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At the Crossroads at Midnight: Strategic Human Resource
Management now

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**AT THE CROSSROADS AT MIDNIGHT: STRATEGIC HUMAN RESOURCE
MANAGEMENT NOW**

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At the Crossroads at Midnight: Strategic Human Resource Management now

Abstract

We argue that the study of human resource management is at a crossroads. The elements of the original Harvard model by Beer et al (1984) were quickly distilled by researchers into the two central subjects of policy choices and short-term outcomes and the more challenging antecedents of stakeholder interest and situational factors, and the long-term consequences of organizational effectiveness and individual and societal well-being were almost lost. The development of Strategic HRM and a focus on short-term performance have been part of a narrowly defined managerialist agenda much more line with the 'road' presented in the Michigan model by Fombrun et al (1984). We argue for a return to the original Harvard model and indicate some of the current research leading in that direction.

Key words: human resource management, post-SHRM, Harvard approach, Michigan approach, context, stakeholders

At the Crossroads at Midnight: Strategic Human Resource Management now

Just after the publication of the “classic” HRM texts in 1984 the movie ‘Crossroads’ was released, with actor Ralph Macchio as a young guitar player in search of the blues. His quest is inspired by the legend of Robert Johnson, a blues musician who, in line with the rough life bluesmen lived in the 1930s, was murdered, aged 27, by the husband of a woman he was seeing. In his only two studio sessions he left us a number of classic blues songs (including “Sweet Home Chicago”) that have been a huge inspiration for musicians such as Keith Richards (Rolling Stones), Eric Clapton, and Robert Plant (Led Zeppelin). The story told by fellow bluesman Son House was that when he first tried to get work as a musician, Johnson couldn’t sing, couldn’t play guitar very well and had no songs. He was embarrassingly bad and was laughed out of town. He disappeared for a year or so but when he re-appeared he was already one of the blues’ greatest guitarists, with a haunting voice and dozens of great songs. According to the legend, encouraged by his own songs like “Crossroad Blues”, “Me and the Devil Blues” and “Hellhound on my Trail”, Robert Johnson had met the Devil at the Crossroads at midnight and, like Faust, had sold his soul for mastery of the blues.

Introduction: Strategic HRM at the Crossroads

The human resource management (HRM) discipline is now well over a quarter of a century old, if we take the publication of the classic text books of Beer, Spector, Lawrence, Mills and Walton and of Fombrun, Tichy and Devanna in 1984 as the date of birth. The 1980s were characterized by debates on the definition and the nature of the concept of human resource management (Guest, 1987). The next decade saw the emergence of the concept of strategic human resource management (SHRM) (Wright and MacMahan, 1992), which developed into empirically testing the link between HRM and firm performance (Paauwe, 2009). Since then there has been a lively debate about the lack of critical approaches in SHRM, reflected in a main focus on managerial interventions in multinational companies aimed at core employees such as “talents”, management trainees and managers (Janssens and Steyaert, 2009; Keegan & Boselie, 2006). Some scholars have highlighted the dominance of so-called ‘managerialism’ in the majority of SHRM studies (Delbridge and Keenoy, 2010) aimed at serving a narrow selection of stakeholders: top management, shareholders and financiers. SHRM tends to take a narrow perspective focused on ‘the happy few’ in an organization and aimed at

financial success. On the one hand this has made SHRM successful, for example through highly cited, high impact publications (e.g. Huselid, 1995) in general management journals. Is this, however, a sensible road for the discipline to be travelling? And what alternatives are there if SHRM goes back to the crossroads and takes another route?

This paper explores the original analyses of the territory of SHRM, critiques that literature and identifies some of the extant challenges. It concludes by arguing for a “post-strategic-human-resource-management” approach to the subject aimed to bring us back to the original territory. There is a strong tendency in SHRM theory and practice to look forward and focus on innovations that could take the field a step forward. The aim of this paper is to look back and explore the road SHRM has travelled and the valuable lessons that can be learned from historical developments in the field. The aim of the paper is therefore twofold. First, we present a historical overview starting with the Michigan model (Fombrun et al., 1984) and the Harvard model (Beer et al., 1984). Basically, we want to know where we took the wrong turn in SHRM and what the effects of it were. Second, we update the Harvard model based on the limitations of existing SHRM approaches and elaborate the model with valuable theories including new institutionalism, new agency theory and strategic balance theory. This is not just a theoretical paper. Instead we will also summarize the implications for the updated Harvard approach for SHRM in practice. In the end strategic human resource management (SHRM) is an applied science with close connections between theory and practice.

A brief history part 1: Lessons from the past – Harvard versus Michigan

Going back to our roots can be instructive. When we ask at academic occasions such as keynote speeches and seminars at conferences who in the audience is still using the Beer et al (1984) and the Fombrun et al (1984) model in basic HRM courses we notice that almost half of the HRM scholars still do. So there must be something there. The Harvard model represents a ‘soft’ approach, while the Michigan model is known for its ‘hard’ approach, focused on narrowly defined financial outcomes (Legge, 2005). We argue that contemporary SHRM approaches implicitly builds on the ‘hard’ approach, largely neglecting ‘soft’ more developmental approaches such as the Beer et al. (1984) model. So, if we still teach Beer et al (1984) to our students, why do we focus our SHRM research

mainly on the other approach (Michigan-like)? This is where we might have taken the wrong turn at the crossroads.

It was Karen Legge (1995 and 2005) who warned us not to focus too much on the Michigan approach or what she called 'utilitarian instrumentalism', instead of the Harvard approach that Karen labelled 'developmental humanism'. Legge (2005) characterized the Michigan model as 'human RESOURCE MANAGEMENT' and the Harvard model by 'HUMAN resource management'. At the crossroads most 'HRM travellers' have taken the 'human RESOURCE MANAGEMENT' turn mainly focused on the economic values and neglecting the moral values (Paauwe, 2004). This is where the metaphor related directly to HRM developments within the discipline: ignoring and neglecting the 'human' component at the expense of the 'resource management' focus is similar to selling your soul (read moral values) at the crossroads for gaining success with success defined in narrow financial terms. In practice this is, for example, represented by the HRM role of the 'downsizer' who gained power through leading reorganizations and workforce reductions (Wright & Snell, 2005). In theory the dominance of the hard or Michigan approach is represented by the emphasis on shareholders and a one-sided focus on adding economic value to the firm (Boselie, Brewster & Paauwe, 2009).

