Strategic Human Resource Management
Susan E. Jackson, Kaifeng Jiang, Randall S. Schuler

Table of contents:

Introduction
HRM Systems
HRM Partnerships
Multiple Stakeholders
Textbooks
Reference Resources
Journals
History and Current Focus
  Birth of Strategic HRM
  Diffusion and Maturation of Strategic HRM
Strategic Management
  Leadership Substitutes for Strategic HRM
International Strategic HRM
  International Mergers and Acquisitions and International Joint Ventures
  Global Talent Management
Other International HRM Challenges
Theoretical Frameworks
  Systems Theory
  Behavioral Perspective
  Resource-Based View
  Human Capital Theory
  Social Capital Theory
  Institutional Theory
  Critical Management Perspective
Types of HRM Systems
  High-Involvement and High-Commitment HRM Systems
  High-Performance HRM Systems
  Targeted HRM Systems
Antecedents of HRM Systems
Outcomes and Strategic HRM Systems
  Financial Performance
  Operational Outcomes
  Organizational Capabilities
  Employee Reactions
Contingency Perspectives
  Workforce Segmentation
  Differentiated Workforce
Methodological Issues
Strategic Human Resource Management

INTRODUCTION
Human resource management (HRM) professionals use the term “strategic human resource management” to convey their thinking that effective strategic HRM contributes to business effectiveness. While many HRM scholars have this understanding of what “strategic HRM” means, the meaning of this term has varied across time, between cultural contexts, and as reflections of the diverse disciplinary identities of strategic HRM scholars. Nevertheless, a grand unifying aspect of scholarship on strategic HRM is the assumption that further insights about managing human resources can be gained through research that treats the many activities involved in managing the workforce as a set of activities that, if properly aligned with the needs of the business, can result in many positive consequences. Thus the field in the early 21st century generally defines scholarship on strategic HRM as the study of sets of HRM elements and their interrelationships with other elements comprising an organizational system, including elements in the organization’s internal and external environment as well as the multiple stakeholders who evaluate the organization’s effectiveness and determine its long-term survival. Central to this definition are three essential constructs: *HRM Systems*, *HRM Partnerships*, and *Multiple Stakeholders*.

HRM SYSTEMS
Scholars of strategic HRM view organizations as complex systems of interrelated elements, such that each element influences the system’s functioning and is affected by at least one other element in the system. Among the elements included in an HRM system, as described in Schuler 1992, are (1) overarching HRM philosophies, which specify the values that inform an organization’s management approach, (2) formal HRM policies, which are statements of the organization’s intent, serving to direct and partially constrain the behavior of employees and their relationship to the employer, (3) specific HRM practices, which are the daily enactment of human resource philosophies and policies, and (4) the associated technological and social processes through which HRM philosophies, policies, and practices are established, modified, and terminated. Together, these elements form an HRM system. Although made up of discrete, identifiable elements, an HRM system functions as an indivisible whole that is more than the sum of the parts. Strategic HRM acknowledges the multilevel nature of management systems, as well as interrelationships between the HRM system and other elements of an organization. Finally, scholarship on strategic HRM also recognizes the interdependence of HRM systems with an organization’s external environment, including political, social, cultural, and economic elements of that larger system. The embedded nature of HRM systems is described in detail in Jackson, et al. 2014.
Jackson, Susan E., Randall S. Schuler, and Kaifeng Jiang. “An Aspirational Framework for Strategic Human Resource Management.” *Academy of Management Annals* 8 (2014): 1–56. This is a major paper that traces the evolution of the field of strategic HRM, provides an incisive review of the previous thirty years of research, identifies several challenges in doing more research in the field, and concludes with suggesting several themes for work in the future.

Schuler, Randall S. “Strategic Human Resources Management: Linking the People with the Strategic Needs of the Business.” *Organizational Dynamics* 21.1 (1992): 18–32. This paper defines strategic HRM as linking HR activities with strategic business needs, introduces the “5 P’s” of human resources (philosophy, policies, programs, practices, and processes), and describes the functions they perform to create alignment between business needs and the HRM system.

**HRM PARTNERSHIPS**

Effective strategic HRM depends on developing and implementing the most-appropriate human resource philosophies, policies, practices, and processes. Consequently, the development and implementation of effective strategic HRM philosophies, policies, practices, and processes occurs through collaboration among HR professionals, employees and employee representations (unions, works council, etc.), and line managers. This set of players—HR professionals, line managers, and other employees—is labeled the “HR Triad” in Jackson and Schuler 2006. The creation and shaping of an HRM system does not occur in isolation by an executive planning committee; it engages the organizational players who enact the system in their daily work. An HRM system comes alive in social interactions among organizational members, including those involved in formulating, communicating, and responding to elements of the HRM system. Traditionally, HR professionals designed formal HRM philosophies, policies, and processes in response to business plans; supervisors transformed policies into daily practices; and employees reacted to how they were treated by managers. Gradually, these roles have changed as the three main actors work together in partnership. Now, HR professionals actively participate in business-planning discussions; formal philosophies, policies, and processes have become more subject to managerial interpretation as managers strive to respond to rapidly changing conditions; and highly valued employees often negotiate for working conditions that fit their personal situations. Empirical research such as in Chadwick, et al. 2015 and Chadwick, et al. 2016 demonstrates the importance of managers as implementers of HRM systems, while conceptual models such as the one offered in Sikora and Ferris 2014 point to new directions for future research on the role of the HR triad.

Chadwick, Clint, Janice F. Super, and Kiwook Kwon. “Resource Orchestration in Practice: CEO Emphasis on SHRM, Commitment-Based HR Systems, and Firm Performance.” *Strategic Management Journal* 36.3 (2015): 360–376. Shows that CEO emphasis on strategic HRM is associated with firm performance and that the effects are due partly to the effect of management’s synchronized and orchestrated use of commitment-based HRM systems. Also shows the important role played by middle managers who implement top management’s strategic decisions.

The authors found that the firms with high-level HR executives on the management team at the time of their initial public offerings (IPOs) are more likely to survive after the IPO is completed. However, the presence of HR executives was not associated with financial performance.


The authors propose a model to elucidate the role of an organization’s culture and climate as well as political considerations as contextual conditions that influence line managers’ implementation of HRM practices, and thus the effects of the HRM system on outcomes such as employee satisfaction, turnover, and job performance.


This is a classic textbook for the advanced undergraduate course in HRM and the basic graduate-level course in HRM. It introduces and describes the HRM partnership model in detail and refers to it as the “HR Triad.” It describes in detail how the HR Triad works in partnership to manage the human resources in the organization. Previous editions of this textbook also use the same approach.

**MULTIPLE STAKEHOLDERS**

The effectiveness of an organization is determined by and affected by many groups—by many stakeholders. Consequently, all these groups are important to strategic HRM. These groups include the HRM partners, internal customers, external customers, investors/owners, supply chains and strategic alliances, and society. Before the emergence of strategic HRM, the “effectiveness” of HRM systems was evaluated against technical criteria that had been established by the profession (e.g., validity), social criteria embodied in laws and regulations (e.g., fairness), and individual employee reactions (e.g., satisfaction, involvement, performance). The perspective of strategic HRM expands attention to effectiveness criteria used by an array of additional stakeholders—especially owners and investors, organization members, customers, the organization’s strategic partners, and members of the broader society, including the full array of organizational members and their families, communities, and supply chain partners. Tsui 1987 drew attention to the many stakeholders that HRM departments strive to satisfy, focusing on those inside a company itself. Colakoglu, et al. 2006 expands the view to include external stakeholders relevant to firms operating globally. Ferrary 2008 develops a framework to understand the complex role of these and other stakeholders.

The authors argue that it is important but not sufficient to consider financial performance as a measure of the effectiveness of HRM initiatives. They suggest that researchers assess HRM effectiveness from multiple stakeholders’ perspectives, including capital market stakeholders (e.g., shareholders), product market stakeholders (e.g., customers, suppliers, unions), and organizational stakeholders (e.g., managers, employees).

