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Chapter 6

HRM Systems Effects as a Basis for Strategic HR Planning

Sofia Kosheleva and Aleksandra Bordunos

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Abstract

The chapter illustrates how misalignment of Human Resource Management System (HRMS) creates risks of reduction in organizational performance and well-being of employees. The chapter starts with the analysis of reasons and consequences for choosing particular HRMS by firms and description of criterions to differentiate between the key alternatives: high-productivity, high-commitment and high-involvement-based HRMS. Then it illustrates possible options within an additive approach, which allows reproducing wider variety of HRMS, aiming at identical for organization HR strategy. It also shows how additive approach can intensify positive sides and mitigate the drawbacks of each HRMS in accordance with the organizational health concept. The final part illustrates how to deal with the situation when the most suitable HRMS is not available due to its lower legitimacy, suggesting models with alternative options, or applying additive approach.

Keywords: HR planning, strategic HR, HRM system, HIWS, HPWS, HCWS, ambidexterity, well-being, organizational health

1. Introduction

The chapter aims at answering how to plan Human Resource Management (HRM), relying on a preselected set of HRMS—aligned with each other HRM practices, policies, and principles.

First, planning HRM implies necessity to differentiate key alternatives of HRMS. Jackson et al. [1] analyzed 154 empirical studies of HRMS and defined five general groups: aimed at high performance, high commitment, high involvement, targeted at more narrowed objectives, unspecified. Lepak and Snell [2] provided examples of practices for most of them.

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Nevertheless, for most researches the boundaries between groups are still obscure and the terms "high commitment", "high involvement", and "high performance" are used interchangeably [3].

Second, planning HRM implies understanding the reasons for favoring one HRMS over another. The contextually based human resource theory [4] introduced different types of fit, which ensure gaining outcomes of HRMS:

- internal (horizontal) fit—a need of consistency between HRMS' elements;
- strategic (vertical) fit—a need to align HRMS with strategic business objectives;
- environmental (institutional) fit—assuring external legitimacy of the HRMS;
- organizational and individual fit—a need to account for organizational and employees' specificity—internal legitimacy.

However, Jackson et al. [1] concluded that despite theoretical suggestions, researchers still do not have clear understanding of the practical reasons for establishing particular HRMS. Besides, requirements of one type of fit might contradict another one. It also might change after certain time, thus, the solution should satisfy the dynamic perspective too.

Additive approach toward HRMS intensifies the challenge, when an ambidextrous firm is interested in combining several HRMS [5]. Reaching additivity constitutes the third task in planning HRM.

To deal with the raised tasks, we suggest referring to the three key HRMS alternatives—high-productivity, high-commitment and high-involvement-based HRMS as to the latent referent standards, which a firm could combine in any suitable way to reproduce wider variety of options. Moreover, additive approach is capable to intensify positive sides and mitigate the drawbacks of the alternative HRMS.

2. Latent referent standards

2.1. Methodological concerns

The introduction described three key methodological challenges associated with planning HRM. The starting point for all of them is the operationalization of HRMS. There are four perspectives: universalistic, contingent, configurational and contextual [6]. We refer to each perspective, eliminating their value and drawbacks, suggesting lacking improvements.

The universalistic perspective to HRMS, associated with the research of High Performance Work Systems (HPWS), has contributed invaluably to shaping consistent options, subduing them to firms' strategic objectives. The Michigan model of strategic HRM inspired focus on higher productivity as key outcome for HPWS [7]; Lawler's school of thought since 1986 brought attention to High Involvement Work System (HIWS), and Walton's post 1985 studies

raised interest in High Commitment Work System (HCWS) [8, 9]. The main drawback of the universalistic perspective is oversimplification, as it suggests high freedom of choice in selecting suitable HRM disregarding concerns of the legitimation. Researchers, assessing HRMS, usually ask managers to mark presence of certain HRM practices in their organizations, measuring the extent to which these elements emphasize high performance, high commitment, or high involvement [1, 10]. Guidance by the preselected set of practices could be misleading, as assessors cannot be sure that the HRMS is understood in the same way by majority [11]; indeed leads to the expected outcome [12]; is disclosed in the same way as perceived by all employees [8, 13]; accounts for equifinality of practices, as a researcher might undervalue the extent by missing practices which could lead to similar results [6, 14]; accounts for the ambidexterity [15] and legitimacy-related concerns [4].