The Michigan approach by Fombrun et al. (1984) can be characterized by the focus on notions of 'fit', in particular strategic fit and internal fit. Strategic fit emphasises the necessary alignment between HRM policies and overall business strategy. High degrees of strategic fit are assumed to positively affect organizational performance (e.g. Huselid, 1995). Internal fit is another SHRM concept often linked to the HRM and performance research stream. Internal fit represents the degree of alignment of individual HRM practices to a consistent and coherent HRM bundle or system (see Delery and Doty, 1996). Again, a high degree of fit is assumed to contribute to organizational performance (e.g. Huselid, 1995). Furthermore, the Michigan approach is very much focused on short-term economic performance outcomes such as labour productivity, quality, sales, market growth and profits. Organizational context is acknowledged in the Michigan model, represented by political forces, economic forces and cultural forces (see Figure 1). These external forces mainly affect the mission and the strategy of the firm. The mission and strategy then are assumed to determine and affect the organizational structure and human resource management. This is a rather top-down approach with a dominance of

the overall business strategy. Shareholder value is an implicit key element in the Michigan model.

<< INSERT MICHIGAN MODEL ABOUT HERE >>

The Michigan model is very different from the Harvard model. The original Harvard approach presented by Beer, et al in 1984 (see Figure 2) explicitly emphasized the importance of multiple stakeholder interests, the relevance of situational factors and a wider view of the longer-term consequences of HRM policies and practices. Stakeholders in the Beer et al (1984) model included shareholders, of course, but also included managements, employee groups and trade union, and government and community. Situational factors in the Beer et al model included such issues as the business conditions and the business strategy and management philosophy of the organization, as well as the task technology and the associated workforce characteristics and the trade unions. These authors also foresaw some of the currently developing interest in contextual HRM (Brewster, 1995, 1999; Paauwe and Boselie, 2003) by including in the model additional external factors such as the labour market and laws and societal values, thus prefiguring some of the recent work in comparative HRM (Brewster and Mayrhofer, 2012).

<< INSERT HARVARD MODEL ABOUT HERE >>

Ultimate performance in the model is judged by the *long-term* consequences on individual well-being, organizational effectiveness and societal well-being. Individual well-being reflects the employee interests, for example in terms of attitudinal factors such as job satisfaction and trust in the organization, but also in terms of physical factors such as job stress, illness and burnout. Organizational effectiveness represents the typical organizational performance outcomes such as productivity, quality, flexibility, creativity, innovation, sales, profits, market growth and market share. Societal well-being reflects the public and social dimension of each organization, whether private, public or not-for-profit. Organizations employ people, creating opportunities for individuals to earn a living.

Stakeholders' interests and situational factors are thought to affect HRM policy choices with regard to employee influence (for example employee involvement and employee participation in decision making), human resource flow, reward systems and work systems. These HRM policies are assumed to affect human resource outcomes in the model, specifically employee commitment, competence, congruence and cost effectiveness. High scores on HRM outcomes are thought to contribute to the long-term consequences in the Harvard model (Beer et al., 1984). The Harvard model is more complicated than the Michigan model because of the contextual notions, the multiple stakeholders and the multidimensional performance construct. Complexity might be the reason for the relative unpopularity of Harvard-like approaches in contemporary SHRM research. See Table 1 for an overview of the key characteristics of the Michigan and the Harvard approach.

Table 1 Michigan versus Harvard

<u>Michigan approach:</u>	<u>Harvard approach:</u>
<u>Authors:</u>	
Fombrun et al.	Beer et al.
<u>'hard' versus 'soft':</u>	
- 'hard' HRM approach	- 'soft' HRM approach
- human RESOURCE MANAGEMENT (hRM)	- HUMAN resource management (Hrm)
- utilitarian instrumentalism	- developmental humanism
<u>Context:</u>	
- focus on 'fit' (strategic and internal fit)	
- political, economic and cultural forces	- focus on situational factors
	- focus on multiple stakeholders
<u>Strategic decision making:</u>	
- mission/strategy, structure and HRM	- HRM policy choices
<u>Outcomes and performance:</u>	
Short-term	long-term
	- HR outcomes

-focus on organizational performance
being,

(e.g. productivity, quality, sales,
Market share, profits)

-focus on (1) individual well-

(2) organizational effectiveness &

(3) societal well-being

Sources: Beer et al. (1984), Fombrun et al. (1984), Legge (2005), Paauwe (2004)

A brief history part 2: Taking the wrong road

So what went wrong in the decades after Beer et al's 1984 publication? Did we go in the wrong direction in both theory and practice (Michigan-like approaches)? It can be argued that, at least in the liberal market economies (Amable, 2003; Hall and Soskice 2001), the study of SHRM has followed the organizations that are the focus of its work: contemporary organizations, particularly the more researchable and supportive giant publicly quoted multi-national corporations (MNCs), mainly focus on organizational effectiveness, often narrowly defined as short-term financial success. Employee well-being and societal well-being are structurally neglected in both theory and practice. And, when they are taken into account, are seen as means towards other ends (for example, for creating pragmatic legitimacy, or as window dressing) on the assumption that the self-defined needs of the business are paramount. Ultimate business goals are mainly defined in short-term financial outcomes (Boselie, Dietz and Boon, 2005). The Boselie et al. (2005) overview shows the dominance of Michigan-like approaches in SHRM research. Other authors (e.g. Wright and Snell, 2005) have shown the dominance of hard SHRM approaches in practice, for example through the heavy emphasis on the business partner role in adding (economic) value (Ulrich and Brockbank, 2005). In summary, the Michigan-like or hard approaches dominate the SHRM theory and practices.

The 1990s introduced a new stream of strategic human resource studies focused on testing the added value of human resource management (Paauwe, 2009). The publications by Arthur (1994) and Huselid (1995) mark the start of an era of empirical research looking for evidence that human resources (workers or employees) or human resource management strategies can contribute to long term organizational success (Barney and Wright, 1998). According to an overview article by Boselie et al. (2005) on 104 HRM and

performance studies published in international journals the three most popular theories used were: strategic contingency approaches (e.g. Schuler and Jackson, 1987; Delery and Doty, 1996); the resource based view (e.g. Barney and Wright, 1998); and the AMO-model related to high performance work systems (e.g. Bailey, 1993).