This article explains how adopting a stakeholder perspective shifts the discussion of HRM from a focus on the conflicts that can arise between employers and employees to a discussion of the roles played by various political actors (including elected representatives and their administrative staff) whose responsibilities include creating and enforcing employment laws.

This article identifies important activities performed by the operating-level HR department, and develops meaningful criteria to evaluate its effectiveness. The author found different groups of internal stakeholders (e.g., managers and employees) had different opinions about the activities and effectiveness of the HR department.

**TEXTBOOKS**
The topic of strategic HRM is typically covered sparingly in introductory HRM textbooks that cover the broad, more general field of HRM. In introductory-level HRM textbooks, strategic HRM is usually covered in one or two chapters that describe how conditions in the internal organizational environment, such as its corporate strategy and technological factors, and with conditions in the external organizational environment, such as competitive dynamics, influence the core HRM activities of planning, staffing, compensating, training, and appraising. Gradually, textbooks that focus specifically on strategic HRM are becoming available, however. Typically, strategic HRM textbooks include more-extended discussions of the relevant theoretical and empirical evidence, as well as many company examples and cases that illustrate how HRM systems can be shaped by strategic objectives, changing technologies, and external forces such as industry dynamics and globalization. Most textbooks on strategic HRM in the early 21st century are revised and published as new editions every three years to enable the examples and cases to be as current as possible. Representative textbooks include Boxall and Purcell 2016 (fourth edition); Jackson, et al. 2012 (eleventh edition); Truss, et al. 2012, a new entry into the textbook market; and, for those interested in a text that focuses on health services organizations, Hernandez and O’Connor 2010 (third edition).

This book covers the academic literature and brings insights into the key issues of strategic HRM. The main topics include understanding the goals of HRM, how to connect strategy with HRM, a discussion of general principles, and consideration of how external environmental complexities impinge on strategic HRM.
This textbook is a good example of one that discusses all the essential topics in HRM in a strategic framework, and it can thus be considered a textbook on strategic HRM. This is a very popular book at the graduate and advanced undergraduate levels.

This book contains chapters written by HRM professionals who have worked in health-care settings. The chapters describe the steps of setting a strategy for HRM, the organization of the HRM function, how specific HRM processes and practices can be used for managing health service employees, and the challenges professionals will face in the future.

This book helps readers understand the steps needed to develop an effective HRM strategy. It draws on academic research and case examples, with topics ranging from industry to the relevance of environmental factors, the role of the HR department, and several current themes prominent in early-21st-century companies.

REFERENCE SOURCES
Because strategic HRM is a relatively new field of study, academic journals, handbooks, and encyclopedias are the most-common sources of new information. There is, however, an emerging set of other reference sources that students of the field must consider. Both the **Academy of Management Annals** and **Research in Personnel and Human Resource Management** are annual publications that often feature chapters that relate to the field of strategic HRM.

*Academy of Management Annals*[http://www.tandfonline.com/loi/rama20]*. 2007–.
A relatively new publication of the Academy of Management, these annual volumes consist of original commissioned chapters that provide literature reviews, critiques, and suggestions for future directions for particular topics in management, including strategic HRM.

First published in 1981, this yearly publication includes a variety of invited chapters that address a wide variety of topics in HRM. Chapters typically provide reviews and critiques of the relevant literature and offer suggestions for future research.

JOURNALS
Journals are the most commonly used reference sources in strategic HRM. Because the field of strategic HRM is so dynamic and its core content is still emerging, journals generally provide the most up-to-date and pathbreaking avenues for the creation and dissemination of knowledge about the field. The leading journals are published by the Academy of Management (AOM), Blackwell, Routledge, Wiley, and Elsevier. The AOM journals include the **Academy of Management Journal**, the flagship journal for empirical research, and the **Academy of Management Review**, which publishes mostly review papers. Other journals worth

*Academy of Management Journal*[http://aom.org/amj]*. Published bimonthly by AOM, *Academy of Management Journal* is the leading journal in the field of management. It publishes only original empirical research. Over the past several years, a few articles on strategic HRM have appeared every year.

*Academy of Management Review*[http://amr.aom.org]*. Published quarterly by the AOM, *Academy of Management Review* publishes only theoretical and conceptual articles and is one of the leading journals in the field of management. Since the late 20th century, a few articles on strategic HRM have appeared every year.

Published quarterly by Wiley, this journal primarily publishes empirical work on many topics related to HRM, and also specifically strategic HRM. It is an essential journal for the field. It is published in the United States, and its board of reviewers reflects this orientation.

Published quarterly by Wiley, this journal primarily publishes empirical work on many topics related to HRM, and also specifically strategic HRM. It is an essential journal for the field. It is published in Europe, and its board of reviewers reflects this orientation.

Published quarterly by Elsevier: *Human Resource Management Review* publishes several articles in each issue that provide an excellent review of important topics in strategic HRM. It is an essential journal for the field.

Published by Routledge, this journal has been as essential journal in the field of international HRM. It now also publishes articles relevant to strategic HRM and strategic international HRM.

*Journal of Applied Psychology*[http://www.apa.org/pubs/journals/apl/]*. 1917–.
Published bimonthly by the American Psychological Association, this is the leading journal in the field of applied psychology. It publishes original investigations that emphasize new knowledge and understanding in the fields of applied psychology. It has published several important studies on strategic HRM since 2000.

*Journal of Management*[http://journals.sagepub.com/home/jom]*. 1975–.
Published bimonthly by SAGE in cooperation with the Southern Management Association, *Journal of Management* generally publishes several articles that are relevant to HRM and strategic HRM.

Published by Wiley-Blackwell, *Personnel Psychology* features both theoretical and empirical articles that address key issues related to human behavior in organizational settings.
HISTORY AND CURRENT FOCUS

Most scholars of strategic HRM place the birth of strategic HRM as starting in the latter decades of the 20th century, shortly after the emergence of the strategic-management perspective. A citation analysis in Kaše, et al. 2014 supports this view. The earliest widely cited contributions to strategic HRM were published between 1980 and 1984, though these actually built on much-earlier discussions that viewed employees as among the key resources for which managers were responsible.


Using co-citation analysis, this study traces the history and influence of several early articles on strategic HRM and identifies the emergence of several distinct schools of thought and related research. It is an excellent source for anyone interested in understanding the development of strategic HRM as a distinct field of scholarship.

Birth of Strategic HRM

Reflecting the job-related activities of HRM professionals and consultants, Walker 1980 offers a pragmatic description of how human resource planning could be used to ensure that HRM policies and practices were aligned with an organization’s business strategy. The next year, Devanna, et al. 1981 was published, describing a strategic perspective for diagnosing and auditing a firm’s HRM function. The author of Tichy 1983, writing as the editor of the journal Human Resource Management, announced that the journal would move in a new direction.

Summarizing discussions that took place during a conference that brought together researchers, HR professionals, line executives, and strategic planners, he observed, “It was clear that no longer were we asking the question: Are human resources important? Rather, the question for the 1980s is: How will we integrate human resource issues into the strategic management of the firm?” (p. 3). At about the same time, but gaining somewhat more attention, was a compelling bestseller, In Search of Excellence (Peters and Waterman 1982), which was written by McKinsey consultants. The authors asserted that the most-successful companies achieved superior productivity by treating rank-and-file employees as a source of quality and adhering to a values-driven management philosophy, while also giving employees autonomy over decisions about how to fulfill their duties. Finally, two academic textbooks on strategic HRM were published: Fombrun, et al. 1984 and Beer, et al. 1984.


This book was written as a textbook to be used in teaching one of the first courses to take a strategic approach to the topic of managing employees, which these authors refer to as “human assets.”


This article identifies several changing environmental conditions that make HRM more important for organizations, notes that few organizations take a strategic approach to HRM,
and presents an HRM auditing approach to identify areas of an organization’s HRM function where improvements are needed.


This volume assembles many invited chapters that build on themes of strategic HRM that the editors developed in Devanna, et al. 1981. Chapters focus on topics such as the potential strategic value of the core HRM activities that comprise an HRM system (e.g., staffing and executive appraisal), as well as discussions of how HRM systems can be used to address strategic issues such as innovation, quality management, and internationalization. Reprinted as recently as 1999.


