What influences the actual use of competency management by the first-line manager?
Two conceptual models from the perspective of the social exchange theory.

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Abstract

Existing research shows that the first-line manager plays an important role in actually using HRM in general and competency management in particular. Existing theory and research in both domains point at a gap in understanding the mechanisms ‘how’ the actual enactment of the line takes place. In order to look into this gap, we present two models in which we adopt insights from competency management literature, HRM literature and social exchange theory. The first model treats the first-line manager’s exchange relationship with the HR function. The central hypothesis is that the quality of this exchange relationship mediates the inducements by the HR function at the one hand and the actual use of competency management at the other hand. In our second model, we treat the first-line manager’s exchange relationship with his senior manager. The central hypothesis here is that the quality of this exchange relationship mediates the inducements by the senior manager at the one hand and the actual use of competency management at the other hand. If these hypotheses are confirmed this will have important implications for practitioners pursuing actual use of competency management by the line.

Key words: Competency management, social exchange theory, actual use, first-line manager, inducements

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Introduction: lack of research into the outcomes of competency management

Organizations increasingly adopt competency management since the 1990s (Athey and Orth 1999). The term of competency management has been used to refer to distinct concepts. The term used in this paper refers to the HRM system around competency models (Boam and Sparrow 1992, Cardy and Selvarajan 2006, Horton 2000, Sanchez and Levine 2009, Sparrow 2002, Spencer and Spencer 1993). These competency models serve as the linking pin between HR practices. Such models identify a relevant set of required competencies, and then HR practices can be designed to complementarily promote the selection and development of those competencies in individuals (Wright and Boswell 2002).

Ultimately competency management serves to improve organizational effectiveness by influencing employee attitude and behavior. Therefore we follow Athey and Orth (1999) who defined competency management as “an integrated set of human resource activities aimed at optimizing the development and the use of employee competencies in order to increase individual effectiveness, and, subsequently, to increase organizational effectiveness”. Hence, competency management is related to high-performance work systems which also pursue competitiveness and organizational success.

A universal perspective in HRM studies states that some HR practices are always better than others. Similarly competency management has often been claimed to entail “better” HR practices (e.g., Sparrow, 2002). Becker and Huselid (1999) argue that ‘if most firms are relying on competency models, your firm cannot afford to “opt out”. To do so would risk a decline in the quality of your workforce as the incidence of valuable competencies in your normal applicant pool diminishes as other firms hire a disproportionate share of individuals with those attributes’.

However this universal assumption has been questioned by academics (Page et al. 2005, van der Meer and Toonen 2005). We found in our extensive literature research (Audenaert et al. 2009), that although competency management is widely spread and popular, it is not an easy endeavor to get this management tool implemented. Competency management is often little more than a personnel management gadget (Van Der Meer & Toonen 2005). Line managers see the tool as time consuming and bureaucratic. The goal to strengthen the role and responsibilities of the line management in competency management is still to take place (Hondegem & Vandermeulen 2000). Several exploratory studies point out differences in actual use within the organization (e.g., Horton, 2000). Since actual use is a key link to individual and organizational performance (Wright & Nishii, 2004), we find it important to gain
understanding on its antecedents. Therefore the mechanisms that influence the actual use are of particular interest. Although there is exploratory work on inducements influencing actual use both in HRM research (e.g., Nehles et al, 2006) and in competency management research (e.g., Vakola et al 2007, Capaldo et al 2006), there is a need for theory ‘how’ these inducements influence actual use.

In order to sculpt our conceptual models to increase our understanding of these preceding mechanisms of actual use, we borrow from several research streams. We first adopt insights from the greatly researched domain of HRM and performance. This leads us to analyzing the mechanisms that influence the actual use of competency management. Second, we choose to study these mechanisms from the social exchange theory and we return to competency management literature to gain insights on inducements for actual use. Finally, we present two models that study different social exchanges that mediate the inducements and the actual use.

**Limitations in the HRM Performance research: a knowledge gap on ‘how’ HR leads to performance**

Empirical work on the HRM-performance relationship began during the late 1980s. Substantial studies have used a variety of performance measures such as productivity, profitability and employee turnover. The published research provides support for the relation between HR practices and important measures of organizational performance (Boselie et al. 2005).