The most valuable input of the universalistic perspective is possibility of the deductive approach. The perspective relies on the idealized HRMS as a referent standard. As HRMS apart from practices includes policies, principles, and HR philosophy, we can operationalize the concept using this implicit level. Referring to the latent level is more beneficial, as it is more stable over time and more homogeneous across different stakeholders [16]. However, current state of the HRMS concept development misses information about this latent level, motivating reconstructing it, which is possible with the path-dependence perspective. According to it, each concept, while merging, is following three stages: contingency, self-reinforcement (positive feedback) and lock-in. Lock-in is an irreversible state, associated with the legitimacy. Institutional theory views organizations as social entities interested in legitimacy as a mean for their survival [17, 18]. Legitimacy is a perception of firm's actions as appropriate within specific socially constructed system of norms and beliefs [19]. After certain time positive feedback regarding newly emergent concept might start decreasing, revealing different limitations, which motivate for a lock-in of the alternative option [20].

The contingency perspective on HRMS and the contextually based human resource theory provide guidance for reconstructing existed at the lock-in system of norms and beliefs on five levels, according to individual, organizational, strategic, environmental, internal fit requirements, mentioned in the introduction. These two perspectives are criticized for being overcomplicating, they motivate inductive research and limit generalizability of the findings. The situation when HRMS satisfies all types of fit is rare. It means limited amount of referent standards, but also opens debates how to prioritize types of fit in case of contradiction.

To compromise between the threat of misfit and value of relying on the referent standards, the configurational approach suggests combining patterns of different HRMS to generate wider variety of alternative options. Theoretically, it should help reaching ambidexterity and flexibility. Empirically, such approach is even more complicated due to uncertain effects between the mixed patterns [6]. In our previous research [21] we were interested if it is possible to operationalize the concept in a way to avoid a need in a segregation of HRMS into a bunch of patterns. We expected effect similar to the additive RGB color model [22], when latent additive primary lights of certain intensity, been projected jointly on the black background, can reproduce high variety of other colors. This model is based on a specificity of human to perceive colors as waves, which were arranged within a spectrum, where red,

green and blue gained the most distinct positions—on both sides of it and in the middle. The role of black background plays the most favored framework of strategic HRM—the "Harvard Model" [23, 24]. It accounts for interests of multiple stakeholders, within complex environmental issues, leading to a range of potential outcomes. The role of the color spectrum for HRMS plays a real time-line. We recovered initial state of each idealized HRMS for a particular distant moment, when it fully satisfied existed requirements (fit conditions), then looked for another moment when absolutely all observable requirements would change, and recovered alternative locked-in HRMS, and so on. By chance, our research recovered same amount of latent concepts as amount of latent colors in the RGB model, three latent referent standards (LRS). **Figure 1** represents the time-line with mapped seminal papers, containing key requests to HRMS legitimizing three referent standards.

Surprisingly, the review [21] revealed that the alternative fit requirements do not contradict each other, allowing additivity. Challenges cause institutional sophistication (saturation) and institutional voids (gaps). For example, organization would benefit from all three strategic objectives to stay "healthy" [25–27]: the *exposed evidence of health*—current performance, on the individual level associated with the employees' productivity (HPWS); *potential characteristics* to stay healthy in the future—rare and valuable organizational competencies and resources, requiring employees' commitment as a way to protect investments into human capital (HCWS); *resilience*—ability to adapt quickly to contextual changes, necessitating employees' involvement (HIWS).

In Anglo-Saxon countries employees' productivity became a legitimate signal of firm's health in 1980 [7], rare and valuable human capital and commitment—in 1990 [28, 29], employees' resilience and psychological capital—in 2000 [30, 31]. At the first period, the business