This was the major practitioner-oriented book that started to focus attention on the importance of HRM and the success of the firm. The authors argue that firms that were excellent were that way because of the way they managed their people.


In the foreword to this issue of *Human Resource Management*, Tichy lays out the importance of being concerned about managing people well for organizational success. It follows quite closely the themes identified in Peters and Waterman 1982.


In this early discussion of strategic HRM, the author describes how the activity of HRM planning provides opportunities to use other core HRM activities, such as staffing, development, appraisal, and compensation, to address key strategic issues and thereby improve overall organizational effectiveness. The discussion is informed and illustrated by many company examples.

**Diffusion and Maturation of Strategic HRM**

The field of strategic HRM was born in the United States, but within a decade it was attracting attention from scholars and practitioners in other Western counties, particularly the United Kingdom, where Hendry and Pettigrew 1990 provided an early summary of strategic HRM precepts. The globalization of the strategic-HRM community, as well as comparative data such as that produced by the Cranfield Network on International Human Resource Management (Cranet) provides a foundation for future investigations of studies of international strategic HRM. Established in 1990, Cranet members have since amassed data describing HRM policies and practices and their patterns of change in dozens of countries. A description of this project can be found in Parry, et al. 2011. The historical development and maturation of strategic HRM are described in detail in Jackson, et al. 2014 and Lengnick-Hall, et al. 2009.

Appearing in the inaugural issue of the *International Journal of Human Resource Management*, the article traces the origins of the broad concept of HRM and the gradual evolution of strategic HRM, provides an explication and critique of extant approaches to studying strategic HRM, outlines the perspective guiding the author’s research program at Warwick University, identifies themes and issues that the field ought to address, and argues for an adequate treatment of strategy in future research.

Jackson, Susan E., Randall S. Schuler, and Kaifeng Jiang. “An Aspirational Framework for Strategic Human Resource Management.” *Academy of Management Annals* 8 (2014): 1–56. In addition to describing the historical development of strategic HRM, this article provides a detailed description of the empirical studies conducted to date, and also presents a comprehensive, integrative framework that organizes the many concepts covered by strategic HRM. It is grounded in a systems theory perspective.

Lengnick-Hall, Mark L., Cynthia A. Lengnick-Hall, Leticia S. Andrade, and Brian Drake. “Strategic Human Resource Management: The Evolution of the Field.” *Human Resource Management Review* 19.2 (2009): 64–85. This article provides a chronological description of approximately thirty years of literature on strategic HRM, organized around seven themes: (1) contingency perspectives, (2) from managing people to creating strategic contributions, (3) HRM system components and structure, (4) scope of strategic HRM, (5) implementation issues, (6) measuring outcomes, and (7) methodologies. It concludes with suggestions for future research.

Parry, Emma, Eleni Stavrou-Costea, and Michael J. Morley. “The Cranet International Research Network on Human Resource Management in Retrospect and Prospect.” *Human Resource Management Review* 21.1 (2011): 1–4. This article illustrates the globalization of research on strategic HRM by describing results from a large international consortium of scholars who have collected HRM data since 1990 as a major project of the Cranet research group, based at Cranfield University in the United Kingdom, and have conducted research with colleagues from all around the world.

**Strategic Management**

Scholarship on strategic HRM is closely related to and extends work in many other fields, including industrial-organizational psychology, personnel management, industrial relations, and HRM. In the early 21st century, scholarship on strategic HRM is most clearly differentiated from these related fields by its close ties to the field of strategic management—itself a response to rapid economic, social, technological, and political changes occurring after World War II. With organizations facing an environment characterized by hypercompetition, globalization, volatility, uncertainty, and unpredictability, influential management scholars such as the authors of Pfeffer and Salancik 1978 realized that business decisions should reflect an understanding of the interdependencies that link organizations and their external environments. As scholarship on strategic management matured, three theoretical perspectives became dominant: industrial-organizational economics, as presented in Porter 1980 and Porter 1985, the resource-based view, as presented in Wernerfelt 1984, and stakeholder theory, as presented in Freeman 1984. The field of strategic HRM has a unique identity in the early 21st century, but its heritage as a child of strategic management is evident. A detailed description of the
evolution of strategic HRM from the 1980s through 2013 is provided in Jackson, et al. 2014 (cited both under *HRM Systems* and *Diffusion and Maturation of Strategic HRM*).

One of the first books to develop the multiple-stakeholder perspective for organizations, and one that has been very influential in the study of strategic management and strategic HRM.

A classic in understanding the behavior of organizations through an understanding of the external environments in which the organizations operate, this book is very important for understanding the theoretical logic underlying strategic HRM.

One of the very first books to expound the field of competitive strategy on the basis of extensive analysis of industry data. It has been important in providing a way to understand the meaning of “strategic” management and the strategic challenges that firms face, some of which can potentially be addressed by how human resources are managed.

This classic book in the field of strategic management further develops ideas presented by Porter in his earlier book (Porter 1980). The book had a great impact on the field of strategic HRM because it describes specific strategies that firms use to compete against each other.

This seminal article argues for the value of analyzing firms from the perspective of their dependence on various resources, as an alternative to the dominant perspective, which focuses on the product side of firm activity. The concepts of resource position barriers and resource-product matrices are introduced and used to discuss how an understanding of these concepts enables firms to identify new strategic options and opportunities.

**Leadership Substitutes for Strategic HRM**
Whereas strategic management is the foundation for scholarship on strategic HRM, some of the most innovative new research has been stimulated by the application of theories of organizational behavior. In particular, some scholars have begun to ask whether effective leadership behaviors can effectively substitute for the effects of well-designed HRM systems. The results of studies in Jiang, et al. 2015 and Hong, et al. 2016 indicate that leadership behaviors can be effective substitutes for strategic HRM systems under some organizational conditions.

Jiang, Kaifeng, Chih-Hsun, and Yu-Ching Chiao. “Developing Collective Customer Knowledge and Service Climate: The Interaction between Service-Oriented High-

The combined influences of service-oriented high-performance work systems and service leadership on collective customer knowledge were examined by using data collected in footwear retail stores. The two variables were found to serve as partial substitutes for each. Further, collective customer knowledge and service climate were positively related to financial outcomes through service performance.


This study uses a multilevel model to study the effects of context of employees’ proactive motivation states and their personal-initiative behavior. Longitudinal data showed that hotels with initiative-enhancing HRM systems benefited from enhanced employee personal initiative. When initiative-enhancing HRM systems were absent, empowering leadership also helped increase department-level initiative climate.

**International Strategic HRM**

Many aspects of an organization’s external environment are worthy of attention, but rapid globalization creates a pressing need for improved understanding of the international dimension of an organization’s external environment. As scholarship on strategic HRM continues to evolve, much more attention will be directed toward understanding how firms with geographically dispersed units can effectively transfer their HRM systems across national borders. The strategic importance of HRM activities for international firms has long been recognized, with early discussions presented in Tung 1984 and Milliman, et al. 1991. By the 1990s, insights from strategic HRM and international HRM had been integrated into a framework for understanding strategic international HRM in Schuler, et al. 1993 and Taylor, et al. 1996. Nevertheless, to date, most studies of HRM systems have focused on the domestic operations of organizations in Western cultures. Zhao and Du 2012 was among the first studies to offer insights into the dynamics of strategic HRM in Eastern cultures such as China. Research in China and other emerging economies is now blossoming, as Jayasinghe 2016 illustrates. Decisions about whether and how to replicate an HRM system across several subsidiaries is a major challenge that appears to be facilitated by specific capabilities that are not yet fully understood. Festing and Eidems 2011 suggests that operating across national borders requires developing new dynamic capabilities that are distinctly different from the organizational competencies needed to be effective domestically.


The authors introduce the concept of “balancing capabilities” to describe the processes that yield a balance between global standardization of HRM systems and adaptation to the local HRM norms, policies, and practices. Effective international HRM requires coordination of information, communication, social presence, organizational learning, and finding solutions that are specific to the strategic international context.