The dominant design focuses on assessing variance across organizations and ignores variance within the organization. This implies assuming homogeneity. In this vain there is a call to look at the mechanisms and the individual-level variables inside the black box. Although HR practices are mostly measured at the organizational-level, variance may occur at the individual-level of employee perceptions of HR. This variation takes place because different first-line managers vary in their actual use and because individuals make their own interpretations when processing information. Then, based on these interpretations, employees react through their attitudes, knowledge, skills and/or behavior (Wright and Haggarty 2005).

In order to look at these mechanisms within the black box there is a call for research starting from organizational behavior theories: ‘The dearth of research aimed at understanding how multiple (or systems of) HR practices impact individuals certainly suggest a ripe opportunity
for future research. Much of the strategic HRM research assumes systems of practices impacting groups of people rather homogeneously, but given our knowledge of individual differences, this assumption is tenuous, at best.’ (Wright and Boswell 2002: 262). This call for research into closely linked outcome variables, such as behavioral and attitudinal outcomes, has been made repeatedly (Boselie et al. 2005, Paauwe and Boselie 2005).

**Figure 1: the standard causal model for the relationship between HRM and performance according to Boselie and colleagues (2005) – question how is added to the original figure**

The assumptions underlying theory and research show a causal link between HR practices that are derived from strategy, employee reactions such as attitudes and behavior, and organizational outcomes. However, how HRM gives rise to HRM outcomes, remains neglected in empirical studies (see figure 1). What seems clear in the HRM performance research is that the mere presence of such practices is unlikely to be sufficient to lead to performance outcomes. The quality of implementation, which has also been referred to as actual use, is a vital determinant of the success (Boselie et al. 2005). This focus on process concerns a closer linkage to the subsequent HRM outcomes.

As a reaction to this missing link, theory-building has occurred on the process between HRM input and its outcomes such as attitudes and behavior (Bowen and Ostroff 2004, Evans and Davis 2005). There is a growing consensus that there is a strong disconnect between the intentions of HRM included in HR policy and the perceptions by the employee. These perceptions serve as an important link between HR practices and organizational performance (den Hartog et al. 2004, Truss 2001, Wright and Boswell 2002). This implies that employees don’t necessarily perceive the employment practices offered by the organization similarly. HR can be considered as having an impact on employees’ perception and evaluation of management policy and practices. This will in turn affect their behavior and
attitudes. The latter could include motivation to work effectively, to go the extra mile for the organization and to stay within the organization (Guest 1999).

Several studies show that line’s delivery of HR practices significantly varies in the consistency of actual use across the organization and quality of practice between managers, despite the presence of a formal HR policy. This is indicative of the discretion the line has in the way they enact the policy into actual practices (Bartel, 2004; Batt and Moynihan, 2006; Chang, 2005; McGovern et al. 1997). Thus, the gap between intended policy and perceived practice is explained mainly by the discretionary role of the first-line manager in enacting this policy in actual practices. By being close to their employees in direct supervision, studying the enactment role by these first-line managers is particularly valuable (Purcell and Hutchingson, 2007; Whittaker and Marchington).

In sum recently several scholars draw the black box as the sequence of (1) intended policy by the HR department, (2) actual use by the line manager, (3) perceived practice by the employee and (4) employee reactions. In this causal linkage the first-line manager plays an important role in the discrepancy between policy and practice, because of his responsibility to enact the HR policy (Purcell and Hutchinson 2007).

In order to study this gap Boxall and Purcell (2003) stress the importance of organizational processes that are required to put practices into operation as intended. These processes are socially complex and causally ambiguous. This makes it important to understand how HR practices are put into operation by formal and informal practices which make up the day-to-day realities of organizational life. Therefore several scholars recently point at the explanatory potential of the social exchange theory (Gould-Williams and Davies 2005, Kinnie et al. 2005, Purcell and Hutchinson 2007). By doing this we would take the call for organizational behavior lenses to study the inside of the ‘black box’ into account (Wright and Boswell 2002), as well as the call for relational theories in particular (Li-Yun, Ayree and Law, 2007). We will treat this scope in the next section.