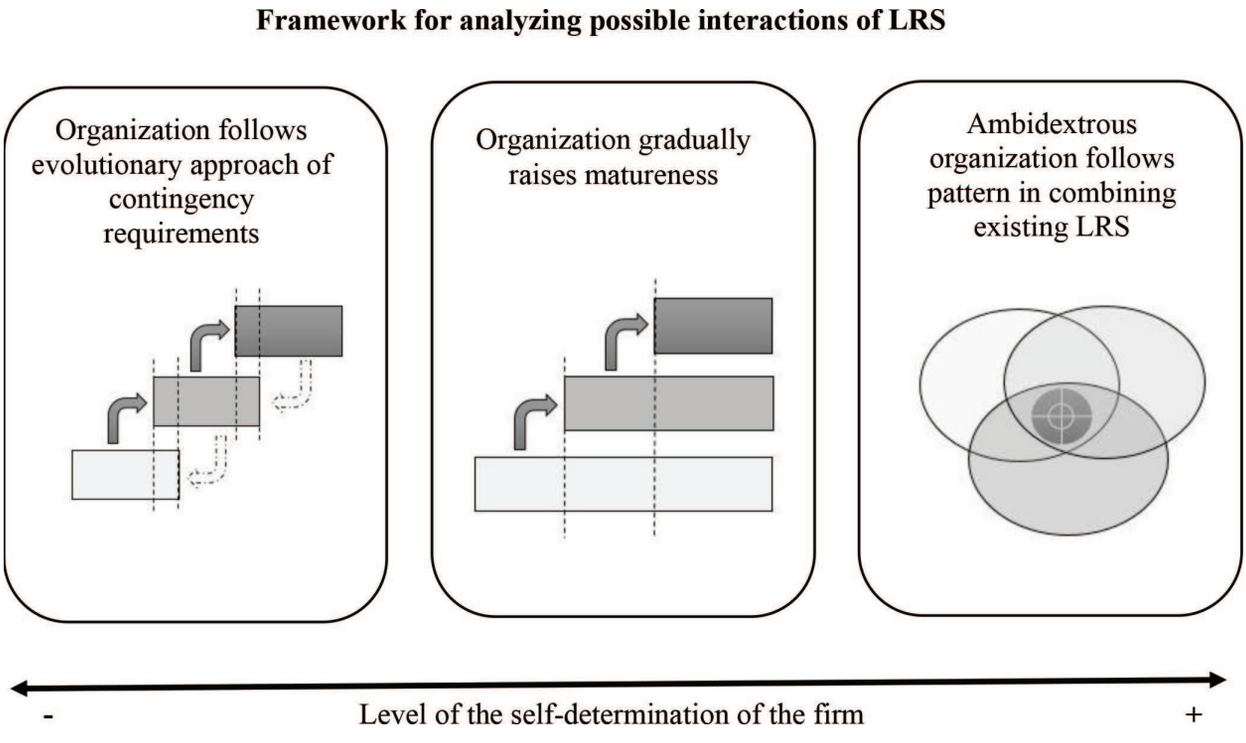


Figure 1. The system of latent referent standards (LRS).

seemed valuable for society due to making profits. Employees appreciated stable wages, their employment; society—goods and services; shareholders—earnings; government—taxes; business—investments; additional social issues considered as unnecessary costs and were delegated to other entities. With appearance of the shared value concept, the fallacy of cost reduction became evident. HRMS helped raising value of human resources by intense investments. Later the boundaries of the firms and industries blurred, all links in the value chain, including employees, considered as partners, centered across customer. Employees shared responsibility for own advancement with firms [32].

Collis [33] agrees with the chronological shift of attention from proper positioning through sustainability of competitive advantage (RBV) to the importance of organizational dynamism (dynamic capabilities). However, he implicitly points out that values of the preceding two streams were embedded into the recent stream in the form of the first, copied, and the second, learned, levels of capabilities versus the third one, built on insights. Winter ([34], p. 994) suggests that position in the hierarchy does not equal the value: "since the levels differ in the cost-benefit balance of capability investments, and exogenous change could at any time tip an existing balance in favor of lower-order capabilities supplemented by ad hoc problem solving". The new question is whether it is possible to apply additive approach disregarding changes in the legitimacy of the alternative options.

Same question is relevant for the individual fit. There are empirical evidences that coexistence of intrinsic and extrinsic motivation is not only possible, but also creates additional synergy [35]. Employee benefits from motivations associated with all referent standards: *external and introjected regulation* of behavior for HPWS—extrinsic rewards and recognition, clear job-tasks and salary depending on the performance; regulation through *identification and integration* for HCWS— conscious valuing of activity, self-endorsement of goals, congruence; *intrinsic motivation* for HIWS—interest, enjoyment, and satisfaction [36]. Company also wins from individual outcomes of all three HRMS. This suggestion was illustrated by the Youssef-Morgan and Luthans [37] integrated conceptual framework of positive psychological capital and workplace outcomes, where authors sort individual variables into several groups: in-role performance (HPWS), attitudinal outcomes (HCWS), behavioral intentions and outcomes (HIWS).