This article examines the potential economic benefits for manufacturers in emerging economies to voluntarily adopt protective labor codes. Longitudinal data from apparel-manufacturing plants in Sri Lanka indicate that voluntary labor code adopters benefited from lower absenteeism, higher on-time delivery, higher productivity, and higher sales volumes, suggesting that investing in HRM is an effective strategy in emerging economies.


Presents propositions concerning the relationship of fit and flexibility to organizational effectiveness in multinational companies and suggests new research directions relating fit to flexibility over the organizational life cycle in different organizational and environmental contexts.


Extends strategic HRM into the international arena by offering a framework of strategic international HRM anchored in the strategic components of multinational enterprises (interunit linkages and internal operations); uses several theoretical lenses to develop research propositions concerning strategic international HRM.


Draws on the resource-based view and resource dependence theories to develop a model of the determinants of strategic international HRM systems in multinational corporations, and offers propositions about the relationships between key determinants and the multinational corporation’s overall strategic international HRM approach, the design of a particular affiliate’s HRM system, and the HRM system for critical groups of employees within the affiliate.


Early work in the field of strategic international HRM focused on multinational enterprises. Offers many testable propositions. Widely cited and very influential in strategic international HRM.

Reviews the transition of HRM in China from planned labor and personnel management to modern HRM in three distinct time periods since China’s reform and opening-up; discusses the challenges of HRM research and its practices from the perspectives of internationalization, corporate culture, and organizational innovation during China’s economic transition, and presents the prospects and trends in the future development of HRM in China.

**International Mergers and Acquisitions and International Joint Ventures**

Two very important topics for strategic HRM that fall under the umbrella of international strategic HRM are international mergers and acquisitions (IM&As) and international joint ventures (IJVs). The HRM activities and strategic HRM implications associated with IM&As and IJVs are described in Schuler, et al. 2004, using a three-stage model that included the precombination stage, the combination stage, and a final stage of solidification and integration. For each stage, many specific activities have implications for HRM policies and practices. Likewise, the four stages in the IJVs—formation, development, implementation, and advancement and beyond—each require that specific HRM activities be performed in order to increase the chances of the IJV being successful, as explained in Schuler 2001. Shenkar and Zeira 1987 describes the research questions that required further study, focusing on how different groups of employees were affected. Studies of IJVs that involve combining firms from China and Western countries, such as the one in Bjorkman and Lu 2001, are helping improve our understanding of how to make such partnerships succeed.


A study of sixty-three Chinese-Western joint ventures that analyzed the HRM practices used. Authors found that, overall, HRM practices were more similar to those of the foreign parent company, compared to the local company.


This article presents a comprehensive review of the existing literature on strategic HRM related to IJVs. The four-stage model of IJVs is used as a basis for showing all the implications of IJVs for strategic HRM.


This is one of the few books that details all the issues of strategic HRM associated with firms involved in cross-border alliances. The book is both academically relevant and filled with examples of firms engaged in cross-border mergers, acquisitions, and joint ventures.


This paper classifies the structural characteristics of IJVs and summarizes prevalent HR problems in IJVs, and potential problems that have been overlooked by the HR literature.
Global Talent Management

A significant early-21st-century development is the growing interest in global talent management, which refers to a subset of systematically linked HRM policies and policies used to attract, develop, retain, and mobilize individuals with high levels of current and potential human capital consistent with the strategic needs of a multinational enterprise as it strives to serve its multiple stakeholders, as described in Tarique and Schuler 2010 as well as al Ariss, et al. 2014. The importance of global talent management is evidenced by academics and HR practitioners alike, according to analyses such as in Scullion, et al. 2017 and Sparrow, et al. 2016, with the consensus view being that global talent shortages and their associated challenges are likely to persist through times of economic prosperity as well as in times of economic uncertainty and financial recession, creating significant challenges as well as opportunities for employers and employees, several of which are described in Schuler, et al. 2011.


Schuler, Randall S., Susan E. Jackson, and Ibraiz Tarique. “Global Talent Management and Global Talent Challenges: Strategic Opportunities for IHRM.” Journal of World Business 46.4 (2011): 506–516. This article presents a definition of global talent management and then explains the challenges that confront individuals and organizations as they deal with global talent management.

Scullion, Hugh, David G. Collings, and Paula Caliguri, eds. Global Talent Management. 2d ed. London: Routledge, 2017. This edited volume brings together original chapters from some of the most informed scholars working on the topic of global talent management. The chapters cover a wide range of interesting and current topics in early-21st-century research on and practice of global talent management and also provide guidance for future research directions.


This is one of the most highly cited and downloaded articles from the *Journal of World Business* since its publication. It helped define the field of global talent management and generate a great deal of interest in others for developing and expanding the field. This is a great article to use to begin reading about global talent management.

**Other International HRM Challenges**

International organizations face a multitude of major challenges that await future research by scholars of strategic HRM. The research agenda for the 2020s is likely to include research aimed at understanding the decision-making processes that result in the location and relocation of operations in order to leverage labor costs, talent levels, and growing populations of consumers in the developing countries; protecting employees in an era of global terrorism; and bolstering employee engagement worldwide in order to maximize motivation and productivity. Challenges such as these are described in detail in Scullion, et al. 2007; Sparrow 2008; and Sparrow 2014. Scullion, Hugh, David G. Collings, and Patrick Gunnigle. “International Human Resource Management in the 21st Century: Emerging Themes and Contemporary Debates.” *Human Resource Management Journal* 17.4 (2007): 309–319.

This article describes the changing nature of international business and issues that it poses for international HRM. These issues include the changing nature of global economics, especially developments in India, China, and central and eastern Europe; global terrorism; the changing nature of careers; and global staffing. Sparrow, Paul. *Handbook of International Human Resource Management: Integrating People, Process, and Context.* London: Wiley-Blackwell, 2008. [ISBN: 9781405167406]

This handbook provides an organizing framework for research in international HRM and contains twenty-two chapters describing the major challenges that international firms must address, as well as results of much of the best research on these important international HRM topics.


This chapter describes the reasons for implementing employee engagement strategies and how such strategies fit within the HRM system. The author illustrates the value of engagement strategies by showing how they contribute to the success of two key objectives for many modern firms; namely, innovation and lean management.

**THEORETICAL FRAMEWORKS**

Typically, hypotheses in strategic HRM are developed by using the logic of multiple established theories. Reflecting the field’s interest in applied problems, few studies of strategic HRM aim to rigorously test and refine one of these theories in particular, and there is recognition that additional theoretical development is needed in order to continue to advance the field. The most-influential theoretical frameworks include *Systems Theory*, the *Behavioral Perspective* for strategic HRM, the *Resource-Based View*, *Human Capital Theory*, *Social Capital Theory*, *Institutional Theory*, and, most recently, the *Critical Management Perspective*.

**Systems Theory**

Early models of strategic HRM viewed organizations as open systems that rely on human talents and energy to function. This open-systems perspective reflected the influence of the Tavistock school of thought, described in Miller and Rice 1967, and sociotechnical systems theory, as presented in Trist 1981. These theories treated the operational and human elements of an organizational system as inextricably bound together. The implication was that HRM practices such as recruiting, pay, and training should be designed or studied in isolation; they should be studied in the context of other elements in the organization, especially the methods of production used.

Miller, Eric J., and A. Ken Rice. *Systems of Organization*. London: Tavistock Institute, 1967. This is a classic book that helped define and explain the relatively new field of sociotechnical systems theory. This theory is about the relationships between the human social system and the technical systems in organizations.

Ostroff, Cheri, and David E. Bowen. “Reflections on the 2014 Decade Award: Is There Strength in the Construct of HR System Strength?” *Academy of Management Review* 41.2 (2016): 196–214. A decade after the authors described the concept of HRM system strength, several consistencies and inconsistencies from the original notions have appeared in the literature. These are identified and their implications for the related topic of strategic HRM (among others) are noted. Opportunities for further developing the construct of HRM system strength are identified also.

Trist, Eric. *The Evolution of Socio-technical Systems: A Conceptual Framework and an Action Research Program*. Toronto: Ontario Quality of Working Life Centre, 1981. [ISBN: 9780774362863] This is also a classic book that further developed the logic and implications of sociotechnical systems theory. An important argument that was made by Trist was that the action-research approach should be used by scholars interested in improving both our understanding of organizations and the functioning of organizations.