Social exchange theory to study the key role of first-line managers in ‘how’ HR practices lead to HRM outcomes

The *inducement-contribution argument* lies at the heart of the social exchange theory (Blau, 1964; Homans, 1958). Organizational theorists and researchers have frequently started from this argument for regarding employment as the trade of effort and loyalty for socio-emotional benefits such as esteem and approval (Cropanzano and Mitchell 2005). Organizational
inducements such as positive and beneficial actions directed at the employee create obligations for employees to reciprocate in contributions for the organization. This process is also referred to as the norm of reciprocity (Wayne et al. 1997). In the social exchange literature a variety of exchanges take place in the social context of the organization. These exchanges share the notion of ‘reciprocal interdependence’. This emphasizes contingent interpersonal transactions, whereby an action by one party leads to a response by another. This complex social context is featured by a continuous, self-reinforcing cycle. The continuity implies that it is difficult to organize the sequence in discrete steps (Cropanzano and Mitchell, 2005).

The recent conceptual thinking in the social exchange theory puts the emphasis on ‘social exchange relationships’ (e.g. Uhl-bien et al, 2000). High quality relationships are characterized by sharing mutual interests and entering exchange relationships aware of those mutual interests (Evans and Davis 2005). Employees can form distinguishable social exchange relationships with several social exchange partners such as the first-line manager, coworkers, employing organization, customers, and suppliers. These relationships are intervening variables in the process of social exchanges (Cropanzano and Mitchell 2005).

Social exchange theory might offer insight on the mechanisms within the black box between HRM and organizational performance. Recently several SHRM authors have built on the social exchange theory and the involved norm of reciprocity to develop hypotheses about the relationships among HR practices and employee attitudes and behavior. In their attitude, behavior and performance employees reciprocate the HRM treatment they receive from the organization (e.g., Purcell and Hutchinson 2007, Whitener 2001). The social exchange constructs may function as antecedents, mediators or moderators in the relationship between HR practices and subsequent outcomes (Kuvaas, 2008). Whitener (2001) proposed that HRM practices are perceived by employees as a ‘personalized’ commitment to them which is then reciprocated back to the organization by employees through positive attitudes and behavior. This may involve discretionary behavior ‘beyond contract’, employee commitment, intention to stay and motivation.

Starting from the lenses in social exchange theory we need to look at possible inducements for the actual use of competency management. Therefore we focus on the inducements that influence the actual use of competency management in the next section. Subsequently, we will focus deeper on those inducements that are relevant from the perspective of those exchange relationships that are relevant to our study. In our first model we will argue for a mediating role of the relationship between the HR function and the line. This mediation
occurs between the inducements relevant to the HR function and the actual use of competency management. In our second model, we will treat the mediating role of the relationship between the senior manager and the line. Here the mediation finds place between the inducements relevant to the senior manager and the subsequent use of competency management.

**The relationship between ‘inducements’ and ‘actual use of competency management’**

Recently in the HRM literature there is a growing consensus that there is a gap between intended policy and actual use (e.g. Khilji, 2006; Wright and Nishi, 2004). This gap is explained mainly by the problematic role of the first-line managers in applying HR practices (Purcell and Hutchinson 2007). Research has shown the need for HR and the line to work in partnership (Whittaker and Marchington, 2003). However there are several problems with the devolution of HR responsibility to the line, therefore we will focus on the actual use by the line.

Likewise in competency management the actual use by the line management is problematic. The first-line managers have the responsibility to create the conditions in order to utilize and challenge the full potential of the available and future competencies of the employees. They should empower and coach their employees down the route of the vision. Several scholars underline this integration function in the line (Bergenhenegouwen et al. 1997, Cannon 1995, Godbout 2000, Iles 1992).