However, since 1990 emerging interest in sustainability brought attention to the harm of HPWS for employees. Firms reached competitive advantage at the expense of the intensified employees' workload, personnel exposition to high job demands, leading to burnout, increased absenteeism and unplanned sick leave [38, 39]. Job demands are psychological stressors caused by expectations for working fast and hard, accomplishing large amounts of work [40]. In 2000, interest to psychological capital and resilience raised concerns about work intensification associated with the HCWS, particularly about role overload, greater fatigue, stress and work-life imbalance [41, 42]. HIWS grounds on the assumption that employees with more control over decisions, tasks, and autonomy may better cope with job demands and experience less mental strain [40], thus is less harmful.

Summing up, choice of the suitable HRMS requires agreeing on the method how to differentiate various options, that should satisfy three conditions—distinctiveness, comprehensiveness and conformity: HRMS should have clear boundaries and to content specific fitness

requirements; applying one HRMS should not be a barrier for another one. The system of latent referent standards satisfies all three mentioned criteria. Additional attention gains possibility of the additive approach. It might be useful both for organizations and for employees, balancing employee well-being and organizational performance through intensifying positive sides and mitigating the drawbacks of alternative HRMS. Now, when all fit requirements are well known, companies seem gained freedom of choice in creating the most suitable combinations fulfilling stakeholders' expectations. The next section of the paper aims at answering how possible is this time advantage.

2.2. Freedom of choice

Figure 2 represents three possibilities of additivity, arranged according to a firm's freedom of choice.

The situation illustrated on the right side represents high freedom of choice of an ambidextrous firm. Ambidexterity means ability of a firm to be both productive and flexible, combine exploration of ideas with exploitation, demonstrating alignment and adaptability across entire business unit [15]. From the SHRM perspective, it requires combination of High Productivity LRS and High Involvement LRS. Boxall and Macky [44] suggest that High Involvement and High Commitment LRS will work only jointly, as the first one contains work practices, while the second one—employment practices. These authors assume that High Productivity LRS was too affected by the taylorism, representing completely opposite values, and thus ruin effect of the more advanced LRS. Thus, the interaction of LRS with each other is not clear: mediating, moderating, co-existing as separate or joint factors. Furthermore, despite the assumption about high self-determination of firms' choice, there is still no common agreement on the dominant fit predetermining HRMS preference by a firm. As mentioned above,

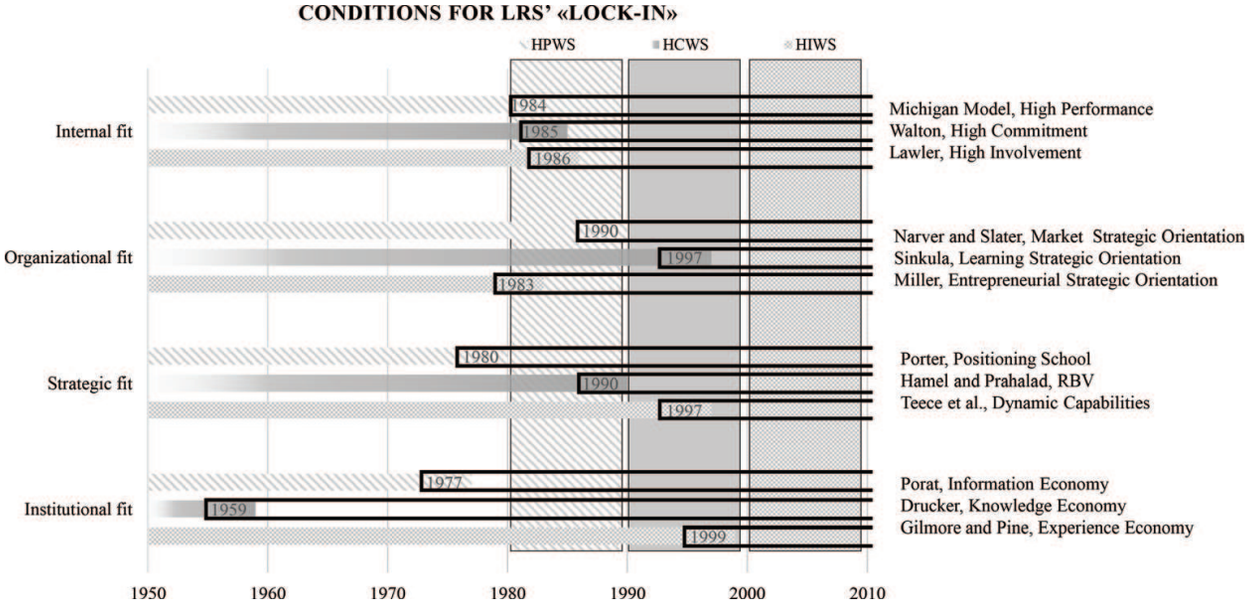


Figure 2. Freedom of choice. *Source*: adopted from previous sources [21, 43].

