CHAPTER 3: PROBLEM AREAS AND RESEARCH GAP

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Chapter Overview

This chapter seeks to identify the research gaps in the existing literature on the role of internal and external agents viz. line managers, top management and external service providers in HRM. It tries to indicate the problem areas existing in the available literature. These problem areas and gaps relate to both theoretical and empirical perspectives on role of agents.

3.1 Focus on the Role of Individual Agents

Valverde et al. (2006) reported that HRM is not the sole responsibility of HR departments but also of other agents. Thus, all managers are people managers and there are many people involved in the HR function (Khatri & Budhwar, 2002; Papalexandris & Panayotopoulou, 2005; Whittaker, 1990). These are both internal and external agents. HRM is viewed as a partnership involving two or at most three HRM agents (Mohrman & Lawler, 1999). Several research studies have reported the role of line managers (Budhwar & Sparrow, 1997; Budhwar, 2000a, 2000b; Conway & Monks, 2010; Hutchison & Purcell, 2010; Srimannarayana, 2010; Valverde et al., 2006; Wood, 1995), top management (Finegold & Frenkel, 2006; Schuler & Jackson, 1999; Valverde et al., 2006) and external service providers (Cook, 1999; Cunningham & Hyman, 1999; Delmotte & Sels, 2008; Klass et al., 2001; Redman & Allen, 1993; Valverde et al., 2006) in people management activities.

Valverde et al. (2006) explored the role of both internal as well as external agents in HRM. Barring this, the researcher did not come across any study in which the role of all the three agents has been explored comprehensively. Most studies usually focus on just one of the agents or, at most, on two agents. There is no developed literature incorporating the study of all agents (Valverde et al., 2006). Most researchers in the area have independently explored the role of a single agent vis-a-vis HRM (e.g. Budhwar & Sparrow, 1997; Budhwar, 2000b; Cook, 1999;
Conway & Monks, 2010; Delmotte & Sels, 2008; Redman & Allen, 1993; Schuler & Jackson, 1999; Srimannarayana, 2010). Despite this, even on individual basis, there is a dearth of studies. Concurrently, the role of line managers, top management and external service providers in HRM has not been explored in an in-depth manner in prior studies. For instance, different studies have reported the scarcity of academic-oriented research on issues related to HR outsourcing in comparison to the growing literature on outsourcing as well as exploratory evidence of key drivers that influence organizations to resort to external providers (Cooke et al., 2005; Shen, 2005). Thus, an investigation into the role of internal and external agents in HRM is a research issue that needs to be addressed.

3.2 Focus on Prescriptive Studies

The literature is more prescriptive or normative than descriptive (Valverde et al., 2006). Thus, there is greater emphasis on what various agents should do to manage people, as opposed to establishing what they actually do (Gratton et al., 1999). There is a paucity of studies that can give a descriptive picture of the current scenario of role of agents in HRM. Often this literature lacks any strong evidence (Jackson & Schuler, 1999). Also, there is a tendency to concentrate on the wider concept of “role” (including activities, responsibilities, power relationships, influence and position etc.) with little focus on specifying which particular responsibilities are allocated to each agent (Legge, 1995).

3.3 Lack of Studies on Outcomes of Role of Agents in HRM

Although some studies have linked the role of agents with performance outcomes, there is still a dearth of empirical findings on outcomes of role of agents. Hall and Torrington (1998) and Perry and Kulik (2008) opined that the need to study the involvement of agents and effectiveness of people management as the focus of the prior studies are on their role in HRM. Conway and Monks’ (2010) study indicated the role of line managers in HR activities and contribution to organizational performance. However, these studies are few and far between. The focus of most studies has remained on the role of agents and the impact of role of all the agents has not been explored.
3.4 Focus on Qualitative Methodology

There is a paucity of empirical studies in the area since most of the previous studies are based on qualitative methodology, primarily case-based studies (e.g. Bond & McCracken, 2005; Bond & Wise, 2003; Cascon-Pereira et al., 2006; Currie & Proctor, 2001; Finegold & Frenkel, 2006; Gennard & Kelly, 1997; Harris et al., 2002; Hutchison & Purcell, 2010; McConville, 2006; Renwick, 2000; Renwick, 2003; Thornhill & Saunders, 1998; Whittaker & Marchington, 2003; Watson et al., 2007). Consequently, there are no comprehensively developed measures to study the role of line managers, top management and external service providers in management of HR. The scarcity of studies in the area has led to methodological problems in measuring the role of agents in HRM. Dany et al. (2008) pointed out the need for more empirical studies in the area.