Some exploratory evidence indicates that the first-line managers are enabled by competency management to provide feedback to the employees (Vakola et al. 2007). However exploratory research indicates several inducements that influence this required actual use. First-line managers are not by definition committed to this management tool (Capaldo et al. 2006, Hondeghem and Vandermeulen 2000, Horton 2000). First, the first-line managers may lack the desire to be involved (Bouteiller and Gilbert 2005). Second, they may perceive it as time consuming and bureaucratic (Hondeghem and Vandermeulen 2000). Besides, they may lack appropriate people management competencies and education (Capaldo et al. 2006, Gangani et al. 2006). Another often cited critical success factor is support (Van Der Meer and Toonen, 2005). This goes beyond a need for coaching from the HR department on how to perform competency management. In organizations where the senior management is openly supportive of the initiative, the line management is using the tools. On the other hand, when they are not supportive, people are less inclined to use it (Becker and Huselid 1999, Morris 1996). Finally, the policy and procedures need to be simple enough and user friendly
(Horton 2000). This is an important requirement in order to avoid a bureaucratic pitfall (Lindgren et al. 2004).

Also scholars in the broader HRM literature devote attention to the inducements that influence the actual use by the first-line manager. The perceived HR practices are increasingly those enacted by line managers, particularly first-line managers with direct supervisory responsibility. Repeatedly it has been shown that there is a gap between intended policy and actual use. This use refers to how first-line managers undertake their HR responsibility in selecting, appraising, developing, etc. The first-line manager needs to blow the HRM policies to life. However he has discretion in his treatment of the practices involved. Often first-line manager’s involvement in HR is not placed in any performance expectations and is considered as a ‘discretionary’ element of the job. Research on HR devolution to the line has indicated several inducements that influence the line’s actual use. For instance, the extent and the nature of this discretionary behavior will be influenced by the design and the range of the HR practices he is expected to implement (Purcell 2003; Purcell and Hutchingson, 2007). In addition it has been shown that first-line managers need well designed HR practices to use in their people management activities. In this design the range and the user friendliness are important (Purcell and Hutchingson, 2007). Furthermore research indicates that line managers perceive support by the HR function as potentially valuable. Unfortunately HR’s delivery of important services seems to fall short of expectations. For the line management it is important to have the opportunity to talk with someone of the HR function (Whittaker and Marchington, 2003). A thorough literature review on these and other inducing conditions has been conducted by Nehles and colleagues (2006). Their review leads to five inducements: desire, capacity, competencies, support and policy and procedures. These are the same inducements that we found in competency management literature (see above).

Table 1: Classification of competency management literature according to the inducements listed by Nehlen et al (2006)

<table>
<thead>
<tr>
<th>Study</th>
<th>Desire</th>
<th>Capacity</th>
<th>Competencies</th>
<th>Support</th>
<th>Policy and procedures</th>
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<tbody>
<tr>
<td>Becker and Huselid (1999)</td>
<td>x</td>
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<tr>
<td>Bouteiller and Gilbert (2005)</td>
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<td>Capaldo et al (2006)</td>
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<td>x</td>
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<td>Gangani et al (2006)</td>
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<td>Heinsman et al (2008)</td>
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<td>Hondeghem and Vandermeulen (2000)</td>
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</table>
In order to focus our research we will only look into *inducements that are relevant* to the social exchange relationship. We will study the inducements relevant to the social exchange relationships between the line and the HR function, and the line and his senior manager. Therefore starting from the lenses of the social exchange theory we choose to focus our attention on information and support by the HR function and the senior manager. In other words, from our literature review we retain *support, policy and procedures* as constraining inducements that influence actual use.

As noted earlier, in high-quality partnership relationships tangible and intangible resources are exchanged (Liden et al, 1997). The ‘receiver’ of the beneficial inducement will repay via contributions that are beneficial to the ‘sender’. This core assumption in social exchange theory is the principle of ‘reciprocation’ and is used to study diverse relationships taking place in the social context of organizational life. The multi-foci model that stands central in social exchange theory refers to the multiple foci of partnership relationships that can be studied. Possible relationships are those between the employee and his co-workers, his line manager, or his customers (Cropanzano and Mitchell, 2005). In the next section, we treat our first model concerning the mediation of the social exchange relationship between the line and the HR function. In our second model we focus on the mediation of the social exchange relationship between the line and his senior manager.

