

# S Y M P O S I U M

## Strategic Human Resource Management in Context: A Historical and Global Perspective

by Janet H. Marler

### Executive Overview

This symposium provides a new perspective for strategic human resource management (SHRM) scholarship by expanding the contexts in which this scholarship has typically been framed. In the first paper, Kaufman evaluates SHRM scholarship within the United States from a historical and cross-disciplinary context. The second paper, by Festing, discusses the concept and practice of SHRM in Germany, a dominant economic power among developed nations and Europe. Liang, Marler, and Cui focus on China and examine how strategic human resource management is unfolding in a turbulent but hugely influential emerging economy. In describing strategic human resource management practices across these broader macro contexts, the papers in this symposium provide new directions for future theoretical and empirical research on SHRM.

The academic literature on SHRM published in the last 25 years has been written primarily by researchers in the United States. Most were attempting to describe and support U.S. companies' experimentation with new production technology and employment systems to remain globally competitive in the face of enormous technological change, increasing educational levels of the labor force, greater economic volatility, industry deregulation, and increased global competition in the manufacturing sector, particularly from Japan and Germany (Appelbaum & Batt, 1994; Cappelli, 1999; Dyer & Boudreau, 1999; Kaufman, 2007; Kochan & Osterman, 1994; Schuler, 1992; Snell, Shadur, & Wright, 2001). As the field of strategic human resource management continues to grow, it has attracted international scholars and researchers in other disciplinary domains. Considered the macro domain of the human resource management discipline, strategic human resource management is mainly focused on firm-level human resource phenomena and the relationship between human re-

source practices and firm performance (Lengnick-Hall, Lengnick-Hall, Andrade, & Drake, 2009; Lepak & Shaw, 2008; Snell et al., 2001).

The purpose of this symposium is to present new perspectives on this literature by examining strategic human resource management in a broader global economic and temporal context.

### Strategic HRM in the United States: Modes of Theorizing

Strategic human resource management research rests on cross-disciplinary foundations from industrial relations, institutional economics, labor economics, human resources, industrial organizational economics, organizational theory, and strategic management. Although the discipline is still evolving, SHRM researchers draw from one of four dominant theoretical perspectives. The first three perspectives—the universalist perspective, the configurational perspective, and the contingency perspective—emerged in the U.S. SHRM

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literature in the last quarter of the 20th century (Delery & Doty, 1996; Lepak & Shaw, 2008). The fourth perspective, the contextual perspective, was first introduced by scholars outside the United States (Martin-Alcazar, Romero-Fernandez, & Gardey, 2005). Different academic fields tend to gravitate to specific perspectives. For example, industrial relations and labor economics scholars generally adhere to a universalist and configurational perspective in explaining how systems of human resource management practices are related to organizational performance. Those from the field of business policy and strategic management generally take a contingency perspective. Scholars in the fields of comparative and international human resources, sociology, and political economics are a disparate group, although they tend to adopt a contextualist perspective.

Delery and Doty (1996) first formally identified the universalist mode of theorizing in the early strategic human resource literature. As they noted:

Universalistic arguments are the simplest form of theoretical statement in the SHRM literature because they imply that the relationship between a given independent variable and a dependent variable is universal across the population of organizations. Developing universalistic predictions requires two steps. First, important strategic HR practices must be identified. Second, arguments that relate the individual practices to organizational performance must be presented. (p. 805)

The statement suggesting that the relationship between HRM practice and organizational performance occurs, no matter the context in which an organization operates, is what separates this mode of theorizing in SHRM from the others.

The second SHRM theoretical framework, the configurational perspective, explains how systems, clusters, or bundles of human resource management practices interact with each other to have synergistic outcomes at the organizational level. As Lepak and Shaw (2008, p. 1488) explained:

Researchers focusing on this perspective have used a variety of terms such as "horizontal fit," "internal fit," "complementarity," or "bundling" (Baird & Meshoulam, 1988; Delery & Doty, 1996; Wright & McMahan, 1992) to emphasize the focus on align-

ment among multiple HRM practices. This perspective suggests that a configuration of a set of internally aligned HRM practices will have a much greater ability to explain variation in organizational performance than single HRM practices taken in isolation (Delery, 1998).

The third SHRM theoretical framework is based on classical contingency theory. The choice of HRM practices and the relationship these practices have with organizational performance depends on external environmental factors as well as on organizational factors, primarily the strategies the organization formulates and deploys to successfully adapt to a changing external environment (Galbraith, 1973; Lawrence & Lorsch, 1967; Scott, 1995).