**Behavioral Perspective**

Grounded in Katz and Kahn 1978 and its role theory view of organizations, the behavioral perspective of strategic HRM was first described in Schuler and Jackson 1987, which stated that an HRM system is one of the primary means through which employers communicate, elicit, and sustain desired role-related behaviors—that is, behaviors approved of by role partners such as managers, peers, and customers. Role behaviors include those explicitly prescribed by formal job descriptions, as well as discretionary behaviors that contribute to the organization’s long-term success. The behavioral perspective has been used to understand how
HRM can be used to improve customer service (e.g., see Chuang and Liao 2010), organizational citizenship (e.g., see Snape and Redman 2010), and employees’ helping behaviors (e.g., see Mossholder, et al. 2011).


Proposes high-performance work systems (HPWS) for customer service and examines the mediating process of the relationship between HPWS and service performance through two types of organizational climate—concern for employee climate and concern for customer climate.


A classic book about the essential issues in organizations, such as work motivation, conflict resolution, leadership, and organizational change. It analyzes the influence of organizational demands and opportunities on individual outcomes and examines the relations between organizational and external environments.


Presents a model of linkages among HRM systems, relational climates, and employee-helping behavior, arguing that HRM systems promote relational climates that vary in terms of the motivation and sustenance of helping behavior; proposes that different types of HRM systems (e.g., compliance-based, collaborative-based, commitment-based) indirectly influence the nature of relationships among organizational members and the character of helping within organizations.


The authors argue that employers need to elicit and support employee role behaviors that fit their competitive strategies, and they present a number of dimensions for describing role behaviors, such as repetitive versus innovative and low risk taking versus high risk taking. Then they present a model of how the role behaviors needed in organizations vary for three types of strategies: innovation, cost reduction, and quality improvement.


Proposes and examines a cross-level mediation model that individual perceived organizational support and perceived job influence mediated the workplace-level HRM practices on individual-level task performance and organizational citizenship behavior.
Resource-Based View

Wernerfelt 1984 described the resource-based view of firms, which states that the need for resources is a primary determinant of management policies and procedures. Later, Barney 1991 expanded this idea to argue that organizations can succeed by gaining and retaining control over scarce, valuable, and inimitable resources. Subsequent elaboration of the resource-based view and descriptions of its implications for HRM in Wright, et al. 1994; Boxall 1988; and Wright, et al. 2001 ensured a central position for the resource-based view within scholarship on strategic HRM. However, a detailed critique of this perspective in Kaufman 2015 has challenged its dominance.

A classic article that helped support the earlier claims of Michael Porter regarding the importance of being able to gain competitive advantage through HRM practices.

Builds on the resource-based view and other perspectives to sketch a theory of human resource advantage that addresses how firms can use HRM strategy to build and defend competitive superiority throughout phases of an industry life cycle; identifies aspects of the theory that are especially in need of more research.

Critiques the resource-based paradigm for strategic HRM and develops an alternative economics-based decision model for making HRM choices, which is offered as a new paradigm for future theory and research in strategic HRM.

This is one of the most important articles about the resource-based view of the firm. It won the 1994 prize for the “best paper” published in the *Strategic Management Journal* five or more years prior, and set the basis for future research on this topic.

The authors review research on strategic HRM published during the previous decade and point out limitations and future directions for further integrating strategy and research on strategic HRM under the framework of the resource-based view of firms.

Integrates theories and findings on organizational behavior / HRM with the resource-based view of the firm to show how human resources can be important sources of sustained competitive advantage; describes how human resources can be valuable, rare, inimitable, and nonsubstitutable, and discusses the role of HRM practices and managers in this process.

Human Capital Theory

Human capital theory was presented in Becker 1964 to explain decisions made by individuals and organizations about investing in activities intended to enhance existing levels of human capital, such as the skills, experience, and knowledge of people. For individuals, investing time and money to improve one’s own human capital is justified to the extent that such investments are likely to improve outcomes such as career advancement, job mobility, and earning power. Tsang, et al. 1991 applies these ideas to decisions about investing in activities to enhance the human capital of the workforce—for example, that investments in recruiting, training, compensation, and benefits should be based on the expected economic returns. In the early 21st century, scholars of strategic HRM emphasize firm-level human capital and examine the role of HRM systems in creating human capital of value to firms. A review of sixty-six empirical studies in Crook, et al. 2011 provides support for the claim that human capital is associated with better firm performance. The specific processes through which an HRM system creates human capital that can be leveraged to achieve organizational objectives are now being investigated in work such as Coff and Kryscynski 2011, while the need to better understand the boundary conditions of such effects has been pointed out in Campbell, et al. 2012. Understanding the cross-level emergent processes through which the human capital of individual employees becomes strategically valuable has been the focus of a new line of work, including Ployhart, et al. 2006 and Ployhart and Moliterno 2011. Most recently, work grounded in human capital theory has applied the new label of “strategic human capital” to set the work apart from other research in the field of strategic HRM.


Campbell, Benjamin A., Russell Coff, and David Kryscynski. “Rethinking Sustained Competitive Advantage from Human Capital.” Academy of Management Review 37.3 (2012): 376–395. This paper challenges the argument that firm-specific human capital is a source of competitive advantage because it constrains employee mobility. The authors propose three boundary conditions that limit the applicability of this logic. They further build on their discussion of the three boundary conditions to provide a more comprehensive framework for understanding the conditions under which human capital is likely to contribute to creating sustained advantages.

Explores how individual-level phenomena underpin mechanisms that sustain human capital–based advantages while also creating management dilemmas that must be resolved to create value; argues that generic HRM best practices cannot provide solutions to the dilemmas because the dilemmas are idiosyncratic; offers a research agenda for exploring cross-level components of human capital–based advantages.


Ployhart, Robert E., Jeff A. Weekley, and Kathryn Baughman. “The Structure and Function of Human Capital Emergence: A Multilevel Examination of the Attraction-Selection-Attrition Model.” *Academy of Management Journal* 49.4 (2006): 661–677. This article proposes and tests a multilevel model of human capital measured as personality at the individual, job, and organization levels. The authors found that personality at the three levels was positively related to job satisfaction and performance, but the variances of higher-level personalities weakened the positive relationships.


**Social Capital Theory**

The concept of social capital draws attention to the important role of the social relationships that connect organizational members together and establish interdependencies between organizations. The value of social capital to individual employees is well established: for example, Burt 1997 shows that social capital is associated with one’s promotability, and Podolny and Baron 1997 demonstrates that people with more social capital experience greater career success. Nahapiet and Ghoshal 1998 argues that social capital contributes to the development of intellectual capital and thereby provides a source of competitive advantage for firms, and Leana and van Buren 1999 contends that employment practices are the primary
means through which firms can create social capital. The role of strategic HRM for creating social capital has been demonstrated in several studies. For example, a study of top management teams in Collins and Clark 2003 found that HRM practices for top management were associated with their external and internal social networks, and that such social capital was associated with better financial performance.

An empirical article that examines the relationship between social capital and career outcomes, including rewards, early promotion, and bonus. The author found that social capital was positively related to career outcomes, and that the relationships became stronger when the focal employee had fewer peers doing the same work.

This study of seventy-three high-technology firms examined the relationships among network-building HRM practices, the social networks of top management teams, and firm performance. It showed that the relationship between the HRM system and firm performance was partially explained by characteristics of top managers’ social networks.

Reviews meanings of social capital found in literature to date, introduces the construct of organizational social capital, and defines it as a resource reflecting the character of social relations in an organization—specifically, realized collective goal orientation and shared trust; discusses employment practices as primary mechanisms that foster/discourage the development of organizational social capital.

This paper provides a theoretical model to explain why social capital can lead to competitive advantage for firms. The authors argue that social capital can facilitate the creation of new intellectual capital, which may serve as a source of competitive advantage.

An empirical article that examines how the structure and content of individuals’ networks affect their mobility within organizations. The authors found that having a large and sparse network of informal ties for acquiring information and resources could enhance an individual’s mobility.