**Model 1: The quality of the social exchange relationship between the line and the HR function as a mediating variable between inducements and actual use**

Social exchange relationships vary in terms of the amount of information and support exchanged between two parties (Wayne, Shore and Liden, 1997). These inputs are also called inducements.

In order to retrieve the inducements relevant to the HR function, we build on the devolution literature and the competency management literature. This literature stream stresses a supporting relationship with HR. Rather than devolving responsibility for operational HR practices completely to the line, the latter work in partnership with the HR specialists (Larsen
and Brewster, 2003; Whittaker and Marchington, 2003). Huselid and Becker (1999) found that when the line understands the contribution of competency models to the organization, they will also be more open to introduce these elements into HR practices. We argue that the inducements offered by the HR function concern providing the line with a clear HR policy, clear procedures, and support when having problems or questions, as noted earlier.

In turn, continuing the reasoning in social exchange theory, we follow the causal model of inducements altering the nature of the relationships (Cropanzano and Mitchell, 2005). This leads us to five hypotheses regarding the inducements offered by HR that influence the social exchange relationship between the line and HR.

HR is responsible for developing competence-based methods and instruments in the diverse HR processes (Bergenhenegouwen et al 1997). Starting from social exchange theory, we propose that the clarity of the competency management instruments offered by the HR department is an inducement for the social exchange relationship.

**Hypothesis 1: the clarity of the competency management instruments by the HR department positively influences the first-line manager’s perceived quality of the social exchange relationship with HR**

Concerning procedures, the HR department needs to bring clarity in how the line manager should use the competency management (cfr. Nehles et al 2008). Whether the HR department brings clarity in the procedures is regarded as an inducement, which can feed the social exchange relationship with the HR department.

**Hypothesis 2: the clarity of the competency management procedures offered by the HR department positively influences the first-line manager’s perceived quality of the social exchange relationship with HR**

Line managers feel a need for support from HR professionals in their role in competency management (Capaldo et al, 2006). However some HR professionals don’t necessarily provide the line with the required services (Hall & Torrington, 1998). Building on the social exchange theory, we propose that the services offered by HR impact the social exchange relationship.
Hypothesis 3: the quality of the services offered by the HR department positively influences the first-line manager's perceived quality of the social exchange relationship with HR

In her research Horton (2000) observed efforts to simplify the competency frameworks and make them more user friendly. We argue that HR’s efforts in making competency management forms user friendly is a positive inducement to the social exchange relationship.

Hypothesis 4: the user friendliness of competency management forms positively influences the first-line manager’s perceived quality of the social exchange relationship with HR

Part of the inducing support required from the HR department is training on the line’s input in competency management. Exploratory research has indicated that the first-line managers require training because they lack the appropriate people skills (Capaldo et al, 2006). Since organizing the training is a responsibility of HR, we argue that the training will positively influence the social exchange relationship with HR.

Hypothesis 5: the training concerning line manager's input in competency management positively influences the first-line manager's perceived quality of the social exchange relationship with HR

Furthermore, we build arguments for the influence of the social exchange relationship with HR on the actual use of competency management by the line.

As noted earlier, the actual use of competency management depends on the discretionary behavior of the first-line manager. This discretionary role is also acknowledged in HRM in general by Purcell and Hutchingson (2003; 2007). They argue that the first-line managers bring policies to life while having discretion in their treatment of good people management. This assumption blends well with the social exchange theory. In this theory the first-line manager plays a critical role as a key agent of the organization and fulfilling first-line managers’ enactment role makes appeal to the discretionary behavior of the first-line manager (cfr. Wayne et al. 1997).

This discretionary behavior in translating the intended policy of competency management into actual use is in the interests of the HR department. Research has shown that
competency management enables the implementation of strategic human resource management. This allows HR managers to act as managers of the strategic management team, linking HR policy to agency mission, goals and policy (Hondegheem and Vandermeulen 2000). This would provide the foundation through which human resource professionals can contribute to the success of their organization (Bergenhenegouwen et al. 1997, Rodriguez et al. 2002). Consequently it is a potentially important element in the transition of HR to a more strategic player (Becker and Huselid 1999).

