by HR managers and line managers do not exhibit a stronger relationship with performance in comparison with top managers.

This article contributes to the literature on SHRM by examining the perceptual differences. Firstly, this study confirms the...
distinctiveness of managers’ perceptions of HR departments across two hierarchical levels (top managers and non-top managers). This indicates that top managers acknowledge the importance of the HR function and the role of the HR department, in line with Valverde et al. (2006), who observed that the responsibility for HRM extends beyond the HR department to include other members within the organization. Second, this study confirms that HR managers and line managers form a relatively homogeneous group in terms of assessing the impact of HR department effectiveness on organizational performance. The differences between these managers were not significant. Such a consensus among HR managers and line managers about the role of HR department can reinforce the concept of HRM system strength proposed by Bowen & Ostroff (2004). This concept advocates for strong HRM systems, characterized also by an agreement among decision makers, as a basis for strong organizational climate. A strong climate implies that the messages sent to stakeholders by the HRM system are clear, consistent, and unambiguous.

Limitations of the Study

While this article provides some insights into the field of SHRM, it is essential to acknowledge its inherent constraints. The first limitation of this analysis relates to the approach to examining HR department effectiveness and firm outcomes. Existing research often overlooks the specific contributions of HR departments (Trullen & Valverde, 2017) and calls for more evidence of their impact (Ferris et al., 2007) since “this department often lacks the recognition of its effectiveness in triggering the HRM-performance linkage” (Nguyen et al., 2019, p. 552). Additionally, some studies (e.g., Chadwick & Li, 2018; Farndale et al., 2017) focus on aspects such as the size of HR departments without considering their effectiveness. There is also terminological confusion, where research on the effectiveness of the HR function actually measures HR department effectiveness (Azmi, 2011; Wright et al., 1998). Lastly, as Chadwick & Li (2018) note, assessments of the HR department can be biased by the overall impression of the firm’s performance. This bias, especially in studies based on management evaluations, can influence the findings.

The second limitation of this study is lack of clarification of the process through which HR department effectiveness assessments originate and the criteria significantly impacting managers’ perceptions of effectiveness. The third limitation of this analysis pertains to the measurement of firm performance, specifically the selection of firm growth as a proximal outcome and reliance on perceived firm performance. Although Delaney & Huselid (1996) noted that numerous studies have demonstrated strong linkage between perceptual and hard measures of organizational performance, the contrast between these perceived results and firm growth suggests that caution should be exercised when interpreting these results. Acknowledging the potential discrepancy between perceived and actual firm performance becomes crucial (Wall et al., 2004).

Future Research

Considering the points discussed, potential avenues for future research are suggested. First, evaluating managerial perceptions and examining their impact on organizational outcomes is challenging due to the intricate processes involved and the potential for numerous variables to influence this relationship. In agreement with Chadwick & Li (2018), future studies should include effective HR systems and explore how an effective HR department contributes to performance by effective HRM activities. The issue of HRM implementation effectiveness (Mirfakhar et al., 2018, 2023; Trullen et al., 2020) should also be considered. Nguyen & Teo (2018) emphasized that the implementation of HR practices is crucial for HR departments to enhance their effectiveness, as line managers observe the contribution of HR departments in formulating HR practices, allowing them to effectively manage the day-to-day operations of their units and/or departments.

Additionally, future research could also incorporate employees, as an additional hierarchical level of organizational actors (Meijerink et al., 2016). The involvement of employees has received empirical attention in HRM studies (Beijer et al., 2021). This trend has given rise to various conceptual models that investigate how employee perceptions influence their behaviors (Meijerink et al., 2021; Van Beurden et al., 2021). While these studies reveal gaps between management-rated HRM and employee-rated HRM, the reasons behind these differences remain largely unexplored.

Conclusions

This article examined the HRM-performance relationship from a managerial perspective, including the viewpoints of top managers, HR managers, and line managers. It revealed differences in their perceptions of HR department effectiveness and its influence on organizational outcomes. Notably, top managers showed a stronger association between HR department
effectiveness and firm performance, particularly in the organizational and market context. Contrary to expectations, the evaluations by HR managers and line managers do not show a stronger relation with proximal outcomes such as employee productivity and firm growth compared to top managers, indicating that their perspectives do not significantly differ from those of higher-level managers regarding the impact of HR department effectiveness on operational outcomes. While the study contributes to understanding perceptual differences among managerial levels, it has limitations, such as a construct clarity and the use of perceived firm performance. Future research should include effective HRM systems, incorporate employee perspectives, and delve into HRM implementation effectiveness to offer a deeper understanding of the HR department’s role in organizational success.

ACKNOWLEDGMENTS

This article is a result of a research project financed by National Science Centre, Poland (grant number: 2015/19/D/HS4/00805).

References