The strategic contingency approaches (Schuler and Jackson, 1987) emphasize the relevance of both internal and external organizational contingencies for the shaping of the employment relationship and HRM in organizations. The resource based view builds on the notion that internal resources (including human resources) can be a potential source for temporarily and sustained competitive advantage of an organization when these resources are valuable, scarce, difficult to imitate and difficult to replace. Human resource policies and practices can contribute to achieving a unique human and social capital pool that enhances organizational success (Barney and Wright, 1998). The AMO-model represents a popular SHRM approach focused on the creation of a workforce that is able, motivated and has the opportunity to participate in decision making. Specific so-called high performance work practices such as selective recruitment and selection, performance related pay and autonomous teams are thought to contribute to abilities, motivation and opportunity to participate. And this in turn will positively affect employee commitment, employee engagement and organizational citizenship behaviour. The latter employee outcomes are then positively associated with organizational outcomes such as productivity, quality, innovation and flexibility (Boselie, 2010).

The most popular outcome variables and performance indicators used in strategic human resource management research are the impact of HRM on the organisation's declared corporate strategy (Huselid 1995; Tichy, Fombrun and Devanna, 1992), the customer (Ulrich 1989) or shareholders (Becker, Huselid, Pickus and Spratt, 1997; Becker and Gerhart 1996; Huselid 1995). There is little evidence of the use of the threefold ultimate performance indicators (employee well-being, organizational effectiveness and societal well-being) in the original Harvard approach. The individual employee well-being and the societal well-being are largely neglected in human resource management and performance studies.

Overall, strategic human resource management studies in the 1990s and early 2000s were aimed mainly at quantitative empirical added value analyses and testing strategic

alignment using multiple fits (internal fit and strategic fit as presented in the Michigan model) with input from large multinational companies (Keegan and Boselie, 2006). The US Fortune 500 list of companies dominates the SHRM research. Societies, however, consist of more than multinational companies. In all countries, other relevant organizations such as small and medium enterprises, governmental organizations, other public organizations and non-governmental not for profit organizations, far outweigh the quoted private sector organizations and the MNCs that have been the focus of most SHRM research.

There has been a much smaller, but highly visible, stream of research directed at identifying the human resource management roles and competencies required to get a seat at the high table (top management) in order to promote and initiate human resource strategies in the general business strategy at the highest level of the organization. The early SHRM model by Ulrich (1997) is probably the most famous approach and one of the SHRM models widely known and applied in practice. Guest and King (2004), however, conclude that little is known about the value of SHRM in practice. And if practitioners are aware of the empirical evidence on the added value of SHRM they often do not believe in it (Guest and King, 2004). Today's most successful HRM professionals are conformist innovators (Legge, 1978) speaking the general business language, putting the shareholder perspective first and taking a lead in downsizing and reorganizing (Wright and Snell, 2005). 'The conformist innovator' or what Wright and Snell (2005) call 'the downsizer' has perhaps learned to play the 'managerial' blues successfully, just like Robert Johnson in the 1930s at his crossroads.

So is strategic human resource management at a crossroads? And if so, are we heading in the right direction? It could be the case that we are on the wrong track heading for a dead end. If we are, we need to turn around and find our way back to the crossroads and start again down a different turning.

Where the road has taken us

The employee perspective, including social partners such as trade unions and works councils, is often neglected (Purcell, 1999) or has been seen as the exclusive property of psychologists and labour relations scholars. From around 2000 onwards there was increased attention paid to the employee perspective in HRM studies (Wright and

Boswell, 2002), but the approaches are mainly focused on the effects of HRM on functionalistic employee outcomes, such as employee motivation, commitment, engagement and organizational citizenship behaviour, which bring benefit to employers (see Boselie, 2010; Kaufman, 2010; Snape and Redman, 2010; Wilmott 1993). Little attention has been paid to the potential downside of mainstream HRM approaches. The potential positive impact of HRM on organizational performance (e.g. labour productivity) of high performance work systems approaches (Kroon, Van De Voorde and Van Veldhoven, 2009), for example, may also be associated with a potential negative impact on employee well-being (e.g. stress and burnout risks) (Van De Voorde, Van Veldhoven and Paauwe, 2012). The majority of HRM studies focused on the individual employee tend to apply a single HRM practice approach in research (Wright and Boswell, 2002), while mainstream strategic HRM is more and more focused on systems or bundles approaches looking at the impact of SHRM as a whole (Boxall and Macky, 2009).

Similarly there has been a significant lack of interest in and evidence about the effect of organizational human resource management policies and practices on the community (societal well-being) within which the business operates. The impact of the behaviour of bank employees on society as a whole has dramatically emphasized this point in the last few years. The developing literature on corporate social responsibility (CSR) suggests the relevance of a much broader approach to managing organizations, not exclusively focused (Michigan style) on financial gains for shareholders (Carroll, 1999). Lindgreen and Swaen (2010: 1) argue that “CSR enables organizations to meet their stakeholder obligations.” CSR acknowledges this social responsibility emphasizing a central role for top management with a heavy emphasis on stakeholder engagement beyond mere involvement. The harsh light of the economic crisis that began in 2008 has illuminated the issues raised by previous corporate scandals and the role HRM played in them (Farndale, Paauwe and Boselie, 2010). To determine whether the HRM discipline is heading in the right direction we first have to understand how we came to be travelling down the road that we are on at present. So, more history....

In 2008 the global financial crisis hit the world with an extraordinary speed and impact. The liberal market agenda at least partly failed and in the end national governments had to step in to avoid major damage and the collapse of the system. In some cases they are still involved. A lot of the mistakes that led us to this position are directly related to

human errors caused by inappropriate attitudes, inappropriate human resource management practices (such as the reward systems for financiers) and employee misbehaviour at all levels of the organization. It is remarkable how few articles in SHRM have addressed even the impact of the crisis, never mind tried to analyse the relevant HRM factors involved or consider its contribution to dealing with the fall-out.