Building on the social exchange theory, we argue that the influence of the inducements on the discretionary behavior is mediated by the first-line manager’s perception of the quality of his social exchange relationship with the HR specialists. The norms of reciprocity suggest that a first-line manager with a high quality exchange relationship will feel morally obliged to engage in discretionary behavior in the interests of the exchange partner. Thus, in this argument we follow the causal model of relationships altering the nature of the exchanges, which has been used in social exchange research (Cropanzano and Mitchell 2005).

Thus starting from the norms of reciprocity we argue that first-line managers whom perceive a high quality social exchange relationship with the HR function will feel morally obliged to act in HR’s interests through positive in-role and extra-role behaviors. Next to the formally obliged use of competency management, the first-line manager will contribute by discretionary behavior in actual use.

Hypothesis 6: The social exchange relationship between the first-line manager and the HR department positively influences the actual use
Model 1: Conceptual model of the mediating role of the quality of the social exchange relationship between the line and the HR function

Clarity of competency management instruments

Clarity of competency management procedures

Quality of competency management services

User friendliness of competency management forms

Training on competency management

SER line and HR

Actual use competency management

H1

H2

H3

H4

H5

H6
Model 2: The quality of the social exchange relationship between the line and his senior manager as a mediating variable between inducements and actual use

As indicated earlier, inducements function as an input to the quality of the social exchange relationship (Cropanzano and Mitchell, 2007). Relevant inducements are the amount of information and support exchanged between two parties (Wayne, Shore and Liden, 1997).

Recent research has shown that the first-line managers not only require support from the HR managers, but also from their superiors. The inducements by the senior manager concern providing support (Nehles et al, 2006). In addition, we argue that the senior manager’s own application of competency management to the line is one of the inducements influencing the social exchange relationship. First, we describe the social exchange relationship relevant for exchanges between superiors and subordinates. This will allow us to understand ‘how’ inducements by superiors, here the senior manager, translate into contributions by the subordinate, here the line manager.

The quality of the relationship between a subordinate and a superior is measured by the construct of Leader Member Exchange (LMX) (Cropanzano and Mitchell 2005). The concept explains why subordinates become obligated to their supervisors to perform in ways beyond the requirements in the formal employment contract (Settoon et al. 1996).

Among leadership theories, the LMX theory has evolved into a useful approach for studying the relationships between leadership processes and outcomes. The core idea in LMX is that the quality of a relationship between a leader and a follower predicts outcomes at the individual level of analysis, as well as other levels. This linkage follows from the lens on the relationship with the supervisor through which the entire work experience is viewed. Exchange theories are at the basis of LMX (Gerstner and Day, 1997). As in social exchange theory the LMX is conceptually described as an exchange process. This process develops as a result of a mutual favor-giving. These favors concern inducements which are returned in contributions (Wayne et al. 1997). Once the process is in motion, a continuous self-reinforcing cycle is likely (Cropanzano and Mitchell 2005). This process can also be typified as a communication process. Throughout the process the leader and the member are senders and receivers of inducements and contributions. In a high quality relationship both parties offer inducements that are perceived as beneficial through the eyes of the receiver. In turn this leads to a contribution that is perceived as beneficial through the eyes of the sender.
The social exchange relationship is a mediator between the inducement and the contribution. Advantageous transactions lead to strong relationships. To this regard, LMX relationships have been shown to vary in terms of the amount of material resources, information and support exchanged between two parties (Wayne, Shore and Liden, 1997). In turn these relationships lead to effective work behavior (Croppanzano and Mitchell 2005). These effective work behaviors typically include behaviors that are neither formally rewarded, nor contractually enforceable (Rousseau, 1989). Therefore these contributing behaviors have been referred to as ‘discretionary’ (Wayne et al. 1997).

Before we treat the link between LMX and the actual use, we look into four hypotheses related to the inducements by the senior manager to the front-line manager. These inducements refer to senior manager’s responsibility in HR because of the devolution to the line (Whittaker & Marchington 2003).

