

REVIEW OF HUMAN RESOURCE PRACTICES RESEARCH APPROACHES LINKED TO THE ORGANIZATIONAL PERFORMANCE

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Abstract

Since 1970 various authors tried to move the field of study related to Human Resource Management and Organization's performance ahead. In this article we will bring the overview of the most significant outputs of scientific researches in the last decades as well the newest ones. We focused on findings whether and how Human Resource Practices influences the performance of organizations and individuals, what they have in common and what are the main problems of the studies' outcomes.

The key contribution of this article is in clustering and naming the problems that occurs in relation of HR Management and Performance. Issues in the area can be caused by different methodology used, various performance measures implemented, not the same configuration of HRM systems, vast number of various theories dealing with the relationship between HR Practices and performance, different level of used analysis or different influence of other practices presence.

This overview should be used as a basis for further research in this area. We believe that there is possible to create the model of how organizations can decide about proper usage of HR Practices in praxis in order to influence the performance.

Key words: Human Resource Management, Human Resource Practices, Performance

JEL Code: M500, M54

Human Resources Management and Performance

Human Resource Management is nowadays considered as critical function to ensure effective operation and management of every organization. HRM influences the most of important company resources and is usually the source of sustainable competitiveness in constant changing environment and business world. More of research studies over past years analyzed

and confirmed that the right way of Human Resource Practices implementation can highly influence the performance of organization.

Human Resource Practices can be briefly described as standardized and formally processed programs in area of Human Resource Management in organizations. Those practices contribute to successful strategy implementation mainly in the area of recruitment and selection, training and development, remuneration, employee life cycle management and many other HRM processes. (Kachaňáková, 2011, Mura-Horvath,2015).

1 Historical background

There were many studies written in order to find out the correlation between the influence of HRM practices and performance of organizations. But only few of them were focused on the mechanism how exactly the performance is influenced by particular HRM practices.

The first references about Human Resource Management are in the 1960s last century. This expression was mainly used for Personnel administration. Since 1980s wider research expanded in this area (Truss, Mankin, Keliher, 2012). In that times were documented two considerable studies.

The first study describes so called „Harvard model“ as integrated, long-term and proactive approach to people management. The model was first articulated by Beer et al. (1984). According that HRM can be considered as system comprising various situational factors as organizational structure, stakeholder interests or selection of HRM policies and short-term factors as performance as well as long-term positive social impacts adopted by HRM. Based on this model the HRM was kind of frame with possibilities to choose various method to manage people. There was not described the only and the best way but more like the map of HRM scope.

The second significant study was named „Michigan model“ (Fombrum a kol. (1984), In: Truss, Mankin, Keliher, 2012) focused on interaction between enterprise strategy and HRM practices. They argued that strategies and policies of HRM in decisive areas as recruitment and selection, development, performance evaluation, remuneration, should be linked to overall strategic focus of organization with the goal to increase performance. This Michigan model was some kind of predecessor for later coming contingent approach.

In 1980s in Great Britain the researchers were oriented on „hard“ and „soft“ approaches in HRM. (Truss, Mankin, Keliher, 2012). The hard approach was connected to Michigan model with emphasis on people that were perceived as mean to maximize

performance. On the other hand the soft approach was linked to human view of HRM with loyalty and commitment to organization in order to increase performance.

1.1 Break-through approach

The most significant move ahead in area of HRM Practices research happened in 1995 when Huselid after the study on 1000 American companies referred to the fact that implementation of certain HRM Practices increases the performance and productivity. (Truss, Mankin, Keliher, 2012). This breakthrough-study significantly contributed to further researches in this area.

Another important milestone in this area was the implementation of originally purely economic approach based on resources into HRM (Barney, 1991). The Resource-based view brought sufficient basis to explain the interface between HRM practices and performance. They stated that internal resources of organization have high impact on performance and by right allocation of human resources within organization it is possible to reach competitive advantage.

It is hard to show the empirical proof about this connection. The causal relationship exists but it is so complicated and complex that is hard to proof by any statistical methods (Hesket, 2006). More authors realize the lack of theory behind (Guest, 2001; Boselie, 2005), but the causal relationship explanation was not the core of their researches for last years.

Wright et al. (2003) elaborated the typology of HRM practices with extension based on following criteria:

- Based on the numbers of HRM practices – if there is only one practice or multiplied ones;
- Based on analysis level – individual level or organization view;

Considering that criteria the HRM practices can be grouped as is described in following table.

ORGANIZATIO N LEVEL	Individual practices on the organization's level – isolated functions as remuneration, development, recruitment	Multiplied practices on the organization's level – used for strategic HRM
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INDIVIDUAL LEVEL	Individual practices – functional HRM – influence of particular HRMP on performance	Multiplied practices on the individual level – psychological contract – focus on relationship between HRMP and engagement, loyalty, commitment
	SINGLE PRACTICES	MULTIPLIED PRACTICES

Source: own processing

Wright et al. (2003) stated four conditions when Human Resources can represent sustainable competitive advantage:

- Employees bring added value to company products and processes as their own individual contribution.
- Skills that company searches and uses have to be scarce and cannot be easily imitated by competition.
- Skills and knowledge have to be company specific – linked to company context and not easy to imitate.
- Company Human Resources cannot be replaced by technology or other substitutes.

So the conclusion is that company specific knowledge and skills in connection with effective HRM practices are the only way to reach sustainable competitive advantage.

1.2 Strategic Human resource Management

Different studies offer diversity of theories and empirical approaches to explain the relationship between strategic HRM and performance of organization, as e.g. universalistic theory, contingent theory and configuration theory. (Huselid, 1995; Pfeffer, 1994).