**Institutional Theory**
In contrast to the psychological heritage of the behavioral perspective, and the strategic and economic heritage of the resource-based view, institutional theory adopts a sociological
Institutional theory views organizations as social entities that respond to environmental pressures in order to gain legitimacy and ensure their survival. Tolbert and Zucker 1983 uses institutional theory to describe the dynamic processes through which firms copy the HRM systems of other firms, resulting in the spreading of HRM policies and practices throughout a population of organizations. Institutional theory is especially helpful for understanding the diffusion and the convergence (or divergence) of HRM systems throughout the global population of firms, as demonstrated in Croucher, et al. 2012 and Thory 2008.

This study examined employee turnover rates in market-based and other forms of economies found throughout Europe. The findings show that employee exits are more common in market-based economies, and also that institutionalized employee voice reduces turnover.

This study presented two case studies of the reverse transfer of HRM practices within two French multinational companies operating in Scotland. It identified several factors that constrained the transfer of practices in multinational companies from foreign subsidiaries to parent headquarter operations.

This study examined the diffusion and institutionalization of change in formal organization structure. Its findings indicated that the adoption of a policy or program by an organization is determined by the extent to which the policy is institutionalized.

**Critical Management Perspective**
As these descriptions of the dominant theoretical perspectives make clear, most scholarship on strategic HRM is uncritical of capitalist systems and economic motives. Even as it acknowledges the legitimate concerns of multiple stakeholders, such scholarship often allows the financial interests of investors to dominate. The firm-centric foundations of strategic HRM have been critiqued and bemoaned occasionally by proponents of critical management studies, as seen in Legge 1995, Delbridge and Keenoy 2010, and Thompson 2011, as well as empirical evidence such as that presented in Jensen, et al. 2013, which shows there may be a “dark” side to strategic HRM.

A theoretical paper that suggests using a variety of methodological and theoretical approaches of critical HRM to enrich the mainstream HRM research.
Jensen, Jaclyn M., Pankaj C. Patel, and Jake G. Messersmith. “High-Performance Work Systems and Job Control: Consequences for Anxiety, Role Overload, and Turnover Intentions.” *Journal of Management* 39.6 (2013): 1699–1724. This multilevel investigation looks at how the HRM practices measured at the unit level could influence individuals’ anxiety, role overload, and turnover intentions. The study cautions us to remember that “strategic” HRM systems—that is, those designed to maximize employee performance—may have unintended negative consequences for employees’ satisfaction as well as their psychological health.


Thompson, Paul. “The Trouble with HRM.” *Human Resource Management Journal* 21.4 (2011): 355–367. Asserts that the legitimacy of (strategic) HRM is threatened, and considers the sources and perceived solutions of the threat, addresses the question of what a critical approach can contribute to a discussion of the field’s troubles, presents the case for a political-economy approach that situates HR troubles within the constraints of the accumulation regimes of financialized capitalism, and seeks to identify common ground for dialogue between mainstream and critical approaches.

**TYPES OF HRM SYSTEMS**

Strategic-HRM authors have used many different labels to describe the several types of HRM systems they study, but the most commonly used labels are *High-Involvement and High-Commitment HRM Systems* and *High-Performance HRM Systems*. In addition, several *Targeted HRM Systems* have been studied.

**High-Involvement and High-Commitment HRM Systems**

When they reviewed the types of HRM systems that have been studied by scholars of strategic HRM, the authors of Lepak, et al. 2006 identified high-involvement and high-commitment systems as among the most prominent. As Wood 1999 explains, high-involvement systems provide employees with opportunities to participate in shaping the nature of their work through input into important decisions, since they emphasize empowerment and devolution of decision-making power to employees. As Boxall and Macky 2009 explains, high-commitment HRM incorporates HRM philosophies, policies, practices, and processes designed to increase or enhance the employees’ sense of identification and attachment to the organization and job. A high-commitment system is aimed at increasing the employees’ sense of loyalty and dedication to the organization.

The authors critique the terminology of high-performance work systems (HPWS) and contrast it with high-involvement work systems and high-commitment management, arguing that the latter usefully acknowledges the phenomenon of workplace change. They also present a model of the linkages among high-involvement HRM systems, related management actions and investments, employees’ experiences, employees’ affective outcomes, and operational outcomes.


This article reviews the conceptual content of HRM systems that have been studied, and contends that HRM systems should target a strategic objective and be designed to achieve it by influencing knowledge, skills, and abilities; motivation and effort; and opportunities. It also explores several methodological issues associated with studying HRM systems.


This is a detailed critique of the early empirical studies on strategic HRM; first Wood describes the conceptual underpinnings of high-involvement management, and then he reviews and critiques fifteen studies of the relationship between HRM systems (including high-involvement and high-performance systems) and organizational performance in light of debates concerning universalistic and contingency perspectives.

**High-Performance HRM Systems**

In contrast to the *High-Involvement and High-Commitment HRM Systems*, the high-performance HRM system is designed to enhance or increase levels of rather generic measures of organizational performance (also referred to as the organization’s bottom line). Studies of the relationship between high-performance HRM systems and generic firm performance have dominated the field of strategic-HRM research since the mid-1990s, inspired by an early study, Huselid 1995. After nearly twenty years of subsequent research, Posthuma, et al. 2013 proposes an integrative taxonomy of high-performance work practices that may be useful for future studies of such systems.


For a large sample of firms in the United States, a positive relationship was found between the use of so-called high-performance HRM practices and both the intermediate or near-term outcomes of productivity and employee turnover, as well as longer-term indicators of the firms’ financial performance.

This paper reviews the components of HPWS by analyzing 193 published studies and classifying sixty-one specific practices into nine categories. The authors analyzed the usefulness of this taxonomy by considering how often those practices have been used, when they were most frequently used, and in which countries those practices have been used.

**Targeted HRM Systems**

Targeted HRM systems comprise HRM activities that are expected to have positive consequences for more-specific measures of organizational performance. As described previously, *Human Capital Theory* and *Social Capital Theory* have stimulated research on those particular outcomes. In addition, other frequently investigated targeted HRM systems are those aimed at improving customer-oriented outcomes such as customer service, as illustrated in Chuang and Liao 2010. Interest in HRM systems designed to influence knowledge-intensive teamwork and other outcomes of particular interest to firms that compete on the basis of knowledge and innovation are also attracting scholars’ attention, as illustrated in Chuang, et al. 2013 and Chang, et al. 2016.


In this article the authors present measures of HRM practices that describe the flexibility that a firm needs in order to foster and facilitate innovation. It offers promise of guiding further research in HRM systems and firm-level innovation.


This article proposes HPWS for customer service and examines the mediating process of the relationship between HPWS and service performance through two types of organizational climate: concern for employee climate, and concern for customer climate.


The authors propose a specific type of HRM systems for knowledge-intensive teamwork and find that the positive relationships between HRM systems and knowledge acquisition and knowledge sharing are moderated by empowering leadership and knowledge tacitness.

**ANTECEDENTS OF HRM SYSTEMS**

Scholars studying strategic HRM systems have invested most energetically in studying the consequences of HRM systems rather than striving to understand the antecedents that influence the design and content of HRM systems. The few studies that have investigated antecedents can be divided into studies that look at factors external to the organization and aspects of the organization itself. The most commonly studied external antecedents include national culture,
as illustrated in Lertxundi and Landeta 2011, country industrial relations and union representation, as shown in Liu, et al. 2009, and market complexity and competition, as demonstrated in Patel and Cardon 2010. The importance of industry effects is noted in Datta, et al. 2005 and Carmeli and Schaubroeck 2005. The more commonly studied internal antecedents—that is, conditions within the organization but external to the HRM system—are business strategy, as in Bae and Lawler 2000, and organizational culture/climate, as in Teo, et al. 2011.


Carmeli, Abraham, and John Schaubroeck. “How Leveraging Human Resource Capital with Its Competitive Distinctiveness Enhances the Performance of Commercial and Public Organizations.” *Human Resource Management* 44.4 (2005): 391–412. This article examines the relationship between human capital and firm performance, finding that human capital was positively related to performance criteria only when human capital was considered distinctive in terms of being highly valuable, inimitable, rare, and nonsubstitutable. The authors found consistent results both from private- and public-sector organizations.