Since support is an important inducement for LMX (Wayne, Shore and Liden, 1997), we will study support as an inducement to the quality of the LMX relationship. Therefore we retain ‘support by the senior manager’ from our literature review on the inducements of competency management (see earlier).

As noted earlier, in her exploratory research, Nehles and colleagues (2006) found that line managers need support from their senior managers when having problems. Instead of asking HR professionals, the line often contacts his senior manager first. Although this has not been researched often (Nehles et al, 2006), this is not surprising given senior manager’s responsibility in HR (Whittaker & Marchington, 2003). We expect that this need for support is also relevant concerning competency management. Furthermore, building on the causal models in the social exchange theory (Croppanzano & Mitchell, 2005), we propose that its presence will influence the leader-member exchange relationship.

**Hypothesis 7: the quality of the support on competency management offered by the senior manager influences the line manager’s perceived quality of the leader-member exchange relationship with the senior manager**

Offering information is a relevant inducement by the senior manager since he shares HR responsibility in partnership with HR (Whittaker & Marchington 2003). As in model 1, the relevant information concerns the competency management instruments and procedures developed by HR.
Hypothesis 8: the quality of the senior manager’s information provision on the competency management instruments positively influences the first-line manager’s perceived quality of the social exchange relationship with the senior manager

Hypothesis 9: the quality of the senior manager’s information provision on the competency management procedures positively influences the first-line manager’s perceived quality of the social exchange relationship with the senior manager

Finally, the senior manager’s openly support will influence actual use (Becker and Huselid 1999, Morris 1996). His actual use of competency management concerns an inducement that is relevant to the social exchange relationship since this may be in the interests of the line manager. We deduct this argument from the observation in several researches that competency management brings along benefits for the employee (e.g., Horton 2000, Rodriguez et al 2002). Furthermore, research has shown that HR activities are a relevant inducement to LMX (e.g., Wayne, Shore & Liden, 1997). Therefore we argue that applying competency management to the line strengthens his social exchange relationship with his senior manager.

Hypothesis 10: the actual use of competency management by the senior manager positively influences the first-line manager’s perceived quality of the social exchange relationship with the senior manager

Concerning the contribution in return to LMX, we argue that the exchange relationship with the senior manager influences line’s actual use of competency management. This is in analogy with Bowen and Ostroff’s (2004) reasoning. They pointed at the importance of the senior manager’s leadership behaviour which influences the way the first-line managers enact HR practices.

Several researchers have looked into the outcomes of LMX. For instance, organization citizenship behavior or discretionary behavior is a proven outcome of LMX (Wayne et al, 1997, Settoon et al 1996) and a meta-analytic review by Gerstner and Day (1997) shows that LMX influences job performance and commitment. In accordance, prior research in HR has found that the relationship with the senior manager is important for the first-line manager to engage in commitment (Purcell, 2003).
In our model the line manager’s commitment, job performance and discretionary behavior is exemplified by his actual use of competency management. This actual use is in the interests of the senior manager because of the devolution of HR responsibility (Whittaker & Marchington 2003). Therefore we argue that the actual use will be high when there is a high quality leader member exchange relationship.

*Hypothesis 11: The quality of the leader member exchange relationship between the first-line manager and the senior manager positively influences the actual use*

Model 2: Conceptual model of the mediating role of the quality of the social exchange relationship between the line and his senior manager.
Conclusion

The actual use of competency management is a crucial link to the subsequent individual-level and organizational-level performance outcomes. The purpose of this paper is to provide an explanation of ‘how’ actual use of competency management by the line is influenced by inducements offered by the HR function and the senior manager. This is relevant as within organizational variance on the actual use of competency management refers to the line’s differential approach. We started from insights in HRM research, competency management research and social exchange theory. Consequently this paper answers a call for organizational behaviour theories and the relational perspective to shed a light on the inside of the black box. Our resulting models offer a better understanding of the relationship between inducements and actual use taking place in the complex social context of organizational life. Thus the main contribution of our conceptual models lies in the focus on the exchange processes between the line and the HR function at the one hand, and the line and his senior manager at the other hand.

The references can be retrieved from the author upon request.