Corporate governance literature (see e.g. Cools, 2009), in particular with regard to major corporate crises, suggests that hierarchical controls only partly solve such problems and, perhaps, do not avoid any new crisis. So what are we going to do? Employee attitudes, employee monitoring and controls and employee behaviours are claimed as key areas of the expertise of SHRM, in theory and in practice (Farndale et al., 2010). The corporate crises and the global financial crisis may offer unique opportunities for SHRM to contribute to the development of alternative types of governance and control inside organizations that potentially lead to long term organizational success. Success in this context is defined in terms of the Harvard approach taking into account employee well-being, organizational effectiveness and societal well-being (Beer et al., 1984). Cools (2009), for example, argues that the narrow minded focus on extreme financial organizational targets has contributed to corporate scandals such as Parmalat (fraud \$5billion), Worldcom (fraud \$5.billion) and Ahold (fraud \$900 million). Cools (2009), a professor in corporate finance, argues that control is good, but trust in the end is much more effective. In other words, different types of control (hierarchical and market) are necessary, but the best way of managing risks is through creating employee trust in an organization. And employee trust is the domain of the field of human resource management and a key element of Beer's et al. (1984) concept of employee well-being.

The large corporate scandals of the early 2000s and the global economic and financial crisis that started in 2008 have shown the impact of human behaviour on organizational performance, employment, and societies. Employee misbehaviour at all levels (top management to shop floor) negatively affects organizations, potentially causing critical incidents (for example, BP's Deepwater Horizon catastrophe in the Gulf of Mexico in 2010) and reputation damage and economic losses as a result of law suits. Employee attitudes and behaviour related risks are the logical new terrain for human resource management departments and HRM scholars. The current global financial crisis offers a

window of opportunity for SHRM to step in and put human resource management at the heart of the debate.

However, there are reasons why SHRM finds itself in the situation that it does and there are some serious barriers to changing the route. First, there is little or no consensus within the HRM academic community about the topic of study. Attempts to create more consensus on HRM (Boselie et al., 2005) have not been convincing. The universalist approach with, currently, a heavy emphasis on human capital theory and the resource based view, is very different from contextual HRM approaches that highlight multiple stakeholders and take into account the institutional environment (Brewster, 1999). Of course, on one interpretation, HRM as just the management of people, all organizations will have to manage recruitment, selection, training, etc.; but they may do with with different objectives and through different practices. With the rise of strategic human resource studies from emerging countries in Asia (Collins, Zhu and Warner, 2012) and South America (Davilla and Elvira, 2012) we can imagine even less consensus on how to conceptualize SHRM.

Second, the proposed post-strategic human resource management perspective does not fit very well with contemporary career planning of young academic researchers. In order to get a PhD, to get a tenure track position and to get tenured, international journal publications in top-ranked journal has become increasingly important. The most popular research strategy is to focus on narrow HRM topics (often single HRM practices), collect acceptable quantitative datasets, and apply advanced statistical techniques (for example structural equation modelling). “Research by walking around”, applying broad theoretical perspectives, including multiple stakeholders and contextual factors do not fit such a publication and promotion strategy.

Third, the proposed post-SHRM perspective is much more critical towards management and management decision making. In other words, it potentially does not make you very popular as an SHRM researcher with regard to managerial practitioners. The SHRM researcher in the post-SHRM perspective needs to become a deviant innovating researcher comparable to the human resource management role proposed by Legge (1978) for practitioners. The deviant innovator role may potentially dry the external financial resources for typical applied SHRM research. Which organizations want to

finance future HRM research that is taking a critical and deviant perspective? This is a phenomenon many critical HRM and management scholars have been confronted with for decades. If we take that road it may make the SHRM research job much tougher and difficult, but also much more challenging and perhaps more exciting. And who knows, maybe even more relevant?

Back to the future: post-SHRM

The key question in this paper for SHRM was: are we heading in the right direction? Overall, we argue that we are not. We are reminded of the famous baseball coach, Yogi Berra's, quote: "When you come to a fork in the road, take it"...(Berra, 2002). We will try to be more specific. We argue that the focus of the majority of work on SHRM is uncritically oriented towards HRM policy choices and short-term HRM outcomes.

We need to go back and take another turn. Beer et al. (1984) provide us with guidelines from the past that can be combined with new insights and approaches. They argued for the importance of a multiple stakeholder perspective, an attention to contextual factors and a focus on long-term consequences that take account of societal well-being. Fortunately, there are indications that these prescriptions are finally being taken up and in the remainder of this paper we address each of these proposals in turn and show how there are already burgeoning signs of serious work on each aspect.

The importance of a multiple stakeholder perspective

There is a growing body of research empirically proving the potential downside of HRM on employee well-being and societal well-being (e.g. Bakker, Demerouti and Verbeke, 2004; Godard, 2001; Kroon et al., 2009; Ramsay, Scholarios and Harley, 2000). Numbers of these scholars apply principles from Health Psychology to highlight the impact of human resource interventions on employee well-being in terms of for example stress, absence due to illness, trust, perceived security and satisfaction. High performance work systems may contribute to increased labour productivity, service quality, product quality, employee motivation and organizational commitment. But at the same time these high performance work systems potentially exploit human beings through making them work harder and longer (Kroon et al., 2009; Ramsay et al., 2000). Van De Voorde, Van Veldhoven and Paauwe (2012) present an overview of empirical studies on the impact of HRM on organizational outcomes such as productivity, attitudinal outcomes such as

motivation and satisfaction, and health outcomes such as stress. Their overview suggests negative associations between HRM and employee health. 75% of the papers in their review reveal a positive association between HRM and attitudinal employee outcomes such as affective commitment and job satisfaction (25% of the papers show no effect). 63% of the papers in the review show a negative association between HRM and employee health and only 24% of the papers show a positive relationship between HRM and employee health. These findings illustrate the complexity of SHRM. On the one hand SHRM is positively associated with employee attitudes, but this may be at the expense of employee well-being in terms of work intensification (health) (Legge, 2005). In other words, HRM contributes to organizational performance and employee motivation, but in some cases at least at the expense of employee health in terms of illness, job stress and burnout risks. Taking the employee well-being factor fully into account requires actively involving multiple stakeholders, including the ones that represent the employee interests such as works councils and trade unions. Greenwood (2007) takes it one step further arguing that stakeholder engagement is not enough. Stakeholder agency and actively involving multiple stakeholders in decision making is what puts the social, moral and ethical elements into HRM (Greenwood, 2007).