research of HPWS subdues HRMS to strategic objectives (i.e. strategic fit dominance). Some researchers (e.g. see [2]) assume that companies' preference of HRMS depends on the perceived uniqueness and value of the human capital acquired by their employees (i.e. individual fit dominance). Becker and Huselid [45] oppose this notion, suggesting that strategic advantage directs preference of HRMS, as it allows or restricts human capital to be valuable and rare by providing certain job conditions (i.e. strategic fit dominance). Toh et al. [46] assert that perception of value added by employees depends strongly on organizational core values, which guide employees' choices (i.e. organizational fit dominance). All mentioned examples root in assumption that all LRS are equally legitimized and could be applied by an ambidextrous firm either jointly for all employees or used separately to diversify human capital.

The situation illustrated on the left side represents evolutionary perspective, supported by the institutional approach that considers legitimization as an emergent process [47], limiting firms' freedom of choice. It states that in order to keep high level of fit, companies should be able to replace options, despite own priorities. Organization is guided by institutions, perceived as rules of the game [48]. Thus, institutional fit is a dominant criterion for HRMS, and additivity is possible only between the neighboring on the time-line HRMS alternatives [49, 50]. It suggests that recently legitimized standard is more advanced and thus more preferable than the preceding one. However, now, when the theory states that HIWS is better than HPWS, why do many companies still select less beneficial option? The most evident reason is bounded rationality [51, 52]: managers might be unaware of the more beneficial options, or underestimate harm of the adopted LRS and value of the alternative ones. Another reason is less mature environments, for example, developing or emerging markets, where HRMS did not pass yet same trajectory as Anglo-Saxon countries, so HIWS is still unreachable. Additional reason was raised by Cook et al. [53] pointing at examples when in a recessionary climate companies intentionally "downshift" to the LRS with worst labor conditions refusing from soft HRM practices for the sake of immediate financial gains; or in the opposite way, in situation with limited access to talent pool for a while move upwards, implementing more advanced LRS. Multinational environment makes the choice more complicated. Edwards et al. [54] provides three reasons for multinational companies, which could be aware of the HIWS, but still would not adopt it: *national differentiation*—despite lower level of efficiency certain priorities are made to benefit from location-specific advantages; *global standardization*—companies do not evaluate benefits of the choice, but undergo the standardization process either following head-office's priorities, or being affected by the most welcomed in the country option, usually following solutions originated in US; *intra-national heterogeneity*—firms are affected by high role of unions in reshaping priorities, related to "fairness", cognitive or normative legitimacy and actor-centered form of institutionalism, as institutions might have partial coverage.

The situation illustrated in between represents perspective of sequential development. In order to adopt a more advanced alternative, firms should firstly implement less sophisticated option as the basement for it. Thus, firm gradually raises matureness of the HRMS, covering institutional voids—gaps in institutional environment [55]. It requires defining sequence and accepting the fact that more sophisticated option does not replace the preceding one, but incorporates it. Researchers acknowledge that there is a best option, which is reachable through less beneficial ones. Adoption of all three LRS at the same time is associated with high matureness of HRMS [56].

Disregarding firms' self-determination of choice, companies might treat each aspect of organizational health with different priority, selecting one as a core for their organizational identity [57]. It predefines strategic scenario for reaching an exceptional organizational health: (1) market-focused; (2) talent and knowledge core; (3) leader driven or execution edge.

2.3. HPWS as a starting point

2.3.1. Market-focused scenario and HPWS

Companies relying on the market-focused scenario value external orientation [57]. This approach was crystallizing in the beginning of the information economy age [58]. Porter and Millar in 1985 announced: no company can escape effects of information revolution, as it causes dramatic reduction of costs needed to obtain, process and transmit information [59]. This approach was locked-in in 1980 as a solution to increasing global competition, managing change and new technology, dealing with costs, when for companies in high-cost locations, improving productivity became crucial solution to keep up with global competition [7].