Datta, Deepak K., James P. Guthrie, and Patrick M. Wright. “Human Resource Management and Labor Productivity: Does Industry Matter?” *Academy of Management Journal* 48.1 (2005): 135–145. This study examined the role of three industry characteristics in moderating the relationships between high-performance work systems (HPWS) and productivity. The authors found that the impact of high-performance work systems on productivity became more positive for industries with lower capital intensity, higher growth, and higher differentiation.

Lertxundi, Aitziber, and Jon Landeta. “The Moderating Effect of Cultural Context in the Relation between HPWS and Performance: An Exploratory Study in Spanish Multinational Companies.” In *Special Issue: The State, Public Policy and the Renewal of HRM*. *International Journal of Human Resource Management* 22.18 (2011): 3949–3967. This study found that Western countries with high individualism, low power distance, low uncertainty avoidance, and high masculinity were more likely to adopt high-performance work systems.

Liu, Wenchuan, James P. Guthrie, Patrick C. Flood, and Sarah MacCurtain. “Unions and the Adoption of High Performance Work Systems: Does Employment Security Play a Role?” *Industrial and Labor Relations Review* 63.1 (2009): 109–127. This study examined the relationship between union membership rates and the use of HPWS. It found that firms were less likely to use HPWS as union membership rate increased, but employment security significantly ameliorated this negative impact.

The authors examined the interaction between group culture and product-market competition on the use of HRM systems. They found that firms with group culture were more likely to adopt HRM systems as product-market competition increased.


This study found that firms who valued the contribution of HRM departments were more likely to adopt human capital–enhancing HRM systems, and that this relationship was partially mediated by firms’ strategic orientation.

OUTCOMES AND STRATEGIC HRM SYSTEMS

To date, most research on strategic HRM has focused on documenting the relationship between HRM systems and either financial outcomes of interest to owners/investors or employee responses such as commitment, satisfaction, and various forms of stress and strain. The evidence generally supports the assumption that strategic HRM systems are beneficial for firms, and often for employees as well. Nevertheless, more research is needed to fully understand how HRM systems can help organizations simultaneously satisfy the concerns of these and other stakeholders.

Financial Performance

Many researchers have investigated HRM systems and their impact on organization success, in particular success as measured by financial performance. Jiang, et al. 2012 finds that the most commonly used financial measures are profitability, stock price performance, sales growth, and revenue growth (these various indicators may also be referred to as “bottom line” indicators of success). Studies that have been conducted since the mid-1990s in countries around the world have found a positive relationship between HRM systems and these financial outcomes. For many strategic HRM researchers, finding evidence to support the relationship between HRM systems and these indicators of positive financial outcomes, such as that found in Saridakis, et al. 2017, is the essence of the field. As found in Tzabbar, et al. 2017, however, such effects depend on several contextual conditions.


This article reports the results of a meta-analytic review of the effects of skills-enhancing, motivation-enhancing, and opportunity-enhancing dimensions of HRM systems on proximal organizational outcomes (human capital, motivation) and distal organizational outcomes (voluntary turnover, operational outcomes, financial outcomes). It concludes that HRM systems influence financial outcomes both through direct and indirect effects.

Uses meta-analysis to estimate the effect sizes of the relationship between high-performance work practices and firm performance measures based only on data from longitudinal studies. The results indicate that a system of practices has stronger relationships with operational and financial firm performance than do individual HRM practices.


Using moderating meta-analysis of eighty-nine studies, this study shows that context and research design have strong influences on the relationship found between HRM practices and firm performance. Societal context, industry sector, and firm size have large consequences for the effects of HRM practices, providing strong support for the contingency perspective of strategic HRM.

**Operational Outcomes**

An alternative way of studying the outcomes of strategic HRM is through examining indicators of operational performance. It is thought that measures of organizational performance might provide an understanding of the relationship between financial outcome measures and HRM systems. Guest and Conway 2011, among others, argues that HRM systems can influence financial outcomes through their impact on productivity, innovation, customer service, and quality. Findings of studies thus far generally support this scenario.


Adopting a stakeholder perspective and building on the idea that “strong” HRM systems create consensus and shared perceptions, this study of senior line managers and HR managers found that HRM effectiveness was viewed as better, and firm performance was higher in firms with more HRM practices in place and when there are also high levels of agreement between HRM and line managers.

**Organizational Capabilities**

Taking another step back in the chain of relationships, it is also likely that strategic HRM systems influence operational and financial outcomes indirectly by improving the organization’s organizational capabilities, such as adaptive capabilities, problem solving, learning capability, organizational ambidexterity, and flexibility. Following this logic, Chang, et al. 2013 finds that flexibility-oriented HRM systems contribute to improved absorptive capacity, which in turn facilitates innovation.

The authors propose flexibility-oriented HRM systems and find that the relationship between HRM systems and innovation is mediated through potential and realized absorptive capacity.

**Employee Reactions**

Another set of outcomes that have been studied by researchers of strategic HRM are employee responses, including positive reactions such as commitment, satisfaction, citizenship behavior, innovative behavior, and positive perceptions about the organization’s concern for quality and safety. Many published studies have found that employees generally react positively to strategic HRM systems, but as Boxall and Macky 2009 and Ramsay, et al. 2000 remind us, some HRM systems may also be associated with less positive outcomes, such as turnover rates, employee stress, tension, and absenteeism.


The authors critique the terminology of high-performance work systems and contrast it with high-involvement work systems and high-commitment management. They present a model of the linkages among high-involvement HRM systems, related management actions and investments, employees’ experiences, employees’ affective outcomes, and operational outcomes.


This study explored the relationships between high-commitment HRM systems and distal firm performance through different mediating processes, including job satisfaction, management relations, discretion, work intensification, job security, and job strain.

**CONTINGENCY PERSPECTIVES**

Delery and Doty 1996 describes the contingency perspective of strategic HRM as an approach that assumes HRM systems are more likely to have their desired consequences when they fit with the needs or characteristics of the organization. So rather than use a universalistic approach and assume that one type of HRM system fits all situations, the contingency perspective says that there are certain types of HRM systems for certain types of organization situations. The potential value of this perspective is demonstrated in Youndt, et al. 1996, but since then the contingency perspective has not been a focus of much additional research.


Identifies three dominant theoretical perspectives in research on strategic HRM—contingencies, universalistic, and configurational—and discusses how each can be used to explain why several strategic HRM practices are associated with firm performance.

This study examined the moderating role of business strategy on the relationship between HRM and firm performance and found that business strategy emphasizing high quality strengthened the positive relationship between human capital–enhancing practices and operational performance.

**Workforce Segmentation**

Another approach to understanding contingencies is to segment employees into distinct groups, from which the organization requires different skills and behaviors. Schuler and Jackson 1987 shows that the HRM practices used to manage lower-level employees and line managers are often quite different, for example. Lepak and Snell 1999 uses the term “HRM architecture” to refer to the way that organizations structure their HRM system around distinct groups of employees.


Proposes an HRM architecture typology for four forms of employment: internal development, acquisition, contracting, and alliance. Builds on the resource-based view of the firm, human capital theory, and transaction cost economics to pose new research questions about employment modes and relationships, HRM configurations, and competitive advantage.


This article further describes the organizational determinants of HRM practices. On the basis of a large organizational survey, the authors found that HRM practices varied across hierarchical levels within organizations, and also by the strategy that a company was pursuing.

**Differentiated Workforce**

One common HRM approach that uses different HRM practices for distinct groups of employees considers which groups of employees have the most strategic value to the organization. Thus, some companies manage their “A-players” (top performers) differently from the rest of the workforces, or they may use different HRM practices to manage employees in “A-positions” (those essential to the strategic mission) versus employees in less strategically central jobs. Becker, et al. 2009 refers to this approach to designing HRM systems as creating a “differentiated workforce.” As Tarique and Schuler 2010 describes, many organizations use this approach as a principle for effective global talent management strategy, but Marescaux, et al. 2013 cautions that such practices may be a double-edged sword that can have some negative consequences.