Societal well-being is another neglected output of HRM policies and practices. That is now the focus of a lot of work in the CSR and sustainable HRM (for a review see Ehnert and Harry, 2011). It is covered to some extent also in the institutionalist and comparative capitalisms literatures, emphasizing the inter-relatedness of the entire national system, encompass some of these issues. We turn to the contextual factors next.

An attention to contextual factors

Although Beer et al. (1984) argued for the HRM discipline to be more receptive to contextual factors, in reality, as Thompson (2011) noted in a HRMJ Provocation paper, the internal and external context have largely been ignored in most human resource management studies (see also Paauwe, 2009; Batt and Banerjee, 2012). The institutional context, for example, characterized by laws, legislation, social partners, government and professionals is hardly taken into account in most HRM research (Paauwe and Boselie, 2003). Behind these regulatory differences between societies lie even deeper differences - geography, education systems, attitudes towards women, labour markets (Brewster, 2012) If context is taken into account, it is through control variables (for example sector, firm

size and degree of unionization) from a rather traditional strategic contingency perspective, without fully taking notice of population or sector characteristics and unique organizational constellations related to the organization's cultural administrative heritage. The increased influence of Organizational Behaviour (OB) on HRM research over the last decade has resulted in more advanced research methods and techniques that could be labelled 'more rigorous' such as multi-level research techniques and longitudinal research methods (Wright and Boswell, 2002), but in many cases at the expense of taking into account context. But also in practice little attention is paid to the institutional context with its relevant stakeholders. Trade union representatives, for example, are not considered strategic partners for SHRM decision making in most organizations (Boselie, 2010) and as such not seen as part of the dominant coalition of an organization (Paauwe, 2004). In institutionalized contexts (both countries and sectors) trade union representatives only play a strategic HRM role in the case of major organizational reforms such as downsizing, mergers and acquisitions with employment implications.

Seriously taking into account situational factors, multiple stakeholders and a multi-dimensional performance construct requires the inclusion of theories that cover these elements. New institutionalism, for example, can be applied to map the institutional mechanisms that affect and shape human resource management, in particular coercive mechanisms (for example, legislation, collective bargaining agreements and trade union influence), normative mechanisms (for example, professional norms and values) and mimetic mechanisms (imitation as a result of "benchmarking", "best company" lists or fashion) (Paauwe, 2004). New agency theory, including agents and principals beyond the traditional top managers and shareholders, can be used to determine all relevant actors and their influence on HRM policies and practices. Boxall, Purcell and Wright (2007) make a plea for an analytical approach based on contextualizing HRM research in combination with rigorous theory and methods.

Comparative HRM and international HRM have built a strong research tradition in which mixed methods are being applied to contextualize specific HRM issues and research questions. In particular, recent comparative HRM literature has seen attempts to apply institutional theories and comparative capitalisms to HRM (see e.g. Croucher, Wood, Brookes, and Brewster, 2012; Farndale, Brewster, and Poutsma, 2008; Goergen, Brewster, and Wood, 2010; Goergen, Brewster, Wood and Wilkinson, 2012; Gooderham, Nordhaug

and Ringdal, 1999; Poutsma, Ligthart and Veersma, 2006). The nature of comparative HRM research and its scholars appear to be much more receptive to a broader Harvard-like approach in contrast to mainstream strategic HRM approaches.

A focus on long-term consequences that take account of societal well-being

It's interesting to note that, as Brewster (2007) pointed out, the majority of serious critiques of human resource management have come from European scholars (see for example, Brewster, 1999; Delbridge, Hauptmeier and Sengupta, 2011; Fleetwood and Hesketh 2006; Janssens and Steyaert 2009; Keegan and Boselie 2006; Paauwe 2004; Thompson, 2011). The SHRM research in the public sector is a welcome exception to the uncritical Michigan-style approaches (see, e.g. Gould-Williams, 2004). Bach, Kessler and Heron (2008), for example, focus their HRM research on the health care sector (NHS) with much more emphasis on contextual factors and institutional mechanisms that affect the shaping of the employment relationship. In another study Bach and Bordogna (2011) show the impact of new public management on HRM in public sector organizations taking into account institutional differences between countries and public sector issues that are very different from mainstream private sector SHRM issues.

The notion of European critical thinkers in SHRM indicates the greater attention to a wider set of stakeholders typical of the discourse in that continent, not to suggest that there are not many universalist scholars there or that there are not critical scholars elsewhere (see, from the USA, for example, Budd, 2004; Batt and Banerjee, 2012). The critical management scholars emphasize, for example, the lack of attention to the implications of the HRM discourse (Keenoy, 1999; Thompson, 2011) and the lack of attention paid to work intensification (Legge, 2005). The HRM discourse can be characterized by what Delbridge and Keenoy (2010) call 'managerialism', with the implicit assumption of mutual gains. The mutual gains assumption or proposition states that: what is good for the employee is also good for the employer, and the other way around (Harley et al., 2010). In reality this is often not the case (Ramsey et al., 2000; Godard, 2004; Harley et al., 2010). Gaining more profits and organizational growth could be at the expense of worker overload and intensification (Kroon et al., 2009). Making more money, even if the workers get their financial share, is not necessarily in the interest of employee well-being in terms of their health; and it may not be in the interests of societal well-being (Legge, 2005), as the scandals and crises have shown.

Human resource management literally refers to ‘human beings’ as ‘resources’ for gaining organizational success that can be ‘managed’ or controlled to achieve the desired organizational goals (Barney and Wright, 1998).

At the crossroads we may choose to take a new direction that captures the interests of individual employees, the organization and its owners, and society as a whole. This requires a more balanced perspective taking into account not only economic value, but moral values as well (Paauwe, 2004).

Updating the Harvard model to a post-SHRM era

Back at the crossroads we suggest taking an alternative road that largely builds on the Harvard approach. We suggest that the ‘Harvard road’ requires some new pavement, although the fundamentals (in particular the concepts of multiple stakeholders, situational factors and multi-dimensional performance) are still strong. In this section we will summarize the necessary adaptations of the Beer et al. (1984) model according to contemporary standards using the latest SHRM insights and shortcomings that have been summarized earlier in this paper. The overview will be threefold. First, we will discuss possible modifications on the basis of theoretical insights. Next, the implications for the human resource roles and positions will be elaborated. Finally, we will shed light on the implications of an updated version of the Harvard model for SHRM in practice.