The fourth SHRM theoretical mode of theorizing is the contextualist perspective. Unlike the other three modes, this perspective encompasses the particularities of geographic and industrial contexts and macroeconomic and social factors such as business systems (Tempel & Walgenbach, 2007), varieties of capitalism (Edwards & Kuravilla, 2005), historical path dependence, institutional environments (Powell & DiMaggio, 1991), and resistance to change (Festing & Sahakians, 2010). International SHRM scholars applying this theoretical framework identify and describe how these various macro-social factors affect the relationship between HRM practice and organizational performance (Martin-Alcazar et al., 2005). This last theoretical perspective has had limited application in U.S. strategic human resource management scholarship to date.

### **Strategic HRM, High-Involvement Work Practices, and High-Commitment and High-Performance Work Systems**

The notion of high-performance work systems (HPWSs) is based on taking a configurational perspective in that it assumes there is a system of work practices characterized by a cluster of HR practices that have synergistic effects that lead to superior organizational performance (Boxall & Macky, 2009). It also falls into the universalist perspective in that there is an underlying assumption that all firms that adopt an HPWS configu-

ration, regardless of context, will have superior organizational performance. The actual cluster of HRM practices is debated. High-involvement clusters focus on HRM practices that involve how the work is organized (e.g., teams) to encourage employee participation and decision-making discretion (Boxall & Macky, 2009). The high commitment comes from a set of employment practices that nurture positive employee attitudes and relevant skills. When both high-involvement work practices and high-commitment employment practices are combined, the result is an HPWS, a system or configuration of high-performance work practices (HPWPs) that support achieving superior performance across differing contexts (Boxall & Macky, 2009; Delery & Doty, 1996; Lepak & Shaw, 2008; Pfeffer & Veiga, 1999). As Lepak and Shaw (2008, p. 1487) noted:

Perhaps the most well known universalistic perspective is provided by Pfeffer (1995). Based on a review of what successful companies do with regard to HRM practices, he concluded that certain practices should be more universally effective than others, including employment security, selectivity in recruiting, high wages, incentive pay, employee ownership, information sharing, participation and empowerment, self-managed teams, training and skill development, cross-utilization and cross-training, symbolic equalitarianism, wage compression, and finally promotion from within. Although Pfeffer's (1995) elaboration is based more on interpretation than solid empirical evidence, it does describe the universalistic approach rather well.

Boxall and Macky (2009) argued, however, that high performance is achieved through complementarity not just among practices but also with a firm's production technology and other strategic changes taking place that reflect the external environment in which the firm operates. To reinforce this view, Boxall and Macky (2009) pointed to the academic debate concerning what HRM practices constitute an HPWS. Across the five most cited HPWS studies, there is no one practice that is common to all five studies. As they further noted:

On top of this kind of theoretical dispute, there is the fact that the further one moves from a focus on the

American context, the more socio-cultural variations in HPWS practices have to be accommodated. For example, a practice such as an employee grievance procedure, which Huselid (1995) considers a high-performance indicator in the US, is simply a legal requirement in countries such as the UK and therefore is hardly something that differentiates superior performers. As has been pointed out by Boselie et al. (2001), some practices considered high performing in the US are wired into the institutional requirements elsewhere: they are "table stakes" in these contexts, not a source of high performance (Boxall & Purcell, 2008). Legal differences are the more straightforward aspects of socio-cultural variation. Underpinning cultural assumptions are much more challenging: some practices which may work well in the Anglo-American world are understood quite differently, and much less positively. (p. 6)

The debate concerning what constitutes an HPWS has not yet been fully resolved in the SHRM literature, nor has a related question: Is an HPWS set of HRM practices universally applicable or are there boundary conditions, contingent on context? International HRM researchers are at the forefront of studying these questions.

### **Strategic HRM: International HRM and a Contextual Perspective**

Beginning in the early 1990s, there has been an accumulating international SHRM literature along both micro- and macro-level fronts. At the macro level two predominant research streams have emerged: HRM in multinational corporations (MNCs) and comparative HRM. In a well-cited early article on the practice of strategic HRM in MNCs, Taylor, Beechler, and Napier (1996) adopted a primarily contingent theoretical framework in which they integrated a resource-based view of strategic HRM with international strategy and then proposed how several external environmental factors that vary across national boundaries affect which strategic HRM model is adopted.

In the comparative HRM literature, several HRM models have been proposed. Early models focused on comparing Anglo-Saxon contexts such as Australia and the United Kingdom (Brewster, 2004; Hendry, 2003), European contexts such as France and Germany (Festing & Barzantny,

2008), and the European Union (Brewster, Croucher, Wood, & Brookes, 2007). In Asia, the early comparisons were with Japan (MacDuffie, 1995) and more recently with Korea, Taiwan, and China (Burton, Butler, & Mowday, 2003; Kim, Wright, & Su, 2010; Liang, Xie, & Cui, 2010).

These comparative HRM models examine to what extent there is a convergence toward a U.S.-based strategic model in the context of a divergent/distinctive local context that differs along several dimensions. Two major theoretical perspectives explain why convergence to a universalistic strategic HRM model can be expected. The first is based on a largely neoclassical economic perspective in which productivity is maximized through the selection of best HRM practices (Kaufman & Miller, 2011). The second is based on variations of a new institutionalism perspective in which social forces in the form of normative pressure, coercion, and imitation homogenize organizational practices (Powell & DiMaggio, 1991).

