

The Role of Organisational Structure and Empowerment of the Line Managers in Human Resource Activities: The Case of Malaysian Firms

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ABSTRACT

The purpose of this paper is to examine the impact of organisational structure (formalisation and centralisation) on empowerment of the line managers in HR activities. The survey data were collected from 108 large firms in Malaysia. Data of the study was obtained through mail questionnaires survey. The informants of the study were HR managers and line managers. The findings showed that centralisation as hypothesised is negatively related to empowerment of the line in the organisations studied. A contrary a priori expectation, formalisation is significantly related to empowerment of the line but the effect is positive. The interactive influence of these two dimensions is significant and positive. This study contributes to a more nuanced understanding of the theory of empowerment of the line by positing organisational structure as an important determinant. Following Chandler's (1962) strategy-structure theory, structural changes i.e. centralisation, formalisation and many possible permutations of the two is required to make empowerment strategy work. This paper gives an overview of the literature on organisational structure and empowerment of the line managers in HR activities for strengthening the position of the HR function and the added value of the HR function to the organisation's success. Although there has been substantial academic and practitioner interest in empowerment, the study of empowerment of line managers in human resource (HR) activities and organisational structure of large organisations has been relatively new.

Keywords: formalisation, centralisation, empowerment of the line, large firms, Malaysia