Universalistic theory confirms strategic HRM as best HRM practice and basis for sustainable competitive advantage.

Contingent theory monitors close interaction between firm strategy and HRM practices. This theory says that strategic HRM practices are determined by type of strategy that company applies (Lee, Lee, & Wu, 2010). By linking the HRM practices directly with the strategy can company reach better performance as others not doing that.

There might be the direct impact of HRMP and performance (Chand and Katou, 2007) and also the indirect impact (Wright and Gardner, 2003).

Universalistic perspective argues that exists one best way how to manage employees in order to increase performance of organization and the role of researchers is to define those

practices and implement it. The main representative of this theory is Pfeffer (1994) who based on more studies concluded the list of main 13 HRM practices. The gaps of this approach were later on mitigated in configuration perspective.

Configuration approach is based on statement that some groups of practices have bigger impact on performance as another used combination. Managerial impact of this approach can be traced in the studies related to the selected aspects of the management of SMEs (Belás et al., 2015, 2016, Kozubíková, 2015, Sobeková Majková et al. 2015)

Contingent perspective apart the universalistic one considers also other factors as size of the organization, locality, sector, job contents, and life cycle of the organization, stakeholders' interest or strategy. This perspective says that the circumstances of the organization have high influence on performance.

Resource-based view partially eliminates claims on missing theoretical background in HRM area. Most of the studies were focused on external environment of the organization but few to what is happening inside. RBV approach suggests to group resources in order to reach skills and competencies that are further developed to keep advantage for customers and owners (Truss, Mankin, Keliher, 2013). Internal resources are the core feature of this approach.

Competitive advantage obtains company if there is implemented the strategy of value creation that is not implemented by another (competitive) company in the same time. And the sustainable competitive advantage is then defined when no other companies are able to profit from such strategy (Barney 1991, p.102).

The open question still remains, what kind of model or process should be used that there are proper HRM practices implemented in line with the strategy. Some trials already exist and are described in following table.

Tab. 1 The overview of described theories

Theory	Predictor	Authors dealing with the topic
Universalistic theory	Predicts relationship between independent variable and dependent variable that is universal for whole population in organizations – Best practices	Dewar & Werbel (1979) Delaney, Lewin, & Inchniowski (1989); Huselid (1995); Osterman (1994); Pfeffer (1994); Terpstra & Rozell (1993)

Agency theory	Argues that exists direct relationship between independent variable and dependent variable. „Common interests of agents and owners“	Eisenhardt (1989);Fama (1980) Fama & Jensen (1883);Sherer, Rogovsky, & Wright (1988)
Contingent perspective	Represents relationship between independent variables and dependent variables that are different for various levels of critical contingent variables.	Fisher (1989);Butler, Ferris, & Napier (1991) Dyer (1985);Davanna, Fombrum, & Tichy (1984),Golden & Ramanujam (1995);Gomez- Mejia & Balkin (1992);Lengnick-Hall &Lengnick-Hall (1988),Milkovich (1988) Schuler & Jackson (1987)
Configuration approach	Defines that the group of more independent variables are linked to one dependent variable. „Package / cluster of HRM practices“	Miller &Friesen (1984) Venkatraman (1989) Meyer, Tsui, & Hinings (1996) Doty, Glick, &Huber (1996) Doty, &Glick (1994)
Resource-based view	Explains that exists direct relation between independent variable and dependent variable. The resources have to be scarce, valuable, inimitable and irreplaceable.	Barney (1991);Conner (1991) Peteraf (1993);Boxall (1996) Litz (1996);Combs &

Source: SOJKA, L., CEHLÁROVÁ, M. 2015.

Conclusion

The key issues arising from above mentioned theoretical analysis still remain unsolved. The amount of problems that complicate research in HRM and performance area can be clustered into 5 groups (Purcell and Kinnie 2007):

1. Methodological issues

- a. only selected group of respondents are participating on research and their view might be limited
 - b. research is done only in certain time slot that does not reflect changes in time so the outcome is only confirming the existence but not studying causal relationship
2. Performance indicator – which indicators are used to represent the performance?
 3. Configuration of HRM system – different set of HRM practices are used by different authors
 4. Theoretical background of HRM and performance relation – named also as Black box Boselie et al. (2005); the key assumption is in prediction that skills, competencies, knowledge, approach and behavior of employees is key indicator in this relationship (Guest 1997). There is direct effect or indirect effect of mentioned features when both might be applicable in parallel. Representative model AMO (ability-motivation-opportunity) by Appelbaum, Bailey, Berg a Kalleberg (2000) can be used to explain the influence of HRM practices on performance.
 5. The level of used analysis – on individual or organizational level.
 6. Typology of HRM practices – missing one acceptable typology of HRM practices – some of practices must be definitely implemented in the company (essential) but some of them might be outsourced or performed by somebody else (supplementary); some HRM practices are implemented by HR employees but some of them are implemented by line or executive management; etc.. there can be more clusters of practices defined.

There were executed many researches in this area on the level of individual performance as well as on organizational performance. In generally, every study was focused on relationship between different group of HRM practices and performance. Every author used different performance indicators in the research. In most cases there was proved statistical correlation between some of the practices and performance, in some cases the correlation was not confirmed. In almost all studies the correlation between group of practices and performance indicators were proofed. However presented results about positive correlation do not confirm causal relation between practices and performance indicators. The most crucial issue in this area is the fact that there were different clusters and types of practices used for researches so far.

There is the necessity to continue in the research of HR practices impact on organizational performance. The focus on elimination of mentioned problems could enable to

move ahead in this topic and could possibly design the model of proper combination of practices to be used in Human Resource Management. The right combination of HR practices might positively influence the performance of organization and create sustainable competitive advantage.

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