According to this scenario, the financial outcomes are of the highest importance, leading to focus on operating efficiency in each process area, while learning and development barely take attention of management [27]. Financial outcomes are the most objective, tangible, though they may provide an inadequate picture of organizational health: "return on capital employed; sales per employee; gross profit margin; sales per pound of assets; return on sales; the acid test ratio; speed of stock turnover; debtors' collection period; creditors' payment period; and return on shareholders' funds" [60]. On the individual level Arellano [61] stresses on the importance of the role clarity for the organizational health, when employees know exact corporate expectations from them, share culture of performance with clear job responsibilities. Salanova et al. [62] among other scales, offer to account for employee excellent job performance. Nair et al. [27] suggest, this aspect relates the most to productivity, due to a strong focus on goals and task needs.

Such strategic values of productivity, external orientation, and financial health are close to the Market strategic orientation (MSO), operationalized as latent variable comprised of the customer orientation, competitor orientation and interfunctional coordination [63–65]. The values also correspond to the Positioning School, associated with M. Porter and 1980. However, the market-focused scenario also embodied preceding beliefs of the industrial organization economics schools of thoughts [66]: *neoclassical model*, assuming that firms produce by teaming two inputs: labor and capital, resulted in high value of physical capital and productivity; *"Bain-type"* intention to gain above-normal returns through interfirm differentiation, connected with the market share, disregarding internal characteristics; short-term efficiency focus of *Chicago School*; avoiding assets' specificity of *Transaction Cost Economy*, resulted in unification of job requirements.

In 1980, the influence of Taylorism and bureaucratization was still high, stimulating tradition to separate planning and execution, organizing people in functional or groups and limiting direct communication between functions, when employees could engage in interdepartmental exchanges through their supervisors [67]. Firms, which acquire cost-based strategy prefer

control-oriented HR philosophy in which employees are viewed as a cost to minimize, thus HR policies focus more on maximizing efficiency and standardization [68]. Interest in the individual productivity, equated to "speeding up the production line, that is, to making the employees work faster to increase their individual output per hour" instead making them to work smarter [69]. Usual expected intermediate outcomes of the HPWS are:

- *workforce or labor productivity*, measured as natural logarithm (ratio) of sales (profit) per employee [14, 70–72]; or natural logarithm of value added per employee, where value added is calculated as sales net of material costs [70]; or ratio of billed consulting days per member [72]; or number of cases of product produced (actual) by direct labor hours [73];
- *employee harm*, measured as average days per employee per year of absenteeism and sick leave [39], or days lost per employee, measured as number of employee days lost by total workforce size number of monthly working days (for each month, for regular employees) [73], or employee turnover (in)voluntary/total, measured as number of (in)voluntary/total turnover incidents by workforce size (for each month, for regular employees) (ibid); or employee safety, measured by number of accidents incidents by total monthly hours worked, etc.
- *social and economic exchange,* developed by Shore et al. [74], for example, 'The most accurate way to describe my work situation is to say that I give a fair day's work for a fair day's pay' [75].

2.3.2. Talent and knowledge core scenario, and HCWS

Talent and knowledge core scenario promotes talent acquisition, thus is more common for consulting, sport, entertainment and other organizations similarly valuing talents and knowledge as key competitive advantage [57]. Yüceler et al. [76] refer to this aspect of the organizational health a "survival needs dimension", associated with effective use of resources, organizational commitment and morale: employees value their organization, are strongly influenced by it and work hard for its success.

Conner [66] called firms, which adopted new approach, the "seekers of costly-to-copy inputs". Nair et al. [27] add highest importance of the competence adequacy, referring to the Resource-Based View School of Strategy, in particular to the concept of Core competence of Hamel and Prahalad [29] as example and Barney's explanation of its role in the competitive sustainable advantage of the firm, due to its rarity, value, in-imitability, non-substitutability [28]. On the organizational level this scenario fits Learning Strategic Orientation (LSO), suggesting that learning (not only from markets, but also with regards to processes) is the key enabler of a firm's performance [43]. LSO is also operationalized as latent variable, consisting of four factors: commitment to learning, shared vision, open-mindedness, and intraorganizational knowledge sharing [77, 78]. It influences which information firm decides to gather, how to interpret, evaluate and share it, so learning becomes a long-lasting core competency [79].