The authors recommend managing a firm’s workforce like a portfolio of investments, with larger investments being made in jobs that create greater company wealth. Instead of adopting “best practices” for all categories of employees, employers are urged to create a differentiated workforce and use HRM practices that leverage the talent of people employed in wealth-creating “A-positions.”

This article examines the curvilinear relationship between perceived favorability of HR practices and affective organizational commitment, finding that the impact of perceived favorability was attenuated at positive levels. The finding suggests that differentiation of HR practices among employees may not always have a positive impact on employees.

This article is one of the most cited articles published in the *Journal of World Business*. It reviews the growing field of global talent management in detail and also offers an integrative framework that others can use to guide their research in the future.

**METHODOLOGICAL ISSUES**

As empirical research on strategic HRM began to accumulate, it stimulated the field to consider more carefully a variety of issues that came into sharper focus as scholars sought to interpret the results of empirical research. Discussions about various methodological issues became inextricably entwined with important substantive questions, as Paauwe 2009 describes. Some of these challenges have been discussed without resolution for more than a decade.

The author reviews progress in the field during the previous fifteen years and discusses ongoing challenges that need to be addressed in the future. These include the methodological issues of how best to measure HRM systems and performance outcomes, as well as establishing causal relationships between the two.

**Informants and What to Ask Them**

Most studies of strategic HRM use methodologies that are suitable for empirical hypothesis testing, although some qualitative and exploratory studies have also been reported. For those conducting empirical research on strategic HRM, the two most important methodological questions discussed involve whom to ask (informants) and what to ask them. The most commonly used informants in research on strategic HRM are HR managers and senior line managers. Huselid and Becker 2000 states that this approach is appropriate because these organizational members are likely to have the information required to describe the HRM practices and policies. On the other hand, as Gerhart, et al. 2000 points out, it is also possible that nonmanagerial employees can serve as valuable informants, since it may be that their perceptions of the HRM system also provide some of the information needed to understand the
impact of an HRM system. As the field has matured, it has begun to approach a consensus that there are strengths and weaknesses associated with each methodological approach, as recommended in Wright and Boswell 2002.


Huselid, Mark A., and Brain E. Becker. “Comment on ‘Measurement Error in Research on Human Resources and Firm Performance: How Much Error Is There and How Does It Influence Effect Size Estimates?’ by Gerhart, Wright, McMahan, and Snell.” Personnel Psychology 53.4 (2000): 835–854. The authors emphasize that information of HRM practices should be collected from people who have the best knowledge of such information, rather than from multiple respondents who may not have the accurate information.

Wright, Patrick M., and Wendy R. Boswell. “Desegregating HRM: A Review and Synthesis of Micro and Macro Human Resource Management Research.” Journal of Management 28.3 (2002): 247–276. The authors note that the field of HRM has bifurcated into independent subfields of strategic and functional HRM, which is dysfunctional. They propose a four-cell typology of HRM research based on level of analysis (individual/group or organization) and number of HRM practices (single or multiple), review then-recent research in each cell, and argue that future research should adopt a more integrative view.

Establishing Causality

The establishment of causal relationships remains a big challenge for strategic HRM, as Wright and Haggerty 2005 describes in some detail. Much evidence points to significant and meaningful associations between HRM systems and a variety of important outcomes, but when David Guest reviewed the evidence (in Guest 2011), he concluded that it is insufficient for drawing conclusions about causality. Longitudinal investigations such as those in Piening, et al. 2013; Kim and Ployhart 2014; DeGeest, et al. 2016; and Shin and Konrad 2017 have begun to address this void, however, and provide good examples to follow when designing future studies. Understanding causality is also likely to be improved as research increasingly explores multilevel explanatory models, as illustrated in the article by Peccei and Van De Voorde 2016.


For a sample of 1,100 firms tracked for seven years, the study found that the effects of HRM practices change over time. As time passes, the positive effects on survival become stronger.

This article reviews twenty years of theory and research on strategic HRM, identifies phases in its development, and sets out a number of challenges regarding theory, management processes, and research methodology. Guest concludes that the field is still unable to answer core questions about the relationship between HRM and performance, largely due to the lack of longitudinal data.


Drawing on research from strategy, economics, and applied psychology, the authors propose and find support for viewing staffing and training as key HRM practices that firms can use to generate slack resources, which in turn buffers them during recessions and helps promote post-recession recovery.


This article evaluates 46 empirical studies of relationships between HRM and for the purpose of considering how much progress has been made using the multilevel perspective. The authors conclude that effective multilevel research on HRM is still at an early stage and suggest areas for improvement in the application of the multilevel approach in studies of the HRM-outcome relationship. They conclude by arguing that greater application of the multilevel approach could improve understanding of the processes through which strategic HRM systems affect outcomes for individuals, teams and organizations.


One of the first studies in strategic HRM that examined the dynamic nature of the relationships among HRM practices, employee outcomes, and organizational outcomes. It found that the trajectories in employees’ experiences of HRM practices were positively related to the changes in job satisfaction and customer satisfaction. It also found that increased organizational performance could in turn enhance the use of HRM systems.


The causal associations between high-performance work systems and performance were examined by using a large longitudinal data set. Results revealed a reciprocal relationship, such that HRM systems contributed to productivity, and also that higher productivity supports the use of strategic HRM systems.

This paper discusses several limitations of the current research of strategic HRM and examines how future theorizing in HRM should explore time issues, causality issues, and multilevel phenomena.

PRACTICAL USEFULNESS OF RESEARCH RESULTS

When the field of strategic-HRM scholarship was born, HRM expertise was seldom present in corporate boardrooms. While this has changed for the better since the 1980s, the field continues to strive toward gaining the respect enjoyed by other functional areas. Wright, et al. 2012 finds that chief HR officers are more likely to be members of the top management teams now compared to in the past, but those responsible for designing and delivering effective HRM systems do not yet know how to fulfill the expectations of many company executives or many employees. Rynes, et al. 2002 contends that part of the explanation for the low status of HR executives and the HRM function is that many HRM managers are not exposed to the available scientific evidence; consequently, they do not implement the best-possible HRM systems. Another explanation for the current status of HR is that the evidence being generated by scholars is not sufficiently useful. Sparrow, et al. 2013 argues for research that draws lessons from the ongoing experimentation that firms are engaged in concerning how best to structure the HRM function. Others have attacked the problem of producing results that have practically useful implications by focusing on important problems. For example, in a study of 5,220 French firms, Delmas and Pekovic 2013 shows that adopting environmental-management standards led to increased training for employees and higher labor productivity. Using a strategic-HRM perspective to improve postmerger integration, as was done in Brueller, et al. 2016, is another example of the benefits that arise from research that focuses specifically on the practical problems that managers must address. Clearly, there is no shortage of important practical management problems to be solved by intelligent consideration and the appropriate use of strategic HRM systems.


Using a configurational perspective, the authors developed a conceptual framework that explains how HRM practices can be used to align three types of merger-and-acquisition strategies (annex and assimilate, harvest and protect, link and promote) with desired postmerger integration outcomes.


This study investigated the relationship between environmental standards and labor productivity by using survey data form 5,220 French firms. Firms that had adopted
environmental standards were found to have higher labor productivity, due in part to improvements in employee training.


A survey of 959 HRM professionals revealed large discrepancies between research findings and the beliefs of HRM professionals concerning some HRM practices, especially employee selection practices. Those holding higher-level positions, those with professional certifications, and those who reported they read the academic literature were somewhat more likely to hold beliefs that were consistent with research findings. The authors offer suggestions for disseminating research findings more effectively.


The authors present an empirical analysis of corporate HRM roles for global talent management in the financial and professional services sector. They reveal how these roles were affected by international business strategies, corporate centralization, and the 2008 global financial crisis.


By surveying a sample of 143 senior HR managers, the authors focus on the role of chief HR officers (CHROs) in three aspects: corporate social responsibility, the executive leadership team dynamics and how CHROs seek to make the teams more effective, and the CEO’s leadership style and how CHROs help them increase their leadership effectiveness.