Extending the theoretical and conceptual fundamentals: new pavement

Strategic HRM is dominated by three theories: Strategic contingency approaches, resource based view of the firm and AMO-theory (Boselie et al., 2005). These three theories are still valuable for a ‘new’ Harvard model, although the scope of the three theories is limited with respect to notions of context, stakeholders, performance and mediating mechanisms. The strategic contingency approaches provide insights on internal and external factors that are relevant for the shaping of the employment relationship and HRM. The organizational context, however, is much more complex and the strategic contingency approaches largely fail to explain the underlying mechanisms for contextual effects on organizations and its members. New institutionalism is a powerful theory for further contextualization of the original Harvard model, in particular with regard to coercive mechanisms (legislation, norms and values), normative mechanisms and the role of professionals, and mimetic mechanisms (Paauwe and Boselie,

2003). New institutionalism could be a welcome extension of the situational factors in the Beer et al. (1984) model. Both new agency theory and stakeholder theory (Greenwood, 2007) are highly relevant for elaborating the stakeholder dimension in the Harvard model. Corporate crises and the global financial crisis have shown the limitations of the one-sided shareholder value model with a lack of attention to all internal and external stakeholders involved. According to Greenwood (2007) in an ideal situation organizations not only acknowledge multiple stakeholders affecting the shaping of HRM, but they also provide agency for shaping HRM. In other words, in new agency theory and stakeholder theory multiple stakeholders are involved in decision making and are agents themselves.

The resource based view (RBV) is a strong theory that gained popularity in SHRM in the 1990s (Barney and Wright, 1998). It is one of the most cited theories in the HRM and performance debate, often suggesting that long term organizational success can be created by the right people management. There are some serious limitations in the RBV approaches related to the lack of attention paid to the external context and the main focus on financial organizational performance as ultimate business goal (Priem and Butler, 2001). Oliver (1997) and Deephouse (1999) provide an alternative theory built on combining insights from new institutionalism and the resource based in what Deephouse (1999) calls strategic balance theory (SBT). The SBT is a more sophisticated balanced scorecard approach with notions of both economic and societal performance of the organization. The SBT is a theoretical framework that can help explain long term success of an organization according to the components of organizational effectiveness and societal well-being in the Harvard model. In other words, the SBT helps to justify the use of a multidimensional performance construct in the updated version of the Harvard approach, taking into account cost effectiveness and social legitimacy notions as a basis for sustained competitive advantage of an organization (Boxall and Purcell, 2011).

The overview by Van de Voorde et al. (2012) shows that employee well-being is much more than attitudinal employee outcomes such as affective commitment, job satisfaction, organizational citizenship behavior and employee motivation. Employee well-being also represents issues of fairness (for example distributive justice and procedural justice) (Paauwe, 2004) and employee health (for example job stress, burnout and strain). Organizational behavior theory and health psychology theory (for example the job demands – job resources theory by Bakker et al., 2004) are of great value for defining the

component of employee well-being in the Harvard model, but also for clarifying the mediation effects between HRM policies, practices and outcomes. The translation of HRM policies into actual HRM practices and perceptions of HRM is relatively new in SHRM research (Wright and Nishii, 2012). The distinction between intended, actual and perceived HRM practices with different OB theories linked to each stage is of great relevance for fully understanding the HRM value chain presented in the updated Harvard model.

<< INSERT UPDATED HARVARD MODEL ABOUT HERE >>

Standing at the crossroads now we see that what is left in the original Harvard approach is the component of HRM policy choices. The AMO-theory fits in nicely here with a focus on human resource practices (for example recruitment, selection, training, development, compensation, appraisal and promotion) and on work practices (for example employee autonomy, participation in decision making, decentralization, teamwork, job rotation, job enlargement and job enrichment) that enable employee abilities, stimulate employee motivation and create opportunities for employee involvement (Boxall and Purcell, 2011). It is important to emphasize the relevance of work practices as suggested in the original Beer et al. (1984) model, because over the last decade mainstream SHRM has taken a rather instrumental and ‘best practices’ pathway, emphasizing HRM practices, whilst neglecting and ignoring work design and work practices (Boxall and Macky, 2009). Bailey (1993) and Appelbaum et al. (2000) made AMO-theory popular in SHRM, but it is important to note that they have always stressed the importance of work practices. Figure 3 represents an updated version of the Harvard model including the three most popular SHRM theories – AMO-theory, RBV and strategic contingency approaches – of the last two decades and ‘new’ theories for extending SHRM approaches in future research such as new agency theory and new institutionalism.

Human resource roles and positions

There is a stream of research focused on the roles of the HRM specialists starting with the classic work by Legge (1978) and still expanding with Ulrich’s latest model (Ulrich et al., 2007). The central themes on HRM department roles since the Ulrich (1997) publication were how to get HRM on the table and HRM professionals to the table. Ulrich (1997) is one of a number who have argued that it is all about becoming a business partner in the

organization. Becoming a business partner and getting a seat at the high table or management table requires excellence in specific roles such as change agent role or strategic partner role (Ulrich, 1997) and excellence in HRM delivery and personal credibility (Ulrich and Brockbank, 2005). Empirical research shows that most HRM professionals are not real business partners and HRM is not always at the senior management table (Caldwell, 2003; Guest and King, 2004). The argument is that this is because HRM professionals are focused on delivering basic administrative expertise (the administrative expert role in Ulrich, 1997) and solving day-to-day problems (the problem solver in Legge, 1978). The remedy is to become more of a business partner using HRM policies and practices to help the line managers achieve their objectives - what Legge (1978) called the conformist innovator role. However, whilst it is true that HRM specialists are unlikely to get a hearing at the senior levels unless they can speak the language of the business, if that is all they can do, their chances of gaining influence would seem to be small. They must bring something additional that no-one else at that level does. That would imply developing something similar to Legge's (1978) deviant innovator role in which HRM professionals challenge the business strategy, emphasize the complexity of the institutional context and the longer-term requirements and manage the ambiguities related to including multiple stakeholders. That HRM role requires courage, tolerance for ambiguities and persistence on a road that is not perfectly paved. We argue that the crossroads metaphor of having taken the wrong turn also applies to the development of HRM role models. Much of the existing work on HRM role models builds on business notions. To restore the balance and take the right turn at the crossroads we also need to look back at the roots of the HRM role discussion starting with Legge's (1978) classic work. As Guest and King (2004) show, the issues she raised in the late 1970s still apply today.