The lock-in happened in 1990 during emergency of the knowledge economy concept. Thus, contrary to the value of general information for a market-focused scenario, higher importance gained contextual information, opinions, stories, learned lessons, best practices, etc., accumulated by an organization and its employees. Opposing the market-focused scenario, it

implies internal focus and long-term goals orientation in performance management. Drucker anticipated the changes in 1959 [80], describing "knowledge work": "when people would generate value with their minds more than with their muscle". It shifted interest from replaceable physical capital to a newly emerged intellectual capital, defined as organized knowledge that can be used to produce wealth [81].

New HR-related goals are acquiring and developing valuable and rare human capital, and reaching high commitment of its possessors—employees [2], by encouraging employees to identify with organizational goals and motivating them to meet these goals [82]. As HCWS considers employees as assets to be developed, rather than a disposable factor of production, it is important to protect their human capital investments and encourage commitment to the firm's long-term success, so aptitude has higher importance than achievements [2, 83]. Here are examples of expected intermediate outcomes of HCWS:

- *affective, continuance* and/or *normative commitment*, measured as latent variable, developed by Allen and Meyer's in 1990, for example, "I would be very happy to spend the rest of my career with this organization" [72];
- *organizational identification*, measured as latent variable, developed by Mael and Ashforth in 1992, for example, "I feel like an individual censure when organization were criticized by the others" [84];
- *incentive environment*, measured as perceived and received opportunities for promotion within the organization [85];
- *employees' organizational based self-esteem*, measured as latent variable, developed by Pierce et al. in 1989 [86].

2.3.3. Execution edge and leader driven scenario, and HIWS

The lock-in of these scenarios happened under the umbrella of the dynamic capabilities perspective on strategy in 2000. It raised interest in the Entrepreneurial Strategic Orientation (ESO), which grounds on "schumpeterian" (entrepreneurship and innovation-based) rents. ESO is often comprised of such process-related factors as product innovation, proactiveness, risk taking, autonomy and competitive aggressiveness [87, 88]. Core ideas of the dynamic capabilities perspective were intensified by the experience economy. Companies moved away from selling goods and services toward providing consistently engaging experiences, using constant disruptive innovations, engaging people into product advancement [89], including employees.

Companies, which acquired the execution edge scenario, value employee involvement, bottom-up innovation, creative and entrepreneurial spirit; those which acquired the leader driven scenario—career opportunity, risk management, culture of openness and trust [57]. The first strategy implies continuous improvement, the second—high autonomy for talented managers, decentralization. At the first sight, these two scenarios seem different. However, they are both inspired by the same ideology and differ only by the level of the involved employees (only top managers, or most of the personnel). Both of them correspond to the dynamic aspect of the organizational health concept: "adaption", "growth and change need", "culture and

change" [27]. Yüceler et al. [76], cite Miles' vision of key prerequisites for this aspect: innovativeness, autonomy, adaption, problem-solving capacity. Quick et al. [25] refer to this aspect as flexibility (Vigor), while to preceding ones as vitality and productivity.

Key success factors of the scenario are adaptability of organization—the degree of formalization; flexibility—capacity to adopt internal environment to the changes in the external one; agility—ability to survive and prosper in a competitive environment [90]; speed, innovation, proactivity, quality [91]; product-related change capabilities, change competency within operations, internal and external co-operation, creativity [92]; facing agility drivers (external environment), adopting strategic abilities (responsiveness, competency, quickness), agility providers, and agility capabilities [93]. The key capital here is social capital (relationship-based rents) [94]. Lepak and Snell [2] stress out that in HIWS firms invest not as much in human capital development, as in relationship to form professional alliances.

Rubinstein and Eaton [67] provide such examples of the practices associated with this HRMS: a team-based approach to problem solving and decision-making; joint union-management priority setting for continuous improvement; efforts to minimize outsourcing and enhance job security; involvement of union leadership in managerial planning and decision-making and widespread access to business information. They link HIWS with the increased customer satisfaction, higher density of lateral, vertical interdepartmental communication, and a decrease in hierarchy. Other examples of the expected outcomes are:

- *work engagement*, measured as latent variable, based on the Utrecht Work Engagement Scale adopted from Schaufeli et al. after 2006, for example, "At my work, I feel bursting with energy" [95];
- *disengagement*, measured as latent variable, for example, "Sometimes, I feel sickened about my work tasks" [96];
- *intrinsic motivation*, measured as latent variable, operationalized as a proximal outcome of psychological empowerment leading to the generation of creativity [97];
- *innovative work behavior*, focused on efficiency through creativity and entrepreneurial action [98].