The divergence perspective provides a contrasting argument: Firms must comply with local labor laws, political climates, religions, values and attitudes, stages of economic and technological advancement, and labor force demographics, all of which are significantly different across national boundaries (Brewster, 2004; Muller, 1997; Pudelko, 2005).

### Symposium Papers

**T**his symposium reviews the state of knowledge concerning how strategic human resource management is practiced across national contexts and examines whether there is evidence for a convergence toward an economically optimal and therefore universally applicable HPWS bundle of human resource practices. The hypothesis is that a universalist configuration of HRM practices (i.e., HPWS) should be evident or be emergent across national contexts, because if the universalist SHRM perspective holds, diffusion and convergence should be evident. Alternatively, if there are boundary conditions and SHRM is contingent on not just industry, size, and business strategy but also on more macro conditions such as legal regimes, political regimes, and sociocultural influ-

ences, we should see divergence and variance from a universally applicable HPWS.

### The U.S. Context

**I**n the first paper, Bruce Kaufman provides a historical perspective on HPWSs, which he argues date back a hundred years (not 25), but prefaces this historical review with a highly critical assessment of current U.S.-based SHRM empirical scholarship. Claiming that many of the problems with U.S. SHRM "arise from overemphasis on knowledge areas and ideas relating to the internal dimension of organizations and management (e.g., strategy, I-O psychology, organizational behavior) and too little attention to those relating to the external dimension (e.g., economics, industrial/employment relations, the macro side of sociology)" (p. 26), Kaufman gives SHRM research a failing grade. Although the evidence Kaufman provides to support his negative assessment might be highly criticized by others, his call for more actionable research and for applying neoclassical economic frameworks that might "explain the lack of congruence between what the theory predicts and what the data show" (p. 22) offers further cross-disciplinary avenues for SHRM scholarship.

While SHRM researchers are well aware of the theoretical and empirical challenges still to be overcome (Boxall & Macky, 2009; Lepak & Shaw, 2008; Waldman, 2009), Kaufman expands the list in a provocative way by asking questions economists would raise about the current distribution of HRM practices across companies. The current distribution suggests that the average profit-maximizing firm in the United States uses only a few HPWS practices, not the complete system. If using more HPWS practices translates to higher organizational performance, why are firms not maximizing profits? Are these practitioner failures, or is the failure a result of inadequate theory? Are there determinants of choice of HRM practices that have been neglected in the mainstream U.S.-based SHRM theories? The latter question provides a segue to the next two papers, both of which focus on macrodeterminants of HPWS practices.

### The German Context

In the second paper, Marion Festing reviews the literature for divergence, convergence, and crossvergence, and in the German context applies a more advanced contextualist perspective. Festing describes how Germany's regulatory, corporate governance, capital market, and educational institutions affect how strategic human resource management is practiced. For example, many strategic human resource management practices characteristic of the HPWS (job security, extensive training, and employee participation) are nationally legislated in Germany, and are therefore not strategic differentiators that can be related to variance in firm performance. Other HPWS practices, such as selective hiring and profit sharing, although not legislated, are widespread and appear to have evolved as effective additional practices. It is interesting to see the diffusion of characteristically U.S.-based HRM practices, such as individually based pay for performance and performance management. Thus, despite reviewing the compelling theoretical arguments for divergence of SHRM across national contexts, Festing also shows evidence of directional convergence. Is this due to the "coercive" influence of U.S.-based SHRM research and business school education (an argument she raises and discusses), economic forces, or other factors?

### The China Context

Liang, Marler, and Cui challenge the applicability of the HPWS universalist perspective in China, where firms operate in a rapidly expanding and turbulent economic environment and within their own specific historical and cultural heritage. Although the government has a significant influence over business practices, its policy over the past 30 years has been to stimulate and support development of privately owned businesses. Liang, Marler, and Cui propose an alternative to the HPWS that better fits the Chinese context. They also note, given the extraordinary political, social, and economic changes under way in China, the significant opportunities to conduct research on contextual contingencies in strategic human resource management.

### Conclusion

These wide-ranging papers demonstrate that the macro context in which firms operate seems to matter in terms of which HRM practices they choose to implement to achieve organizational objectives. In some macro contexts, choice is constrained because the political regime mandates what HRM practices are possible (e.g., Germany and China). In other contexts, where the economic environment is highly turbulent and cultural values differ, the costs of adopting HPWS practices also differ, as is evident in China. Finally, choices of SHRM practices might vary over time depending on political, social, and economic contexts. In examining strategic human resource management practices across significantly different macro contexts, the papers in this symposium aim to open new directions for future SHRM theory and empirical research.

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