The Harvard model in practice

The human resource management function or personnel function has a strong tradition in industrial relations, working conditions and employee welfare issues. These are all areas that appear to have received less (strategic) attention over the past decades. In an era of globalization and increased competition the practitioners of SHRM focused on adding economic value. These developments, for example, explain the popularity of SHRM practitioner literature on human capital valuation, HRM scorecards and human resource analytics. Good old stakeholder management and industrial relations is 'old'

school in SHRM, and even the activities related to working conditions have been downgraded in favor of strategic HRM and the economic valuation of the human factor.

From an updated Harvard approach, however, these a rather wider view of these areas takes a central position in pursuing the HRM contribution to employee well-being and societal well-being - and indeed to long-term organizational success. Contemporary stakeholder management is of high strategic importance in times of organizational change. Without good stakeholder involvement and agency there is no basis for solving long term employment issues. Important and relevant lessons from the past can be learned from industrial relations. The existing models and approaches with regard to working conditions are expected to gain importance in times of work intensification, high levels of job stress and risks of employee burnouts. We do not have to reinvent the wheel, instead we need to go back to the crossroads and take the road that leads us to past and present lessons beyond the exiting business paradigms.

The administrative role of the human resource function is often downplayed in favor of HRM's contribution to change and organizational performance (though not, it should be added, by Ulrich himself). But organizational change and performance can only take place when the basic administrative foundation of HRM is optimal. The translation of new legislation to HRM policies and practices is still a key area for the HRM function's overall activities. Whether HRM practitioners like it or not, the majority of time in HRM is spent on administrative and or compliance tasks. On top of that is the necessity of business knowledge, knowledge and skills of IT technology, and the knowledge and skills for delivering the basic functional areas of HRM including recruitment, selection, training and pay.

Conclusion

We started this paper by arguing that mainstream human resource management tends to take a narrow perspective focused on 'the happy few' in an organization and to be aimed at financial effectiveness. Is this a sensible road for the discipline to be travelling? Our answer is No. We need to go back to the roots, as presented, for example, in the Harvard model (Beer et al. 1984). And what alternatives are there if HRM goes back to the crossroads? The Harvard model needs to be updated with theoretical and practical insights from the last two decades, for example with regard to stakeholder management.

In essence, however the broad perspective presented by Beer and colleagues (1984), in particular with regard to multiple stakeholder interests, situational factors and the three-fold approach to long-term consequences, still stands and its foundation can be translated to contemporary approaches in HRM research and HRM practice. We do not ignore, indeed we support, the calls for more theoretical and research rigour that have been made elsewhere (Van De Voorde et al., 2010) – although we would also argue for alternative research techniques as long as they show equal rigour, for example qualitative research (Guest, 2011; Hesketh and Fleetwood, 2006). However, the key to getting SHRM back on the right path are not questions of rigour but of focus – being clear about what we are researching, what the limits of the field are and what is the wider impact of the subject we study. To break through existing paradigms requires courage. It is probably not the easiest and most obvious road we must take at the crossroads. In the end it's probably more challenging, more satisfying and more fun.

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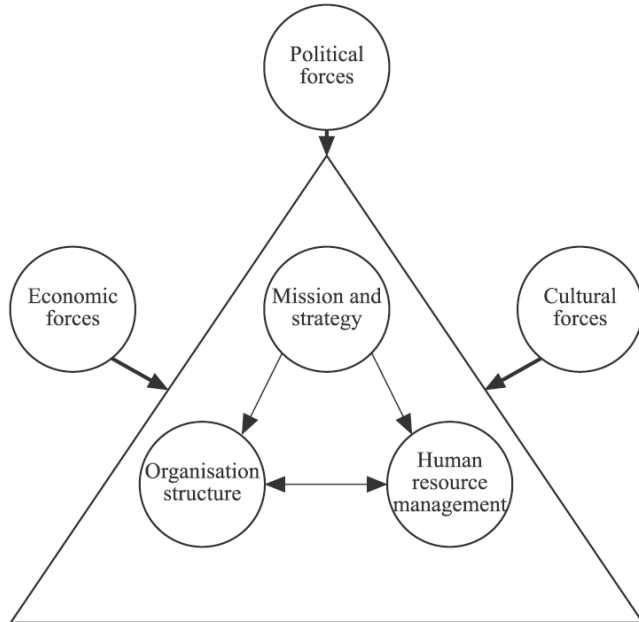
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Figure 1 Michigan model (Fombrun et al, 1984)

Strategic Management and Environmental Pressures



The Human Resource Cycle

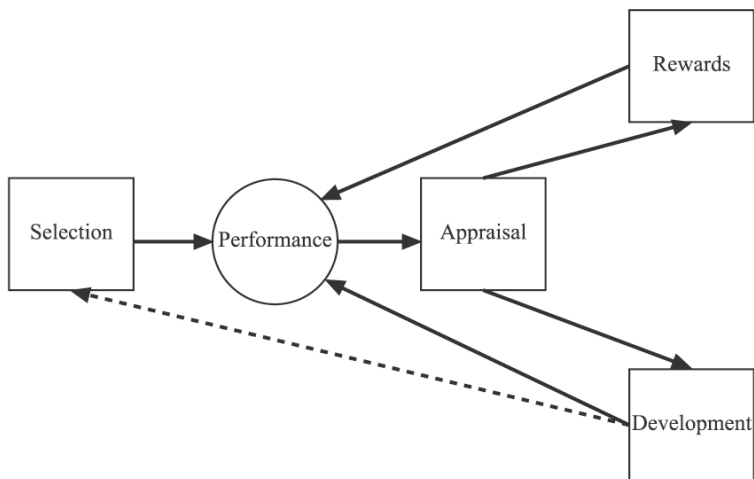


Figure 2 Harvard Model (Beer et al., 1984)

Source: Beer et al. (1984), Figure 2-1, p.16, Map of the HRM Territory.