3.5 Paucity of Empirical Studies

The role of internal and external agents in management of HR has been relatively under researched both in developing theory and analyzing empirical data as most of the studies are based on qualitative methodology (e.g. Bond & McCracken, 2005; Conway & Monks, 2010; Dick & Hyde, 2006; Finegold & Frenkel, 2006; Harris et al., 2002). Empirical evidences are limited (e.g. Budhwar, 2000b; Budhwar & Sparrow, 1997; Dany et al., 2008; Hsu & Leat, 2000; Srimannarayana, 2010). Busi and McIvor (2008) pointed out that there is dearth of empirical measures to analyze the business transformation activities with reference to external service providers.

Since most of the studies are theoretical in nature, as a result of which, there are no testable theoretical models that deal with examination of the roles of internal and external agents in management of HR giving rise to various methodological issues. The absence of models give rise to problems in developing strong measures since models provides support to structure the scattered viewpoint. As Wright and McMahan (1992) reported, a well-developed model allows for testing and revision to increase its accuracy. Additionally, this would have implications for the methodological design of the study. Thus, there is a need for more empirical
evidences to unearth the actual roles being played by the three agents viz. line managers, top management and external service providers in HRM.

3.6 Small Sample Size-Based Studies

Research in the area suffers from small sample size related problems that make the study less generalizable. For example, the sample size in different studies has been as low as nine (Gratton et al., 1999), thirteen (Whittaker & Marchington, 2003), twenty-eight (Gennard & Kelly, 1997), thirty-eight (Cunningham et al., 1996), forty-eight (Conway & Monks, 2010), ninety-three (Budhwar, 2000a), ninety-four (Gilley et al., 2004), one hundred thirty five (Wood, 1995).

Small sample size provides a limited view of population and has an adverse effect on the statistical results. It can lead to erroneous conclusions, thus, making the study results less generalizable. Small sample size represents a limited number of companies and therefore, provides a narrow view of cross-section of industries.

3.7 Low Response Rate in Existing Studies

One of the important issues in research in this area is related to response rate. Research on role of agents usually suffers from low response rate. Review of different researches in the area reveals response rate e.g. 18.6% (Budhwar, 2000a, 2000b), 25% (Fenton-O’Creevy, 2001), 17% (Gilley et al., 2004), 8.56% (Hall & Torrington, 1998), 24% (Khatri, 2000), 22.7% (Klass et al., 1999, 2001), 17% (Larsen & Brewster, 2003), 5% (Perry & Kulik, 2008), 19% (Tremblay et al., 2008), 10.5% (Valverde et al., 2006), 16% (Wood, 1995). Low response rate usually leads to non response bias related problems.

3.8 Focus on Manufacturing Sector

Majority of the researchers in the area have focused on the manufacturing sector (Chand & Katou, 2007; Hsu & Leat, 2000; Perry & Kulik, 2008). For instance, Budhwar (2000a, 2000b) and Budhwar and Sparrow (1997) focused on six industries viz. food processing, plastics, steel, textiles, pharmaceuticals and footwear. Gilley et al. (2004) investigated HR outsourcing and its relation with
organizational performance in manufacturing units. Although some studies have focused on the role of agents in the service sector, but these studies are only few and far between (Sisson, 1993).

3.9 Lack of Reliability and Validity of Research Instruments

Rigorous research methodology is necessary for the development of a reliable and valid instrument in order to enhance the process of theory building (Yin, 1994). As most of the studies are based on qualitative methodology (Bond & McCracken, 2005; Conway & Monks, 2010; Dick & Hyde, 2006; Finegold & Frenkel, 2006; Harris et al., 2002), the issue of reliability and validity are not addressed. Even in the case of empirical studies (e.g. Budhwar, 2000a; Budhwar & Sparrow, 1997; Dany et al., 2008; Hsu & Leat, 2000; Srimannarayana, 2010), the issue of reliability and validity are not addressed appropriately.

3.10 Paucity of Studies in the Indian Context

There is a dearth of studies on the theme in the Indian context. Most of the studies are based in Europe and the UK (e.g. Bond & Wise, 2003; Cunningham & Hyman, 1999; Harris et al., 2002; Hoogendoorn & Brewster, 1992; McGovern et al., 1997; Renwick, 2003; Whittaker & Marchington, 2003). Very few studies have been reported so far on role of agents in HRM in the Indian context. Except for certain studies (Agrawal, 2010; Bhatnagar & Sharma, 2004; Budhwar & Sparrow, 1997; Srimannarayana, 2010), most studies focus on the western context (Cantrell & Miele, 2007; Cunningham & Hyman, 1995; Gibb, 2003; Larsen & Brewster, 2003; MacNeil, 2003; Morley et al., 2006; Renwick, 2003; Thornhill & Saunders, 1998; Whittaker & Marchington, 2003). Thus, there is a real need to explore the issue in Indian settings, keeping in mind the fact that India is a fast-growing economy with an emerging HR landscape.