3. Conclusion, implications and discussion

Current chapter illustrated how the preselected set of latent referent standards can support in planning Human Resource Management. The key practical challenge is misalignment of the LRS that creates risks of reduction in organizational performance and well-being of employees. To help dealing with the raised question, we analyzed suggestions of the strategic HRM research domain. Lacking answers were adapted from the research related to performance management system, quality of working life, organizational development, and international HRM.

In particular, strategic HRM suggests that in order to ensure consistency of the results in the relationship between organizational performance and HRM, there should be congruency

between intentions—strategy, efforts—HRM, and outcomes—individual and organizational performance measured jointly as organizational health. To reach such congruency practitioners and researchers deal with the methodological challenges related to the constructs definition, reliability and nomological validity. Current research refers to five types of fit, which are able to provide valuable guidance in assurance of the constructs clarity and selecting suitable metrics to objectivize impact of the applied HRMS.

Researchers usually focus on one type of firms' strategic goals: related to performance (short-term), sustainability (long-term) or resilience (process-based). For each group we offered suitable latent referent standard of HRMS and reconstructed lists of patterns for selecting fitting metrics. Market-focused scenario fits the short-term performance goals, related to productivity, reachable through the Market Strategic Orientation, rooted in 1980–1989—time of the emergence of information economy. It suits HPWS, expecting impersonal causality orientation of employees. Talent and knowledge core scenario fits the long-term performance goals ensuring vitality of organization, aligned with the Learning Strategic Orientation, rooted in 1990–1999—time of knowledge revolution. It suits HCWS, supported by the strong-controlled causality orientation of employees. Execution edge, both leader driven or not, fits flexibility—ability that allows to explore and exploit both short- and long-term performance goals, fitting the Entrepreneurial Strategic Orientation, rooted in 2000—time of attention to the experience economy. It suits HIWS, requiring autonomous causality orientation of employees.

However, in practice firms' strategic goals hardly could be clear divided, especially keeping in mind the three-layered reality: values on the level of routines could strongly differ from the postulated idealized beliefs or inspirational theory [99]. Even if practitioners have high awareness regarding firm's strategic goals, external environment and employees might perceive signals as the opposite, especially that co-evolutionary processes affected LRS. This is a matter of matureness in strategic HRM—how well it is aligned to all types of fit, or some of fit requirements are neglected.

Taking into consideration firms' interest, we assumed that a firm not necessary should select just one group of strategic goals out of three, but could be equally interested in all of them, providing evidence of organizational ambidexterity. Thus, we ensured that introduced latent referent standards satisfy criteria of distinctiveness, comprehensiveness and conformity and suggested options for their additivity.

The question is how to measure joint impact? Focus on a specific LRS facet provides better understanding of the impact and intensity of each LRS in HRM, however their interaction with each other is not clear: mediating, moderating, coexisting as separate or joint factors. The second option is to measure total effect of SHRM, focusing on conformity of different LRS in their effect on employees' abilities, motivation and opportunities [100]. The example is measuring employees' well-being, such as burnout or emotional exhaustion [101], for example, "I feel emotionally drained by my work"; general employee harm as average days per employee per year of absenteeism and sick leave [39], or psychological capital: hope, self-efficacy, optimism, resilience [31].

Current chapter offers guidance for researchers in building SHRM-related theoretical models, suggests insights for practitioners on how to advance SHRM, provides more holistic per-

spective on organizational health, supporting debates regarding trade-offs between employee well-being and organizational performance. However, these suggestions could not be generalized before appropriate empirical testing. We believe that at the current period of time the qualitative research would be more appropriate due to attention to hidden layers of HRMS and the nature of questions which were raised throughout the chapter.

Thus, the chapter contributes to the search of a viable Strategic Human Resource Management approach by analyzing reasons—five types of fit, and consequences—organizational health, including employees' well-being, for establishing particular HRMS—combination of LRS, and the most viable way to differentiate them—following principles of distinctiveness, comprehensiveness and conformity. It also outlines research agenda for diminishing trade-offs between employee well-being and organizational performance through additivity of the LRS, considering stakeholders' perspective.

Author details

Sofia Kosheleva* and Aleksandra Bordunos

*Address all correspondence to: kosheleva@gsom.pu.ru

Organizational Behavior and Human Resources Management Department, Graduate School of Management, Saint-Petersburg State University, Russia

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