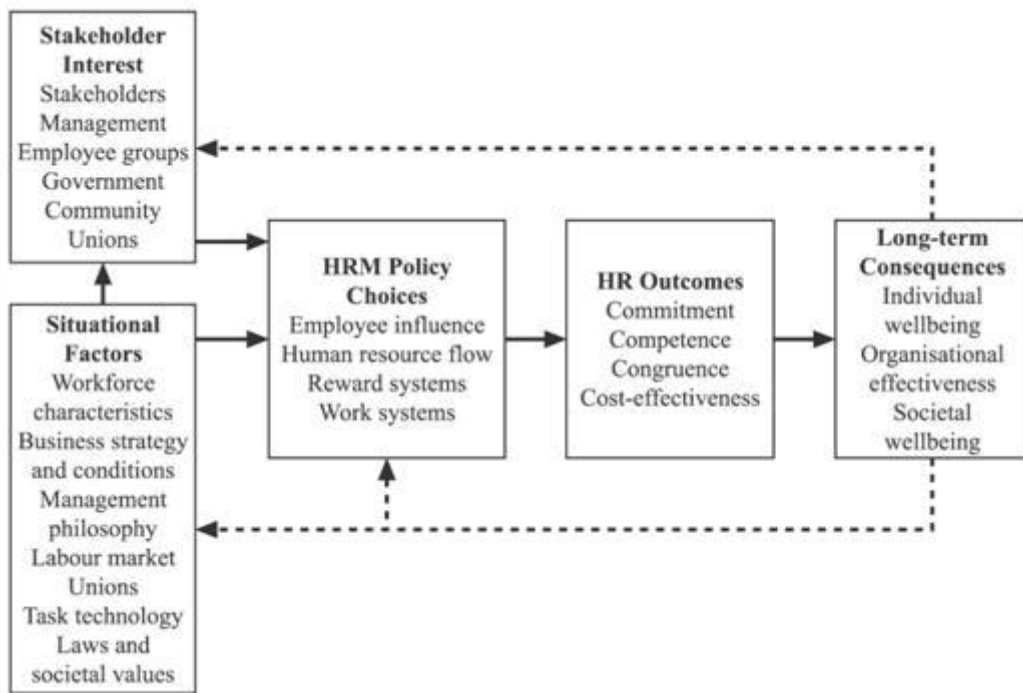
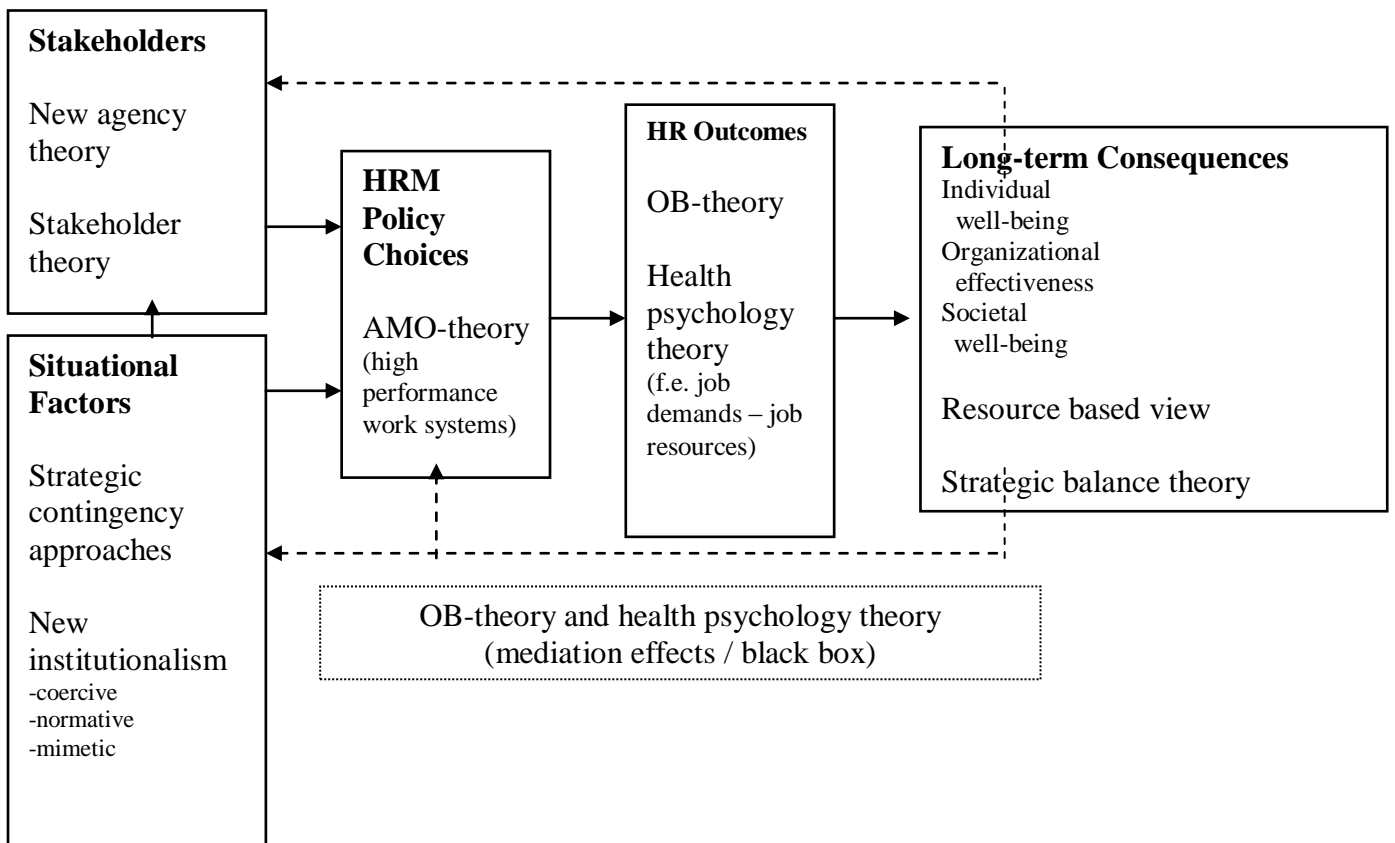


Figure 3 The Updated Harvard Approach



Source: adapted version of Beer et al. (1984), Figure 2-1, p.16, Map of the HRM Territory.

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